

ABSTRACT

The operational activities of companies can have an impact on the environment and the surrounding community which affects the company's survivability. The disclosure of sustainability report is an effort made by the company as a form of its responsibility in giving contributions to the environment and society. In addition, sustainability reporting is one of the assessment indicators considered by investors when making investment decisions and can affect the company's profitability.

This study aims to obtain empirical evidence regarding the effect of sustainability reporting disclosure on company's profitability. The research object used is building construction companies listed in the Indonesia Stock Exchange in the 2016-2019 period. The data was collected using the content analysis method with the source of company's sustainability reports. The sampling technique used was purposive sampling, which resulted in a total sample size of 5 companies in the building construction sector. The data analysis method used in this research is panel data regression analysis, T test (partial effect test), and F test (simultaneous effect test). The variables used in this study are the disclosure of sustainability reporting and company profitability. The disclosure of sustainability report as an independent variable is assessed based on its three aspects, namely economic, social, and environmental aspects. Meanwhile, company profitability as the dependent variable is assessed based on Return on Equity (ROE).

Based on the test results, the independent variables consisting of economic, social, and environmental aspects of sustainability reporting simultaneously have a significant effect on the company's profitability measured by the Return on Equity indicator. Partial testing showed that the economic aspects have negative significance effect, the social aspects have positive significance, while the environmental aspects have a positive but insignificant effect on the company's ROE.

Keywords: *sustainability reporting, profitability, return on equity. building construction*