

ABSTRACT

Materiality assessment in sustainability report is a priority of the problems identified and is very relevant to the company and stakeholders. Materiality assessment by companies can also be a factor to assess the relevance of sustainability topics by determining how companies pay attention to sustainability issues or impacts. Disclosure of materiality assessment in sustainability reports can provide high transparency for stakeholders and high accountability for companies.

This study aims to determine the disclosure factors of materiality assessment in sustainability reports. The factors used are the board of directors, leverage, and company size. These factors were analyzed simultaneously and partially for their influence on the assessment of materiality.

The population of this study is the mining sector companies listed on the Indonesia Stock Exchange (IDX) in 2016-2020. The sample selection in this study used a purposive sampling technique with the acquisition of a sample of 7 companies for 5 years in order to obtain 35 observational data. The data analysis method used in this study is descriptive statistics, ordinal logistic regression with an ordered logit regression, and hypothesis testing performed with IBM SPSS software version 26.

The test results in this study indicate that the board of directors, leverage, and company size simultaneously have a significant effect on materiality assessment of sustainability report. Partially, a large board of directors and a low level of leverage have a significant effect on materiality assessment of sustainability report. However, the size of large or small companies has no significant effect on materiality assessment in sustainability report.

The results of this study are expected to provide benefits, add insight, and become reference material for further researchers to re-examine, especially in assessing the materiality of sustainability reports. For investors, this research can provide information and reference in making investment decisions. For companies, this research can be a reference and recommendation to improve the quality and management of material issues for companies in sustainability reporting. Thus, transparency in the management and disclosure of material issues in sustainability reports can increase opportunities and trust from external parties, as well as improve company performance.

Keywords: Materiality assessment, sustainability report, board of directors, leverage, company size.