

Assesing the Financial Relevance and SASB Compliance of Sustainability Reports Among Indonesian Listed Companies

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Abstract— This study aims to assess the level of compliance with SASB standards in the sustainability reports of Indonesian companies, identify the predominant key topics associated with each materiality issue, and evaluate the relevance of these issues to financial performance across various industries. This study employed a mixed-content analysis of sustainability reports from Indonesian listed companies that adopted the SASB framework. The findings revealed considerable variation in compliance, with half of the industries attaining a perfect Disclosure Topic Compliance Index (DTCI) score. The analysis of materiality issues highlighted distinct discourses across industries, suggesting that each industry possessed unique concerns related to ESG matters. Financial relevance was evident, as industries that provided extensive reporting on financially material topics demonstrated higher Industry Financial Relevancy Index (IFRI) scores. However, perfect DTCI scores did not consistently correlate with financial relevance. In conclusion, the adoption of the SASB framework among Indonesian companies should be strengthened to improve the quality of sustainability reporting. Enhancing compliance with the SASB framework is essential for producing informative and financially material sustainability reports. Prioritizing comprehensive and relevant disclosures can strengthen the alignment between sustainability practices and financial performance, thereby promoting long-term value creation and investor confidence.

Keywords: *ESG, SASB, Sustainability Material Issue, Compliance, Sustainability Report*

I. INTRODUCTION

In recent years, companies have increasingly shifted towards improving their environmental, social, and governance (ESG) performance and integrating sustainability reporting into their core business strategies. This transformation is driven by rising stakeholder expectations, evolving regulatory demands, and growing recognition that strong sustainability practices can enhance firm value [1]. In Indonesia, this trend accelerated with the issuance of OJK Regulation No. 51/POJK.03/2017 by the Financial Services Authority (Otoritas Jasa Keuangan / OJK), which mandates publicly listed companies to disclose sustainability reports alongside their financial statements. By 2020, sustainability reporting became mandatory for these entities, aligning with the United Nations Sustainable Development Goals (UN,

2017) and underscoring the significance of material ESG disclosures [2]. The concept of materiality in sustainability reporting has become a focal point, reflecting ongoing debates about whether it should encompass traditional financial metrics or broader ESG considerations [3][4][5]. The Global Reporting Initiative (GRI) has traditionally guided companies in reporting on ESG factors considered material to environmental and social impacts (GRI, 2016), while stakeholders have increasingly emphasized the financial relevance of ESG issues [4]. Highlights the value of ESG disclosures in shaping investor decisions and influencing stock prices [6].

To address the gap between ESG factors and financial performance, the Sustainability Accounting Standards Board (SASB), established in 2011 [7], provides industry-specific standards that link ESG metrics to financial outcomes. The SASB framework identifies ESG factors that materially affect companies' financial condition and operational performance within their respective industries, as classified under the Sustainable Industry Classification System™ (SICS) [7]. This framework, shaped by input from companies and investors, aims to strengthen standard accountability and align reporting practices with investor expectations amid evolving societal norms that favor sustainable business practices [8][9]. In Indonesia, although approximately 80% of companies adopt the GRI framework for sustainability reporting [10], research reveals inconsistencies and inadequacies in the quality of disclosures and the application of materiality principles [11][12]. These findings underscore the importance of examining the adoption of the SASB framework by Indonesian companies as a means to more effectively bridge the gap between ESG issues and financial performance—an aspect less emphasized by the GRI framework.

This study aims to address this gap by evaluating the extent to which Indonesian companies adhere to SASB standards across industries, with a focus on the quality of sustainability disclosures and their financial relevance. Specifically, the study aims to evaluate the extent of compliance with SASB disclosures and their financial intensity, as well as to identify the predominant materiality themes in sustainability reports across various industry sectors. By evaluating these aspects, this study aims to deepen the understanding of sustainability reporting in the Indonesian context, providing insights to enhance disclosure quality, align with investor expectations, and support long-term economic sustainability. This study makes an academic contribution by expanding the body of knowledge on sustainability reporting standards in an emerging market context, specifically Indonesia. Practically, it provides actionable insights for companies to enhance their disclosures in accordance with SASB standards, thereby meeting investor expectations and strengthening transparency. From an economic perspective, the study seeks to inform investment decisions by providing reliable ESG information, thereby promoting sustainable economic growth and development. Furthermore, focusing on Indonesia provides valuable insights for tailoring strategies and policies that address specific national challenges, contributing to broader economic and social development objectives. In sum, this research aims to promote a more sustainable and transparent business environment in Indonesia, while potentially influencing global sustainability practices.

