

The Influence of Environmental Performance and Financial Performance on Sustainability Report Disclosure

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Abstract

This study aims to examine the effect of environmental performance and financial performance on Sustainability Report Disclosure (SRD) in energy sector companies listed on the Indonesia Stock Exchange (IDX) during the 2021–2025 period. Environmental performance is measured using the Corporate Performance Rating Assessment Program (PROPER), while financial performance is represented by profitability (Return on Assets/ROA), liquidity (Current Ratio/CR), and leverage (Debt to Equity Ratio/DER). Sustainability Report Disclosure is measured using the Global Reporting Initiative (GRI) Standards 2021, consisting of 91 disclosure items. The sample comprises 90 firm-year observations selected through purposive sampling. Data were analyzed using multiple linear regression with SPSS version 25 after passing the classical assumption tests. The results indicate that environmental performance has a significant effect on Sustainability Report Disclosure, whereas profitability, liquidity, and leverage do not have significant partial effects. Simultaneously, environmental performance and financial performance significantly influence Sustainability Report Disclosure. These findings suggest that environmental performance remains an important determinant of sustainability reporting practices in Indonesia's energy sector, while financial performance indicators are not the primary drivers of disclosure.

Keywords: Sustainability Report Disclosure, Environmental Performance, Financial Performance, GRI, PROPER.

Introduction

In line with growing concern about economic, social, and environmental impacts, the topic of sustainability has become a central focus of global business activity in recent years. Companies are no longer solely required to generate profits but are also required to be accountable for the impact of their operational activities on the environment and society (Ritonga and Machdar, 2025). Demands for corporate transparency in disclosing non-financial data related to social, environmental, and corporate management have increased as a result of these changes (Alves et al., 2026; Chelsya, 2025). One of the primary instruments used to communicate such information is the sustainability report, which provides comprehensive disclosures on a company's economic, environmental, and social performance (Dasinapa, 2024). A company's dedication to triple bottom line concept, the report considers social, environmental, and economic factors. This is supported by international standards such as the GRI, which serves as a working structure for more organized and transparent disclosure of sustainability data (Tusiyati, 2019).

The importance of sustainability reporting disclosure in Indonesia is reinforced by POJK Regulation No. 51/POJK.03/2017 concerning the Implementation of Sustainable Finance for Financial Services Institutions, Issuers, and Public Companies. Besides encouraging sustainability reporting practices, the government also evaluates corporate environmental responsibility through the Corporate Performance Rating Assessment Program (PROPER), overseen by the Ministry of Environment and Forestry. One of the steps taken by the Ministry of Environment and Forestry to encourage corporate compliance with environmental governance is by using a non-formal instrument called PROPER (Tusiyati, 2019). According to Kementerian Lingkungan Hidup (2026), participation in the 2024–2025 PROPER assessment reached 5,476 companies, indicating an increase of approximately 22% compared to the previous period. This increase reflects the government's growing concern for corporate sustainability practices, especially in sectors that greatly impact the environment.

Among industries with considerable environmental consequences, the energy sector occupies a particularly important position. Although the sector contributes significantly to Indonesia's economic

development, its activities—including coal mining, oil and gas exploration, and electricity generation—are associated with high greenhouse gas emissions and various forms of environmental degradation.