II. LITERATUR REVIEW

Legitimacy theory, in the context of a company's existence, asserts that a company's right to operate is not inherent but contingent upon societal perceptions of legitimacy [13][14]. This theory suggests that a company must continually align its operations with societal norms and values, essentially operating within the societal "social contract" [13]. In line with this concept, the research highlights the relation between how a company perceives its legitimacy and how it fulfills its social and environmental responsibilities. Companies that demonstrate a commitment to socially responsible practices are more likely to be considered legitimate by society, reinforcing the idea that maintaining legitimacy involves meeting societal expectations [15]. Therefore, to garner public perception of a company's legitimacy, it reports environmental (non-financial) information to demonstrate its responsible conduct in alignment with the aforementioned social expectations. Additionally, Deegan (2002) and Chang (2007) argue that legitimacy is a key motivation for companies to make disclosure-related decisions and justify their internal business practices in response to public pressure concerning social and environmental concerns. In this research, the motivation to disclose responsible conduct through sustainability reporting is analyzed by examining the extent to which companies' sustainability reports comply with the SASB standards, one of the established sustainability reporting frameworks.

In addition to a company's efforts to attain legitimacy, as proposed by Legitimacy Theory, Stakeholder Theory posits that companies prioritize meeting the demands of influential stakeholder groups that control critical resources necessary for their operations. Consequently, companies tend to overlook the concerns of less influential stakeholders [16]. However, some scholars argue that companies are obligated to address the diverse expectations of all stakeholder groups, regardless of whether those stakeholders control essential resources, even when such expectations may be conflicting.

According to Fernando and Lawrence (2014), meeting stakeholders expectations can be achieved by engaging in activities considered relevant by stakeholders and disclosing pertinent information accordingly. Kabir and Akinnusi (2012) define stakeholders as individuals or groups capable of influencing, or being influenced by, the achievement of a company's objectives. Deegan (2002) adds that stakeholder theory can be categorized into two main branches: the ethical (normative) perspective and the managerial perspective.

From an ethical perspective, managers are expected to serve the interest of all stakeholders [17]. Under this view, the company is not regarded solely as an entity dedicated to maximizing shareholder wealth, but as one that seeks to fulfill the expectations of all its stakeholders. This is supported by [18], who state that companies are accountable to all stakeholders, not solely to those with greater influence or financial power. However, this perspective also presents a limitation of stakeholder theory—particularly in the context of sustainability or ESG reporting—where managers are expected to treat all stakeholders equitably, even when their interests are diverse and potentially conflicting [19]. According to Hasnas (1998), in situations where stakeholder interests conflict, companies should strive "to attain the optimal balance among them".

Alternatively, the managerial perspective within stakeholder theory posits that managers prioritize fulfilling the expectations of stakeholders who possess essential resources critical to the organization's operations [19]. In contrast to the ethical perspective, which emphasizes the interests of all stakeholders regardless of their contributions, the managerial perspective focuses on addressing the interests of stakeholders who are economically significant to the company. The managerial perspective argues that the contributions of critical stakeholders are paramount to a company's well-being, as these stakeholders possess the power to influence the company's performance—either positively or negatively—through their actions [20].

In the context of reporting environmental (non-financial) information, both perspectives acknowledge the importance of disclosing a company's responsible conduct. However, some scholars argue that reporting to stakeholders may lead to a company's dependency on those stakeholders. According to Chang (2007), the aforementioned dependency implies that a company's failure to report may be detrimental to its financial success or survival (managerial perspective), or that reporting is simply considered "the right thing to do" (ethical perspective).

III. METHOD

This research focuses on Indonesian companies that disclosed their sustainability performance using the SASB standards in 2022. The names of these companies can be accessed through the "SASB-Reporters" section on the official SASB website (www.sasb.org). This study employed a qualitative research approach using content analysis to evaluate the extent to which the sustainability reports of Indonesian listed companies comply with the SASB framework. In this context, qualitative research is descriptive in nature, emphasizing inductive reasoning and incorporating multiple perspectives to interpret the data. The research involved collecting rich empirical data from one or a few case organizations and analyzing documents—particularly sustainability reports—to gain in-depth insights into their sustainability practices.

The research utilized secondary data derived from the Environmental, Social, and Governance (ESG) reports, also referred to as Sustainability Reports, of Indonesian companies listed on the SASB website. Among the 20 recognized companies, only 15 published their sustainability reports in 2022. These reports offered detailed documentation of the companies' environmental practices, social responsibility initiatives, and governance structures. The required data were analyzed through a detailed content analysis, emphasizing patterns, key indicators, and the financial relevance of ESG factors within specific industries. Due to limited access to the SASB Materiality Map, this study utilized the Industry Financial Relevancy Index (IFRI), as proposed by [21], to assess the financial relevance of SASB material issues across industries.

Data collection involved documentation analysis, focusing on sustainability reports of Indonesian listed companies recognized by SASB. The research also included a literature review to gather supporting data and analyze previous studies for references. The primary focus was on identifying and evaluating the sustainability information disclosed in these reports using the SASB framework.

The research employed a mixed content analysis method based on the approach by Beske, Haustein, & Lorson (2020) and a model developed by Miles and Huberman (1994). Content analysis systematically identifies, codes, and categorizes

patterns or themes within textual data. Data reduction involved the creation of tables to document the presence or absence of SASB's sustainability material issues for each industry. Indicators from the companies' sustainability reports and SASB standards were coded as "1" (present) or "0" (absent). The reduced data were then organized into mathematical indices: the Disclosure Topic Compliance Index (DTCI) and the Industry Financial Relevance Index (IFRI). The DTCI measures the extent of compliance with SASB's standards at the disclosure topic level, calculated as the percentage of disclosure topics addressed by a company. The IFRI evaluates the financial relevance of each industry-specific material issue by calculating the ratio of impacted value drivers to the total number of value drivers considered by SASB. Thematic analysis, as outlined by Braun & Clarke (2021), was employed to identify the dominant themes associated with each material issue in the sustainability reports. This process involved coding the sustainability material issues, generating themes, and identifying the most prevalent themes for each issue. The final step involved interpreting the data to draw conclusions, identifying patterns, and providing explanations. Conclusions were derived through a subjective analysis that compared the sustainability report disclosure.

IV. RESULT

To address the first research question—regarding the extent to which the sustainability reports of Indonesian companies across various industries complied with SASB standards—this research found that, at the industry level, most companies demonstrated a relatively strong adherence to SASB standards, as summarized in Table 7. Materiality issues (Mi) refer to what SASB designates as "General Issues Categories," as outlined in Table 8. Each materiality issue is further detailed into industry-specific disclosure topics (Dt). For example, the Commercial Banking industry comprises five SASB materiality issues and six corresponding disclosure topics. However, the analysis revealed that reporting companies disclosed an average of 4.4 Mi and 5.1 Dt, resulting in a Disclosure Topic Compliance Index (DTCI) score of 85%.

Table 1. Industry Analysis

Industry	Mi	Dt	DTCI	Σ FRI	IFRI
Commercial Banks	4.4	5.1	85.00%	193.86%	43.08%
Construction Materials	6.0	6.0	66.67%	234.48%	39.08%
Media & Entertainment	3.0	3.0	100.00%	99.99%	33.33%
Metals & Mining	10.5	11.5	95.83%	411.18%	39.16%
Multiline and Specialty Retailers	4.0	4.0	80.00%	166.16%	41.54%
Pulp & Paper Products	5.0	5.0	100.00%	169.25%	33.85%
Real Estate	4.0	4.0	100.00%	192.32%	48.08%
Telecommunication Services	6.0	6.0	100.00%	253.86%	42.31%
Mean	5.4	5.5	90.31%	215.14%	40.05%
Minimum	3.0	3.0	66.67%	99.99%	33.33%
Maximum	10.5	11.5	100.00%	411.18%	48.08%