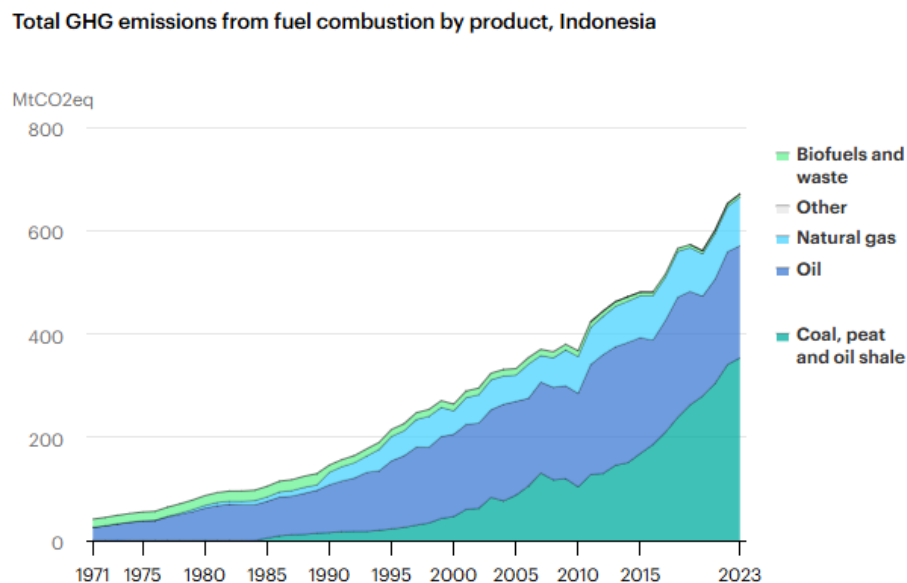


Figure 1. Indonesian Emission Data

Source: International Energy Agency

Based on the energy sector emission data shown in the figure above, CO emissions_{2eq} experienced a significant increase during the period 1971–2023, from less than 50 MtCO_{2eq} to more than 650 MtCO_{2eq}. This increase is dominated by the use of coal, petroleum, and natural gas, which remain primary energy sources. This situation shows that the energy sector plays the biggest role in contributing to climate change and environmental damage (Transisi Energi, 2025). Consequently, companies operating in this sector are expected to demonstrate greater accountability by reveal transparent sustainability reports that disclose the economic, environmental, and social effects of their business activities (Ebenhaezer and Rahayu, 2022). However, the use of sustainability reports in the energy companies is not fully optimal. Research by Qonita and Khomsiyah (2025) reported that 66 out of 89 Energy companies that were listed on the Indonesia Stock Exchange (IDX) had not released sustainability reports during the 2019–2022 period. Similar conditions were also observed in 2023. Based on data compiled by the researcher, 35 of the 91 energy companies listed on the IDX had not yet released sustainability reports. Although the number of reporting companies has gradually increased, a substantial proportion of firms still provide limited or no sustainability disclosures. This situation indicates that the implementation of sustainability reporting across the energy sector remains inconsistent and that corporate transparency regarding economic, environmental, and social performance continues to vary considerably. Accordingly, a gap still exists between regulatory expectations and actual reporting practices.

The extent of sustainability report disclosure is closely associated with a company's internal characteristics, particularly its environmental and financial performance. Environmental performance indicates a company's ability to control the environmental effects associated with its operations (Putri and Aji, 2025). Companies demonstrating superior environmental performance generally have stronger incentives to report sustainability information, both as evidence of accountability and as a strategy for maintaining organizational legitimacy (Alhawaj et al., 2023). Through disclosure of sustainability reports, companies are able to demonstrate their responsibility for environmental management, thereby enabling them to Strengthening stakeholder trust. Therefore, better environmental performance is expected to encourage broader sustainability disclosure. Financial performance is also seen as an aspect that can influence sustainability report disclosure (Amalia and Indarti, 2024). Companies with stronger financial conditions generally have more financial capacity to carry out environmental and social initiatives as well as to prepare more comprehensive sustainability reports. Furthermore, disclosure of sustainability reports can be used as a positive indicator for shareholders and other stakeholders about the firm's future and responsibilities regarding sustainable

business implementation (Alves et al., 2026). Thus, both environmental and financial performance are seen as drivers that can encourage companies to communicate sustainability information more transparently and with higher quality.

Previous research on environmental performance and financial performance has shown inconsistent findings. Studies by Tusiya (2019), Akhsa & Darsono (2021) dan Istiningrum (2023) revealed that improving a company's environmental performance can encourage broader sustainability report disclosure. However, these findings are inconsistent with studies by Annisa & Ermaya (2022), Almas & Lastiati (2023) dan Amalia and Indarti (2024) which revealed that environmental performance did not significantly influence sustainability report disclosure. Different results were also found for financial performance variables. Studies by Aniswatur and Jannah (2016), Tusiya (2019) dan Ramadan and Ramly (2025) revealed that financial performance influences sustainability report disclosure. Research by Akhsa & Darsono (2021), Ebenhaezer and Rahayu (2022) dan Amalia & Indarti (2024) showed contradictory findings, noting that their studies did not find a significant relationship between financial performance and sustainability report disclosure. The inconsistency in findings from previous studies indicates that the influence of financial and environmental performance on sustainability report disclosure remains an issue that requires further study. This situation indicates a gap that opens up opportunities for further research.

Referring to the explanation above, the following research is deemed urgent because the energy sector is one of those with significant environmental impacts, requiring it to not only achieve optimal financial performance but also demonstrate environmental and social responsibility through transparent sustainability reporting. On the other hand, previous research on the influence of financial and environmental performance on sustainability reporting has shown inconsistent results, therefore further testing is necessary to obtain more consistent empirical evidence. The following research re-examines Tusiya (2019) research, focusing on energy sector companies listed on the Indonesia Stock Exchange (IDX) and members of PROPER. The energy sector was selected because of its substantial environmental impact and strategic contribution to national economic development. It is expected that this study will provide additional empirical evidence regarding the determinants of sustainability report disclosure while enriching the literature on sustainability reporting practices in Indonesia's energy industry.

Literature Review

Legitimacy Theory was comprehensively developed by Mark C. Suchman in 1995, who defined legitimacy as the general perception that a company's actions are considered appropriate and acceptable within a particular social system (Suchman, 1995). According to this perspective, companies depend not only on economic resources but also on social acceptance to maintain their long-term existence. Therefore, organizations are expected to ensure that their business activities remain aligned with public expectations and prevailing social values. Regarding the discussion of sustainability reports, companies use these reports as a tool to maintain legitimacy by proving that they have been environmentally and socially responsible (Deegan, 2002). Companies will increase information disclosure, including sustainability reports, to reduce legitimacy pressures when there is a discrepancy between their operations and societal expectations (Suchman, 1995). Consequently, organizations with stronger environmental performance are generally more willing to provide extensive sustainability disclosures because such information strengthens public confidence, reduces legitimacy pressures, and reinforces long-term organizational acceptance (Ritonga and Machdar, 2025).

Stakeholder theory was initially presented in a memorandum Stanford Research Institute in 1963. This statement challenges the concept that shareholders are the only group that requires a response from management. Various perspectives, concepts, and metaphors related to the primary goal of optimizing stakeholder value have been used to describe stakeholder theory. Strategic Management: A Stakeholder Approach by Freeman's (1984) theory is an early study that presented the concept of stakeholders. Stakeholder theory, according to Freeman (1984), explains the relationship between people or groups affected by business operations and those who are affected by them. Companies can use sustainability reports to satisfy stakeholders information demands. To maintain positive relationships with stakeholders and secure long-term support, organizations that perform well financially and environmentally are generally encouraged to be more transparent about their sustainability initiatives (Ebenhaezer and Rahayu, 2022).

Signalling Theory introduced in 1973 by Michael Spence, explaining how a sender of information sends signals to a receiver in the form of useful information. According to Noor (2015), signalling theory arises due to an information imbalance between stakeholders. This theory explains that this information gap can be minimized by conveying more information signals to external parties. Information published by companies plays a crucial role because it can influence the investment policies of external parties. Investors and entrepreneurs use this information as a primary basis for decision-making because it reflects the company's overall condition, including its past performance track record, current conditions, and development opportunities that can affect the company's future operational sustainability (Saadah & Mildawati, 2023). In addition, companies consider both the immediate and long-term impacts. This information impacts business sustainability. Companies that perform well financially and environmentally are generally more confident in sharing sustainability reports because it demonstrates that they have a promising future, are responsible, and can operate a sustainable business.

Corporate environmental performance in Indonesia is commonly assessed through the Corporate Performance Rating Assessment Program (PROPER), overseen by the Ministry of Environment and Forestry. The ratings a company obtains through this program reflect the extent to which it is able to control and manage the environmental impacts arising from its operational activities (Wulandari, 2025). Beyond serving as a performance evaluation system, PROPER also provides publicly available information regarding a company's environmental responsibility and sustainability commitment (Amalia & Indarti, 2024a). Companies with good environmental performance typically have a stronger incentive to communicate their sustainability activities to the public. This disclosure is made to demonstrate corporate accountability and increase stakeholder trust (Dutta, 2020; Putri and Aji, 2025). From the standpoint of Legitimacy Theory, companies achieving favorable environmental performance are motivated to disclose sustainability information to strengthen public acceptance and maintain organizational legitimacy. Meanwhile, Stakeholder Theory explains that companies must meet information demands from various parties with interests in the company's operations. Conversely, Signalling Theory views good environmental performance as a positive signal regarding the quality of corporate governance and its commitment to sustainable business practices. In an attempt to uphold credibility and be transparent, companies with optimal environmental performance generally provide more explicit information about sustainability. This statement is supported by research by Tusiya (2019), Akhsa & Darsono (2021); Istiningrum (2023); Arbin & Rohmatika (2024), found that environmental performance significantly influences sustainability report disclosure. Kurniawan et al. (2023) also observed that companies that provide more detailed information tend to have better environmental performance. Therefore, the hypothesis in the following research is:

H₁: Environment Performance influences the Sustainability Reports Disclosure.

The results of a company's various operational and investment actions using available financial resources are reflected in its financial performance. Companies that perform well financially typically have sufficient resources to engage in environmental and social initiatives and report these in sustainability reports (Leony and Pambudi, 2022). This study evaluates financial performance using profitability, liquidity, and leverage ratios.

A financial performance measure called profitability shows how well a company is able to generate profits from its operational activities (Saadah and Mildawati, 2023). The level of profitability indicates how well management utilizes company resources. Consequently, company performance improves along with increasing profitability. ROA is used in the following study to analyze profitability because it can demonstrate a company's capacity to generate profits based on its total assets, indicating the effective utilization of all company resources as a whole (Saadah and Mildawati, 2023). Based on Signalling Theory and Legitimacy Theory, companies with high profitability typically provide more comprehensive information in sustainability reports as a positive signal of the company's financial health and also as an effort to gain and preserve credibility in the public's eyes and meet stakeholder expectations. In addition, companies with high profits usually have sufficient assets to implement social and environmental programs and convey it openly in the sustainability report. Thus, a high ROA value provides a greater opportunity for management to implement and disclose the company's environmental and social responsibility programs. The following findings align with previous research showing that ROA has a significant influence on sustainability report disclosure

(Tusiyati, 2019; Yuliawati et al., 2020; Yohana & Suhendah, 2023; Zaisabilla and Widoretno, 2026). Thus, the hypothesis in the following research is:

H₂: ROA influences the Sustainability Reports Disclosure.

The ability of a business to employ its present assets under control to satisfy its short-term obligations is known as liquidity (Saadah and Mildawati, 2023). This ratio is used to assess a company's short-term liquidity by contrasting its current assets and current liabilities (Tusiyati, 2019). The level of liquidity reflects a company's short-term financial condition and indicates the extent to which the company is able to maintain its operational continuity without experiencing financial difficulties (Saadah and Mildawati, 2023). The following study uses the current ratio (CR), which gives a clear picture of a company's ability to satisfy its short-term liabilities with its current asset. Based on Signalling and Stakeholder Theory, companies with high liquidity typically provide more comprehensive information in their sustainability reports as a positive signal of their financial health and ability to maintain business continuity. Furthermore, companies with an optimal financial position are better able to meet stakeholder expectations, including in implementing and disclosing social, environmental, and corporate governance activities. The company's ability to support sustainability initiatives increases with the CR and disclose them to stakeholders. This aligns with previous studies showing that CR influences sustainability report disclosure (Tusiyati, 2019; Ebenhaezer and Rahayu, 2022; Dewi, 2025; H. S. Rahayu and Dewi, 2025). Therefore, the hypothesis in this study is:

H₃: CR influences the Sustainability Reports Disclosure.