**Mi, Number of Materiality Issues; Dt, Number of Disclosure Topics*

Source: Data Processed (2024)

The DTCI was employed to assess the degree of compliance with SASB standards across industries. The analysis indicated that half of the industries attained a perfect score of 100%, reflecting full disclosure of the relevant industry specific topics. The remaining industries reported the following DTCI scores: Commercial Banks at 85.00%, Construction Materials at 66.67%, Metals and Mining at 95.83%, and Multiline and Specialty Retailers at 80.00%. The Construction Materials industry recorded the lowest DTCI score, primarily due to the reporting gap observed in PT Indocement Tunggul Prakarsa Tbk's sustainability disclosure. The company omitted three out of nine SASB disclosure topics, which consequently reduced its Materiality Issues (Mi) score. The omitted topics—biodiversity impact, product innovation, and pricing integrity and transparency—each corresponded to distinct General Issue Categories, further emphasizing the breadth of the disclosure gap.

V. DISCUSSION

COMPLIANCE WITH SASB STANDARDS

The findings indicated that although the number of Indonesian companies reporting in accordance with SASB standards remained limited, the quality of their disclosures was relatively high. Among the selected companies, the degree of compliance varied considerably, as reflected by the Disclosure Topic Compliance Index (DTCI) scores. Half of the industries analyzed attained a perfect Disclosure Topic Compliance Index (DTCI) score of 100%, reflecting full compliance with all relevant SASB disclosure topics. For example, PT Amman Mineral Internasional, operating in the Metals and Mining industry, reported comprehensively on all twelve required disclosure topics. These included Greenhouse Gas Emission, Air Quality, Energy Management, Water Management, Waste and Hazardous Material Management, Biodiversity Impact, Security, Human Rights and Rights of Indigenous Peoples, Community Relations, Labor Practices, Workforce Health and Safety, Business Ethics and Transparency, and Tailings Storage Facilities Management. This indicated a high level of completeness in the disclosure of sustainability reports. However, within the SASB framework, completeness alone is not sufficient to assess report quality; additional measures are required to evaluate the financial relevance of the disclosed material issues. In contrast, certain industries, such as Construction Materials—exemplified by PT Indocement Tungal Prakarsa Tbk—demonstrated lower compliance, with a DTCI score of only 66.67%. This shortfall was primarily due to the omission of critical disclosure topics, including biodiversity impact, product innovation, and pricing integrity and transparency.

VI. RELEVANCE TO FINANCIAL PERFORMANCE

Given that assessing the quality of sustainability reports solely through compliance levels is insufficient, an additional metric was necessary to evaluate the financial relevance of the reported sustainability material issues, as identified by SASB. Industries demonstrating higher compliance with SASB standards often prioritized disclosure on issues that held greater financial significance within their respective sectors. This finding was supported by the observed negative correlation between the Industry Disclosure Level (DTCI) and the Industry Financial Relevancy (IFRI). For example, while the Commercial Banking sector recorded a slightly lower DTCI of 85%, it demonstrated a relatively high IFRI score of 43.08%. This suggests that, despite fewer disclosures, the reported topics were more closely aligned with financially material issues.

PT Elang Mahkota Teknologi Tbk. attained a perfect DTCI score of 100% by fully reporting on all relevant disclosure topics—Media Pluralism, Journalistic Integrity and Sponsorship Identification, and Intellectual Property Protection and Media Piracy. However, despite this comprehensive disclosure, the company's Industry Financial Relevancy Index (IFRI) was relatively low at 33.3%. This indicates that the disclosed topics, while complete, were less associated with high-impact financial value drivers, suggesting a potential gap between disclosure completeness and financial materiality. The inherent characteristics of the Media & Entertainment industry—dominated by intangible assets and intellectual property—pose distinct challenges in quantifying the financial impact of sustainability initiatives. Unlike sectors with more tangible operations, such as manufacturing or financial services, the linkage between sustainability-related material issues and financial value drivers in the Media & Entertainment sector tends to be less direct and more difficult to measure. The observed correlation between materiality issues and financial drivers reinforces the notion that detailed and high-quality sustainability reporting tends to prioritize areas with significant financial impact, thereby contributing to long-term value creation for stakeholders.