Leverage is a ratio that serves to assess the extent to which a company uses debt to finance its assets. Excessive use of receivables can be detrimental to a company because it has the potential to place the company in a state of extreme leverage, where it has a debt load that is challenging to pay back (Tusiyati, 2019). The level of leverage reflects the company's capital structure and the financial risks it faces, where the higher the leverage, the greater the company's dependence on external funding sources. In the following study, leverage is analyzed using DER because this ratio can show the proportion of financing from creditors compared to that from shareholders, thus providing a more comprehensive representation of the company's financial risk (Saadah and Mildawati, 2023). Based on Signalling Theory and Stakeholder Theory, companies with high leverage are usually motivated to provide more information to signal to shareholders and creditors regarding their capacity to manage financial risk and maintain business continuity. Furthermore, publishing sustainability reports can also serve as a tool for companies to meet the information demands of stakeholders, especially creditors and investors, who require non-financial information as a factor in the process of determining decisions. Therefore, the higher a company's leverage level, the greater the need for increased transparency through sustainability report disclosure. This aligns with previous studies that demonstrated that DER influences sustainability report disclosure (Tusiyati, 2019; Yohana & Suhendah, 2023; Rahayu, 2024; Apriyani & Widoretno, 2024). Thus, the hypothesis in the following research is:

H₄: DER influences the Sustainability Reports Disclosure.

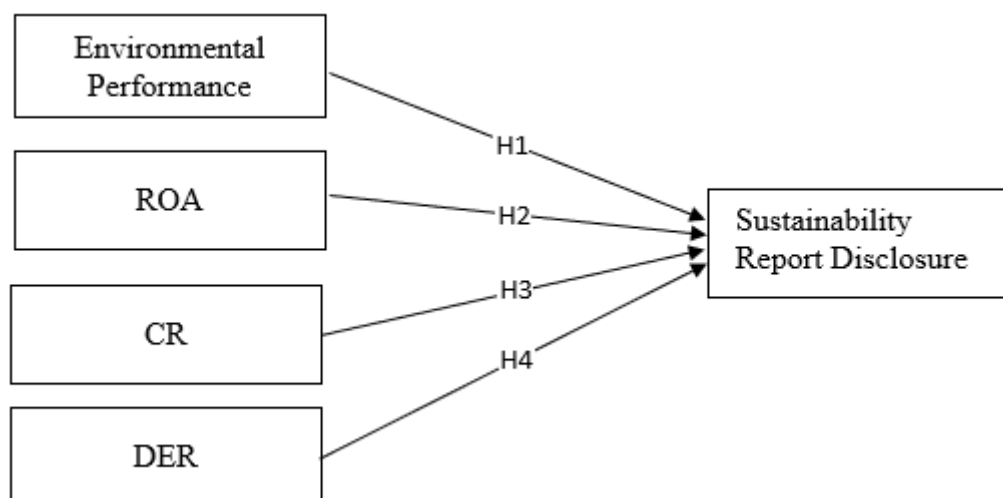


Figure 2. Research Framework
Source: processed by researchers, 2026

The findings of earlier studies that demonstrate a relationship between independent variables and sustainability report disclosure serve as the foundation for creating this conceptual framework.

Method

This study examines the influence of financial and environmental performance on sustainability reports disclosure using quantitative methods. The purpose of quantitative studies is to examine specific populations or samples, a methodology based on positivism (Sugiono, 2013). The data used in the following research are secondary; the PROPER assessment report was obtained from the Ministry of Environment and Forestry website www.kemenvhik.co.id, while sustainability reports, consolidated financial reports and annual company reports are available on each company's public website and official website www.idx.co.id.

The following research focuses on energy sector companies listed as issuers on the Indonesia Stock Exchange. To obtain a sample relevant to the research objectives, not all members of the population were used as units of analysis. Therefore, the sample was determined by considering certain characteristics through the following methods purposive sampling. The sampling criteria were as follows:

1. Energy sector companies registered as issuers on the IDX throughout 2021-2025.
2. Energy sector companies that provide and publish sustainability reports openly, either through the official IDX website or through the company website during the 2021-2025 period.
3. Energy companies participating in the PROPER assessment during the 2021-2025 period.
4. Energy sector companies that publicly report annual reports and financial statements, either through the official website of the Indonesia Stock Exchange or through the company website throughout 2021-2025.

Referring to these characteristics, the research sample that met these requirements received 90 observation data points over a five-year observation period. is considered representative enough to facilitate statistical analysis in quantitative research and describe the condition of the Indonesian energy sector. Data analysis in the following study uses multiple linear regression analysis using the SPSS version 25 application. The analysis process includes descriptive statistical testing, classical assumptions that include normality testing, multicollinearity, heteroscedasticity, and autocorrelation, and hypothesis testing through F-tests and t-tests. The coefficient of determination (R^2) serves to analyze the ability of financial performance and environmental performance in explaining variations in sustainability report disclosures of energy sector companies.

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$$

Variable Notation:

Y = Sustainability Report Disclosure

X_1 = Environmental Performance

X_2 = Return on Asset

X_3 = Current Ratio

X_4 = Debt to Equity Ratio

α = Constant

$\beta_1 - \beta_5$ = Regression coefficient of each variable independent

ε = Error term

The dependent variable in the following research is sustainability report disclosure. Regarding the preparation of sustainability report disclosures, companies can refer to the benchmarks established by the GRI. The following research uses the GRI Standards, which consist of 91 disclosure items. The assessment employed the content analysis method, in which each disclosure item was evaluated using a dummy scoring system. A score of 1 was assigned if the company disclosed the corresponding GRI indicator, whereas a score of 0 indicated that the information was not disclosed. The SRDI calculation is performed using the following formula:

$$SRDI = \frac{\sum \text{Items disclosed}}{\text{Disclosure item total}}$$

Meanwhile, the independent variables in the following research include financial performance and financial performance.

Table 1. Operational Definition of Independent Variables

	Variable	Concept Definition	Measurements	Scale
1	Environmental Performance	PROPER serves as an assessment tool to measure a company's commitment to preserving and managing the environment. The PROPER rating has five categories: gold, green, blue, red, and black. Companies with high PROPER ratings, such as green and gold, typically have stronger reputations and are more likely to attract investor attention (Ritonga and Machdar, 2025).	Score: a. Gold (5) b. Green (4) c. Blue (3) d. Red (2) e. Black (1)	Numeric
2	Profitabilitas (ROA)	Return on Assets (ROA) is a measure used to assess profitability. A company's ability to generate profits based on its total assets is evaluated using ROA. (Ritonga and Machdar, 2025).	EAT / Asset Total	Ratio
3	Likuiditas (CR)	The Current Ratio (CR) is a measure used to assess liquidity. A company's ability to meet or repay its short-term obligations is evaluated using the CR (Ebenhaezer and Rahayu, 2022).	Current Assets / Current Liabilities	Ratio
4	Leverage (DER)	The Debt-to-Equity Ratio (DER) is a measure used to assess leverage. This ratio measures how much of a company's funding comes from debt compared to its equity (Saadah and Mildawati, 2023).	Total Debt / Total Equity	Ratio

Source: processed by researchers, 2026

Result and Discussion

The following research uses energy companies listed on the Indonesia Stock Exchange (IDX) as the research objects. The sample was selected using a purposive sampling method based on predetermined characteristics to obtain companies that meet the research characteristics described in Table 2.

Table 2. Sample Fulfilled

	Criteria	2021	2022	2023	2024	2025
1	Energy Sector Companies Listed on the IDX	91	91	91	91	91
2	Companies that do not disclose SR	(50)	(42)	(35)	(33)	(42)
3	Companies that do not follow PROPER	(24)	(31)	(36)	(40)	(32)
4	Companies that do not disclose Annual Reports or Consolidated Financial Statements	(0)	(0)	(0)	(0)	(0)
	Amount	17	18	20	18	17
	Total of Observation Samples	90				

Source: processed by researchers, 2026

According to Table 2, the total number of energy companies listed on the IDX during 2021–2025 was 91. After conducting a selection process based on purposive sampling criteria, namely companies that issued sustainability reports, participated in the PROPER assessment, and disclosed annual reports or consolidated financial statements, a research sample of 90 observations was obtained, covering 17 companies in 2021, 18 companies in 2022, 20 companies in 2023, 18 companies in 2024, and 17 companies in 2025.

Descriptive statistical analysis aims to provide an overview of the research data criteria. Descriptive statistics present information on the total data (N), minimum, maximum, mean, and standard deviation results for each research variable. The variables analyzed include environmental performance, proxied by PROPER, financial performance using the profitability ratio, proxied by ROA, and liquidity proxied through CR, leverage proxied through DER, and SRD as dependent variables.

Table 3. Descriptive Statical Test Result

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
PROPER	90	2.00	5.00	3.5778	.77862
ROA	90	-.22	.62	.1624	.15583
CR	90	.27	15.80	2.2872	2.12246
DER	90	.06	5.53	1.0173	1.03248
SRD	90	.00	.99	.6054	.34651
Valid N (listwise)	90				

Source: Processed Secondary Data, 2026

According to the table, this study used 90 observations. The PROPER variable has a minimum score of 2.00, a maximum score of 5.00, a mean score of 3.5778, and a standard deviation of 0.77862, proving that the average company has relatively good environmental performance. The ROA variable has a mean score of 0.1624 with a minimum score of -0.22 and a maximum score of 0.63, indicating variations in profitability levels between companies. The CR variable has a mean score of 2.2872 with a minimum score of 0.27 and a maximum score of 15.80, while the DER has a mean score of 1.03248 with a minimum score of 0.06 and a maximum score of 5.53, indicating differences in the liquidity levels and funding structures of the sample companies. Meanwhile, the dependent variable, Sustainability Report Disclosure (SRD), showed values ranging from 0.00 to 0.99, with a mean score of 0.6054. This result indicates that, on average, companies disclosed approximately 60.54% of the GRI disclosure indicators. Overall, the standard deviation values remain relatively close to their respective means, suggesting that the dataset exhibits an acceptable level of variability and is appropriate for further statistical analysis..