VII. DISCUSSION ON MATERIALITY ISSUES

To address the third research question, this study identified the dominant materiality themes associated with each sustainability disclosure topic presented in the companies' sustainability reports. The analysis concentrated on Indonesian companies within the Commercial Bank industry, applying thematic analysis as proposed by Braun & Clarke (2021). This industry was selected due to the limited availability of data and the distinct nature of its materiality issues, which differ significantly from those of other industries as defined by the SASB standards. The study compared sustainability material issues between the Commercial Bank and Telecommunication Services industries, both of which operate as customer-facing service providers. Despite this commonality, the two industries differ substantially in their core operations. Commercial Banks primarily engage in financial intermediation by accepting deposits and providing loans for various projects. In contrast, Telecommunication Services focus on delivering communication infrastructure and services, including wireless, wireline, cable, and satellite connectivity. Key materiality issues for both industries include Data Security and Systemic Risk Management, although the nature and emphasis of these issues differ. In the Commercial

Banking industry, "Systemic Risk Management" typically involves integrating the results of stress testing into capital planning processes to ensure financial stability. Conversely, in the Telecommunication Services industry, systemic risk management centers on mitigating the impact of technology disruptions to maintain uninterrupted service delivery.

Although data security is a common material concern across industries, each sector employs distinct metrics that reflect its specific priorities. In the Commercial Banking industry, key indicators include the number of data breaches, the proportion involving personal data, the number of customers affected, and the strategies implemented to mitigate data security risks. In contrast, the telecommunications sector emphasizes metrics such as the number of account holders impacted and adherence to third-party cybersecurity standards. The business activities of commercial banks, including loan provision and project financing, play a critical role in global economies by facilitating the efficient allocation of financial resources. This sector is shaped by factors such as deposit volumes, loan quality, macroeconomic conditions, and interest rates, with particular emphasis on managing asset-liability mismatches.

In Indonesia, the commercial banking sector comprises key institutions such as PT Bank Central Asia Tbk (BCA), PT Bank CIMB Niaga Tbk (CIMB Niaga), PT Bank Mandiri (Persero) Tbk (Mandiri), PT Bank Negara Indonesia (Persero) Tbk (BNI), and PT Bank Tabungan Negara (Persero) Tbk (BTN). Three of these banks are state-owned, reflecting majority government ownership. Maintaining a positive public image is essential for these banks, given their dependence on public trust. This aligns with legitimacy theory, which asserts that banks must foster societal trust to sustain their operations. Commercial banks disclose comprehensive financial, social, and environmental information to retain customers and maintain stakeholder confidence—both of which are essential for their core functions of deposit-taking and lending. These disclosures serve as vital channels of communication between banks and their stakeholders.

The Sustainability Accounting Standards Board (SASB) identifies six disclosure topics designed to help companies assess sustainability issues that impact long-term value creation. Although commercial banks recorded a DTCI below the average due to non-disclosure of the Financed Emission topic, they exhibited a high IFRI, indicating strong disclosure quality. The updated 2023 SASB framework introduces financed emissions metrics, including absolute gross financed emissions by scope, gross exposure by asset class, and descriptions of the methodologies used. Although current reports do not disclose this specific SASB topic, companies adhere to the principle of double materiality in accordance with GRI 305: Emissions, by reporting on at least two financed emission metrics. For example, CIMB Niaga and BNI disclose their emissions calculation methodologies by referencing specific procedures and adopting the Partnership for Carbon Accounting Financials (PCAF) methodology.

This study aims to analyze the dominant materiality themes presented in the sustainability reports of companies within the commercial banking industry, with a focus on the primary discourses associated with each disclosure topic.