The purpose of the test that follows is to determine whether the model's residuals are accurate. Regression has a normal distribution. If the significant results (Asymp. Sig.) are greater than 0.05, the KS test with residual characteristics is considered to be normally distributed.

Table 4. Normality Test Result
One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		89
Normal Parameters ^{a,b}	Mean	.0000000
	Std. Deviation	.24136937
Most Extreme Differences	Absolute	.061
	Positive	.036
	Negative	-.061
Test Statistic		.061
Asymp. Sig. (2-tailed)		.200 ^{c,d}

a. Test distribution is Normal.

b. Calculated from data.

c. Lilliefors Significance Correction.

d. This is a lower bound of the true significance.

Source: processed secondary data, 2026

The Kolmogorov-Smirnov test output showed that the Asymp. Sig. (2-tailed) result was 0.200 and the Kolmogorov-Smirnov/Test Statistic result was 0.061. The significance criterion of 0.05 is exceeded by these results ($0.200 > 0.05$). Consequently, it may be said that the regression model's residuals have a normal distribution. The regression model can be employed for additional investigation since this result demonstrates that the normalcy assumption has been satisfied.

The following test was conducted to see if the independent variables in the regression model had a significant correlation. The test was conducted by examining the Tolerance and VIF results. If the VIF result is less than 10 ($VIF < 10$) and the tolerance result is greater than 0.10 ($Tolerance > 0.10$), the regression model is deemed free of multicollinearity.

Table 5. Multicollinearity Test Results
Coefficients^a

Model		Collinearity Statistics	
		Tolerance	VIF
1	PROPER_X1	.963	1.038
	ROA_X2	.900	1.112
	CR_X3	.834	1.199
	DER_X4	.846	1.182

a. Dependent Variable: SRD_Y

Source: Processed Secondary Data, 2026

Referring to the output of the multicollinearity test in the table, all variables Independent variables, namely PROPER, ROA, CR, DER have a Tolerance value > 0.10 where each obtained a value of 0.963; 0.900; 0.834; 0.846. This is also seen in the VIF value, all independent variables have a value < 10 where each obtained a value of 1.038; 1.112; 1.199; 1.182. These results prove that there is no close relationship between the independent variables. Thus, all independent variables can be employed concurrently in regression analysis since the regression model is devoid of multicollinearity symptoms.

The following test aims to identify whether there is non-uniformity of residual variance in the regression model. In the following study, heteroscedasticity testing was conducted using the Scatterplot method by observing the distribution pattern between the results. Regression Studentized Residuals as well as Regression Standardized Predicted Value.

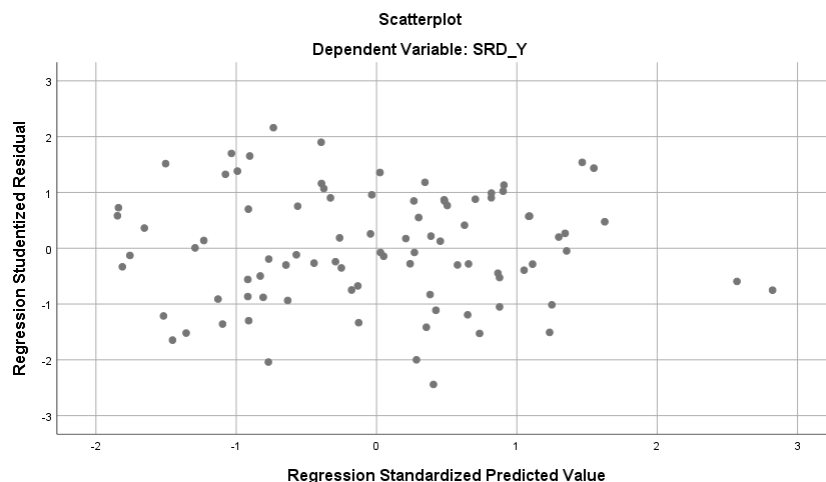


Figure 3. Heteroscedasticity Test Results
Source: Processed Secondary Data, 2026

According to the heteroscedasticity test output in the image above, it proves that the residual points are spread irregularly above and below the zero line on the Y axis and do not create a specific pattern, such as a wavy, tapered, or wide pattern. This condition indicates that the residual variation has a constant nature (homoscedasticity). Consequently, it can be said that the regression model satisfies one of the traditional requirements for multiple linear regression analysis and does not exhibit

heteroscedasticity symptoms, and in determining decisions through F tests and t tests that will be carried out in the following research becomes clear.

Autocorrelation testing is used to identify whether there is a relationship between the residuals in one analysis and the residuals in a previous analysis. In the following research, the following test process was carried out using the Durbin–Watson statistic.

Table 6. Autocorrelation Test Results

Model Summary ^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.333 ^a	.111	.069	.24705	2.076

a. Predictors: (Constant), DER_X4, PROPER_X1, ROA_X2, CR_X3

b. Dependent Variable: SRD_Y

Source: Processed Secondary Data, 2026

Referring to the output of the test process, the DW result was 2.076. This result lies between the upper limit (dU) and (4 – dU), this proves that the DW results lie at the specified value ($1.751 < 2.076 < 2.249$). Therefore it can be said that autocorrelation is not detected by the regression model. These results prove that the residuals between observations have independent properties.