1. Data Security

Indonesian commercial banks emphasize customer data security and privacy in their sustainability reports, underscoring their commitment to safeguarding personal and financial information. This commitment is reflected through the implementation of data protection measures, privacy policies, Data Loss Prevention (DLP) systems, and cybersecurity training for employees.

Table 2. Themes on Data Security Topic

Themes on Data Security
Customer Data Security and Privacy
Cybersecurity and Protection Against Cyber-attacks
Employees Awareness and Training

2. Financial Inclusion & Capacity Building

Commercial banks provide comprehensive reporting on financial inclusion metrics, including participation in financial literacy initiatives aimed at underserved populations. All banks demonstrated involvement in these initiatives, with a particular focus on elementary school students.

3. Incorporation of ESG Factors in Credit Analysis

The Integration of environmental, social, and governance (ESG) factors into risk management is essential for commercial banks, as it reflects the incorporation of ESG considerations into credit analysis and broader risk

management practices. This includes ESG risk assessments, compliance with relevant ESG regulations, and the evaluation of their impact on credit quality and monitoring processes.

Table 3. Themes Disclosed Incorporation of ESG in Credit Analysis

Themes Disclosed on Incorporation of ESG in Credit Analysis

ESG Integration in Risk Management
 ESG Impact on Credit Analysis and Quality
 ESG Compliance and Regulatory Requirements

Source: Data Processed (2024)

4. Financed Emissions

Although recently introduced, financed emissions metrics have begun to appear in bank disclosures. These disclosures emphasize the use of methodologies such as the Partnership for Carbon Accounting Financials (PCAF), the Intergovernmental Panel on Climate Change (IPCC) Guidelines, and ISO14064 for calculating emissions. The tracking of Scopes 1, 2, and 3 emissions is considered essential for establishing reduction targets and formulating effective sustainability strategies.

Table 4. Themes Disclosed on Financed Emission

Themes Disclosed on Financed Emission

Methodology and Standards
 Scopes of GHG Emissions
 Climate Impact and Emission Data Reporting

Source: Data Processed (2024)

5. Business Ethics

Commercial banks provide extensive disclosures on the implementation of Whistleblowing Systems (WBS) as a means to manage and report unethical behavior. These disclosures typically include transparent reporting procedures, protections for whistleblowers, and structured frameworks for addressing fraud and corruption. Detailed data on fraudulent activities, detection methods, and associated financial losses further underscore the significance of these systems.

Table 5. Themes Disclosed on Business Ethics

Themes Disclosed on Business Ethics

Implementation of Whistleblowing System (WBS)
 Fraud and Corruption
 Transparency and Confidentiality

Source: Data Processed (2024)

6. Systemic Risk Management

Risk management serves as a fundamental component of banking operations, with particular emphasis on the integration of stress testing to evaluate and mitigate a range of risks, including credit, market, operational, and liquidity risks. Sustainability reports offer comprehensive insights into risk management practices, encompassing risk assessment methodologies, risk appetite frameworks, and the integration of environmental, social, and governance (ESG) considerations. The growing emphasis on ESG-related risks underscores the increasing importance of sustainable and ethical banking practices.

Table 6. Themes Disclosed on Systemic Risk Management

Themes Disclosed on Systemic Risk Management

Risk Management Measure
 Environmental Social and Governance Risk
 Loan and Credit Management

Source: Data Processed (2024)

In conclusion, the sustainability reports of Indonesian commercial banks demonstrate a strong commitment to addressing key materiality themes. These themes encompass critical areas, including data security, financial inclusion, ESG Integration in credit analysis, financed emissions, business ethics, and systemic risk management. Each theme highlights the banks' proactive efforts to safeguard customer data, promote financial literacy, integrate ESG factors into risk management, disclose the impacts of financed emissions, foster ethical conduct through whistleblowing systems, and strengthen overall risk resilience. The comprehensive disclosures offer stakeholders transparent insights into the banks' strategies and initiatives aimed at fostering sustainable and responsible banking practices, ensuring alignment with global sustainability goals and regulatory requirements.

VIII. IMPLICATION

This study analyzed the dominant materiality themes in sustainability reports within Indonesia's commercial banking sector, emphasizing the primary discourses across various disclosure topics. Although the sample size was limited to approximately fifteen companies adhering to SASB standards in 2022, the quality of reporting generally met high standards. This suggests that adopting SASB standards for sustainability reporting is both feasible and advantageous, particularly because of the focus on financially relevant disclosure topics. Busco et al. (2020) proposed a practical framework consisting of seven steps to assist companies in adopting SASB standards. Firstly, companies should familiarize themselves with SASB by utilizing the resources available on their website and conducting research on practical implementations. Secondly, adopting SASB's Sustainable Industry Classification System™ (SICS) facilitates the alignment of ESG issues with specific industry contexts. Thirdly, identifying the financial value drivers for each key disclosure topic ensures the integration of ESG performance metrics into financial outcomes. Fourthly, evaluating internal control and measurement systems with the same rigor applied to financial reporting enhances data accuracy and reliability. Indonesian commercial banks have established dedicated sustainability reporting teams to ensure credible disclosures that meet investor expectations. Fifthly, developing a comprehensive reporting plan aligned with SASB standards fosters the continuous improvement of reporting quality. Leveraging reports externally in investor meetings, annual general meetings (AGMs), and on company websites further enhances transparency and stakeholder engagement. Finally, implementing a process for continuous improvement based on external assessments and stakeholder feedback ensures the sustained enhancement of sustainability reporting practices.

Based on the study's findings and discussions, several recommendations can be made. Firstly, future research should expand its scope to include a broader range of sustainability concepts or standards, thereby enhancing understanding across various industries and regions. Secondly, conducting longitudinal analyses of sustainability reporting practices over multiple years may help identify trends and assess their impact on financial performance. Thirdly, qualitative research methods—such as interviews and case studies involving SASB-reporting companies and investors—can offer valuable insights into the motivations, challenges, and strategies related to sustainability reporting. Lastly, leveraging SASB's industry-specific analyses can provide a deeper understanding of unique materiality issues and sector-specific reporting practices, thereby informing targeted recommendations to improve the effectiveness of sustainability disclosures.

IX. CONCLUSION

This research assessed the alignment of sustainability reports from Indonesian companies with SASB standards, identified key materiality issues, and evaluated their implications for financial performance. The study analyzed 13 companies across eight industries that adopted the SASB framework, revealing that although the number of compliant companies in Indonesia remains limited, the quality of their reporting is consistently high. The Disclosure Topic Compliance Index (DTCI) revealed significant variability in compliance levels across industries. While some achieved perfect scores, others—such as Construction Materials—exhibited notable gaps in critical disclosures, particularly regarding biodiversity impact and product innovation. This disparity highlights the influence of industry-specific challenges on the completeness and accuracy of sustainability reporting.

The analysis of materiality issues, as categorized by SASB's General Issues Category, highlighted distinct industry-specific priorities. For example, Commercial Banks prioritized data security and financial inclusion, reflecting their emphasis on safeguarding sensitive information and broadening access to financial services. In contrast, industries such as Construction Materials encountered challenges in addressing broader environmental and product-related concerns. This variation in disclosure topics highlights how industries prioritize sustainability issues according to their operational contexts and strategic objectives.

Furthermore, the study identified a direct correlation between comprehensive reporting on material issues and financial performance, as reflected in the Industry Financial Relevancy Index (IFRI). Industries that provided extensive disclosures on financially relevant topics tended to achieve higher IFRI scores, suggesting that detailed, high-quality reporting is positively associated with improved financial outcomes. For example, despite lower DTIC scores, the Commercial Bank industry exhibited a notably high IFRI, indicating a substantial financial impact from the disclosed topics. However, this correlation was not consistent across all sectors; the Media & Entertainment industry, for instance, attained a perfect DTIC score but recorded the lowest IFRI. This contrast underscores that comprehensive reporting alone does not necessarily ensure financial relevance. Therefore, industries should not only prioritize comprehensive reporting but also ensure that disclosed topics are aligned with financial value drivers to effectively enhance financial performance and bolster investor confidence.

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