The following analysis serves to identify the direction and magnitude of the influence of environmental performance variables (PROPER), profitability (ROA), liquidity (CR), and leverage (DER) on Sustainability Reporting Disclosure (SRD).

Table 7. Results of Multiple Linear Regression Analysis Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1	(Constant),	.377	.066	5.709	.000
	PROPER_X1	-.087	.033	-2.681	.009
	ROA_X2	.000	.001	-.039	.722
	CR_X3	.077	.053	1.446	.152
	DER_X4	.018	.010	1.789	.077

a. Dependent Variable: SRD_Y

Source: Processed Secondary Data, 2026

The table displays the multiple linear regression analysis's findings. The data processing results were obtained using the SPSS application, resulting in a regression equation according to the resulting coefficient value, namely:

$$SRD = 0.377 - 0.087PROPER + 0.000ROA + 0.77CR + 0.018DER + \varepsilon$$

The following test serves to identify whether all variables Independent variables consisting of environmental performance (PROPER), profitability (ROA), liquidity (CR), and leverage (DER) simultaneously influence Sustainability Reporting Disclosure. The F-test measurement uses a significance level of 5% (0.05) using the application version 25. The table below displays the F-test findings.

Table 8. F Statistical Test Results (F test)

ANOVA ^a						
	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.639	4	.160	2.619	.041 ^b
	Residual	5.127	84	.061		
	Total	5.766	88			

a. Dependent Variable: SRD_Y

b. Predictors: (Constant), DER_X4, PROPER_X1, ROA_X2, CR_X3

Source: Processed Secondary Data, 2026

Referring to the F test output, the calculated F result was 2.619 with a significance value of 0.041. The significance result above does not exceed the significance level used, namely 0.05 ($0.041 < 0.05$). Therefore, H_0 rejected and H_a accepted, which that indicates that SRD is influenced concurrently by the PROPER, ROA, CR, and DER factors.

This test was conducted to determine the effect of each independent variable, namely environmental performance (PROPER), profitability (ROA), liquidity (CR), and leverage (DER), on Sustainability Reporting Disclosure (SRD) with individuals. The test process was carried out by comparing the significant results (Sig.) with a significance level of 0.05. If the significant results do not exceed 0.05, the hypothesis is accepted. If the significant results exceed 0.05, the hypothesis is rejected.

Table 9. Statistical t Test Results
Coefficients^a

	Model	Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	.377	.066		5.709	.000
	PROPER_X1	-.087	.033	-.281	-2.681	.009
	ROA_X2	.000	.001	-.039	-.357	.722
	CR_X3	.077	.053	.163	1.446	.152
	DER_X4	.018	.010	.200	1.789	.077

a. Dependent Variable: SRD_Y

Source: Processed Secondary Data, 2026

Based on the output of the t-statistic test in the table, the explanation for each hypothesis that was compiled is as follows:

According to the t-test output, the environmental performance variable (PROPER) obtained a significant result of 0.009, which did not exceed 0.05 ($0.009 < 0.05$), with a regression coefficient of -0.087. This finding indicates that H_1 accepted, so that environmental performance has a negative and significant influence on Sustainability Reporting Disclosure. According to the t-test output, the profitability variable (ROA) obtained a significant result of 0.722, which exceeds 0.05 ($0.722 > 0.05$), with a regression coefficient of 0.000. This finding proves that H_2 rejected, so that profitability has no influence Sustainability Reporting Disclosure. Based on the t-test output, the liquidity variable (CR) obtained a significant result of 0.152, which exceeds 0.05 ($0.152 > 0.05$), through a regression coefficient of 0.077. This finding proves that H_3 rejected, so that liquidity has no influence Sustainability Reporting Disclosure. Based on the results of the t-test, the solvency variable (DER) obtained a significant result of 0.077, which exceeds 0.05 ($0.077 > 0.05$), with a regression coefficient of 0.018. This finding proves that H_4 rejected, therefore leverage has no influence on Sustainability Reporting Disclosure.

The following test is used to determine the capacity of the variable. independent variables, namely environmental performance (PROPER), profitability (ROA), liquidity (CR), and leverage (DER), when describing how the dependent variable varies, namely Sustainability Reporting Disclosure (SRD).

Table 10. Determinant Coefficient Test Results
Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.333 ^a	.111	.069	.24705

a. Predictors: (Constant), DER_X4, PROPER_X1, ROA_X2, CR_X3

b. Dependent Variable: SRD_Y

Source: Processed Secondary Data, 2026

According to the output of the coefficient of determination test, the Adjusted R Square result was 0.069 or 6.9%. This proves that the performance variable environmental (PROPER), profitability (ROA), liquidity (CR), and leverage (DER) are able to explain the variation in Sustainability Reporting Disclosure (SRD) by 6.9%, while the remaining 93.1% is explained by other variables that are not examined in the following research.

Discussion

The Influence of Environmental Performance on Sustainability Reporting Disclosure

Research findings prove that environmental performance as proxied through PROPER has a negative influence on Sustainability Reporting Disclosure, therefore, the first hypothesis is accepted. The following findings demonstrate that companies with higher PROPER ratings do not fully disclose sustainability information more broadly. The above conditions indicate that companies have received recognition for their environmental performance through PROPER assessments, so broader disclosure in the Sustainability Report is no longer considered a priority. Therefore, achieving good environmental performance is not always accompanied by an increase in the scale of sustainability information disclosure.

The following findings can be explained through Legitimacy Theory, which states that companies seek to gain legitimacy through public engagement through activities aligned with social norms and expectations. From the Stakeholder Theory perspective, environmental achievements communicated through PROPER may already satisfy the information needs of major stakeholders. Meanwhile, Signalling Theory explains that an optimal PROPER rating has become a positive indicator of a company's commitment to the environment, thus discouraging companies from expanding their sustainability reporting disclosures. The following research findings are inconsistent with research by (Tusiyati, 2019) dan Arbin & Rohmatika (2024) who documented a positive relationship between environmental performance and sustainability reporting disclosures. However, they align with research by Istiningrum (2023) who stated that environmental performance does not fully encourage companies to disclose sustainability information more extensively.

The Influence of Profitability (ROA) on Sustainability Reporting Disclosure

The statistical analysis demonstrates that profitability, represented by Return on Assets (ROA), does not significantly influence Sustainability Report Disclosure. Therefore, the second hypothesis is rejected. This finding indicates that the ability of a company to generate profits is not a determining factor in the extent of sustainability information disclosed. Regardless of whether firms report relatively high or low profitability, they appear to maintain comparable levels of sustainability reporting. This suggests that sustainability disclosure is driven more by corporate commitment, regulatory compliance, and long-term strategic considerations than by short-term financial performance.

The following findings align with Legitimacy Theory, which explains that companies disclose Sustainability Reports to gain and maintain social legitimacy, regardless of their profits. Furthermore, Signalling Theory recognizes profitability as a potential positive signal to investors. However, the research findings demonstrate that profitability is not the primary signal used by companies to demonstrate their commitment to sustainability. The following findings align with research by Ebenhaezer and Rahayu (2022) dan Amalia & Indarti (2024) both of which reported no significant association between profitability and sustainability report disclosure. However, the following research findings contradict research by H. S. Rahayu & Dewi (2025) which found that companies with high profitability tend to disclose Sustainability Reports more extensively.

The Influence of Liquidity (CR) on Sustainability Reporting Disclosure

The study's findings demonstrate that liquidity proxied by CR has no influence on Sustainability Reporting Disclosure. Therefore, the third hypothesis is rejected. These findings demonstrate that a company's capacity to meet short-term obligations is not a primary consideration in determining the extent of disclosure in its Sustainability Report. The company continues to disclose sustainability information in accordance with its policies and strategies, regardless of its liquidity status.

The following findings can be explained through the Stakeholder Theory, which states that businesses should meet the information needs of all stakeholders without relying on short-term financial conditions. Furthermore, Signalling Theory explains that liquidity can be an indicator of a company's financial health, but the following research findings demonstrate that companies do not use sustainability reports as the primary means of communicating this. These findings align with research by Ebenhaezer and Rahayu (2022) dan H. S. Rahayu & Dewi (2025) which states that liquidity has no impact on SRD. Conversely, these findings contradict research by Tusiyati (2019) who argued that companies with stronger liquidity tend to provide more extensive sustainability disclosures.

The Influence of Leverage (DER) on Sustainability Reporting Disclosure

The research findings prove that leverage proxied through DER has no influence on Sustainability Reporting Disclosure, thus rejecting the fourth hypothesis. The following results show that company

debt levels have no bearing on how much information is revealed in reports on sustainability. Companies with different funding structures still have the same tendency to disclose sustainability information because such disclosure is more based on the company's commitment to transparency and sustainability.

The following research findings can be explained through Stakeholder Theory, which states that companies remain obligated to provide information to all stakeholders regardless of the proportion of debt. Furthermore, Signalling Theory explains that companies can provide indicators of their financial condition to shareholders, but the Sustainability Report is not the primary medium for conveying information about the company's solvency level. These research findings align with research by Akhsa & Darsono (2021) dan Istiningrum (2023) which stated that leverage has no effect on Sustainability Reporting Disclosure. However, these research findings contradict research by Tusiayati (2019) which found that leverage does influence the level of sustainability report disclosure.

Conclusions

The following research aims to analyze the influence of environmental performance as proxied by PROPER, financial performance as proxied by profitability (ROA), liquidity (CR), leverage (DER) on Sustainability Reporting Disclosure (SRD) in energy sector companies listed on the Indonesia Stock Exchange for the 2021–2025 period. The results indicate that only environmental performance (PROPER) partially influences sustainability report disclosure, while financial performance has no effect on sustainability report disclosure. However, all four independent variables simultaneously influence sustainability report disclosure, indicating that the combination of environmental and financial performance factors still contributes to explaining sustainability report disclosure.

The results of this study imply that sustainability report disclosure in energy sector companies is not solely determined by the company's financial condition and environmental performance, but is also influenced by factors beyond the research model, such as corporate governance, stakeholder pressure, company ownership, and other company factors. In order to present a more complete picture of the factors impacting sustainability report disclosure, future study is advised to include these variables, broaden the research sector's reach, and employ a longer observation period.

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