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Increasing Firm Value, Financial Performance Through Sustainable Development Goals Report and GCG in Go Public Companies

Edwin Agus Buniarto[1*], Norshahrizan Nordin[2]

[1] Faculty of economics, Kadiri Islamic University, Indonesia.
[2] Faculty of Business & Communication, Universiti Malaysia Perlis (UniMAP)

Abstract
This study examines the relationship between the Sustainable Development Goals (SDGs) report, corporate governance, financial performance, and the value of mining companies that go public. The data analysis technique uses Partial Least Square (PLS). The research data is in the form of annual resport, and financial statements of mining companies listed on the IDX from 2019 to 2022. The scope of the study includes various determining factors such as the quality and level of disclosure of the SDG report, the effectiveness of corporate governance mechanisms, and the combined influence of them on financial performance and company value. The findings show that two determining factors significantly affect the value of a company. SDG reports have a significant positive influence on financial performance but a non-significant positive effect on company value. Good Corporate Governance has a significant positive impact on financial performance but has a significant negative effect on the SDG report and company value. Financial performance, in turn, positively and significantly affects the value of a company.

Keywords*: Financial Performance; Firm Value; Good Corporate Governance; Sustainable Development Goals.*

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Corresponding author:
edwinbuniarto@uniska-kediri.ac.id

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1. Introduction

SDGs is a long-term program with an effort to optimize all the potential and resources owned by the company. As part of the world community, it is necessary to view other countries, including the United Nations, as well as the “community of countries". Supported by the results of a survey conducted by Coopers (2017) there are 470 companies in 17 countries, explaining that 62% of the world's companies have mentioned the SDGs in their reports, but only 37% of companies are serious about setting the priority of the SDGs targets that their companies are targeting. In addition, there are still many companies that do not really associate their corporate targets with the SDGs.

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According to Theresia (2018) in September 2015, the United Nations implemented a resolution called the Sustainable Development Goals (SDGs) as a common development target until 2030. The SDGs are an international agenda that is a continuation of the Millennium Development Goals (MDGs). The SDGs have been set from 17 (seventeen) global goals with 169 (one hundred and sixty-nine) targets that will be used as policy and funding guidelines for the next 15 years and are expected to be achieved by 2030, with these goals and targets covering 3 dimensions of sustainable development, namely environmental, social, and economic.

In this social climate, industry faces several challenges. First, the industry needs to transform and reduce the environmental impact of its operations (Carvalho, 2017; Dubinski, 2013). Second, due to pressure from the public and regulators, companies are looking for ways to keep stakeholders informed about their environmental protection initiatives. (Franks et al., 2014; Lodhia et al., 2020; Owen and Kemp, 2013). Therefore, environmental sustainability reporting can be considered fundamental in building a functional company-community relationship and assisting in the creation and maintenance of social permits to operate. Topics such as social permission to operate and the importance of engaging in dialogue between companies and communities are prominent topics in the literature (Karakaya and Nuur, 2018).

Companies that publish sustainability reports will get benefits such as increasing transparency or information disclosure, improving reputation and legitimacy, adding company value, reducing information asymmetry, motivating managers and employees, and improving the company's overall image (Kiliç et al., 2015). Companies that provide access to information to the public will be more recognized and their reputation will increase. Companies that continue to strive to gain legitimacy through the disclosure of sustainability reports hope that in the end they will remain going concerns (Adhipradana and Daljono, 2014).

The implementation of the SDGs in business strategies contributes to improving financial performance for a variety of reasons, including system integration that improves decision-making, efficient resource management, which reduces costs, better long-term outputs, value-added product development through innovation and social friendliness. Various studies have then proven that the higher the environmental performance of a company (measured by GRI and ESG standards), the better its financial performance will be (Gutiérrez, 2023).

Corporations as an organization not only focus on value creation, but also take responsibility for the social and environmental impacts caused by the company's operational activities (Elkington, 1998). The disclosure of SGDs support in the company's sustainability report is a form of corporate social and environmental responsibility (Elalfy, Weber, & Geobey, 2021). In addition, the disclosure of SDGs support in the sustainability report (SR) is a benchmark for the company's sustainability performance (Lashitew, 2021).

Companies that report their responsibilities for sustainability related to the 4 pillars of the SDGs in the Sustainability Report, have benefits for the internal company such as sharpening the vision and strategy related to sustainability aspects, increasing transparency and accountability in sustainability governance, and strengthening corporate management in the sustainability aspect. In addition, external benefits can improve several aspects of the company, including competitiveness, relationships with stakeholders, image, reputation of issuers and public companies, and public trust. According to the IDX and Voluntary National Review (VNR) Indonesia 2021, only 100 companies have published Sustainability Reports. The low number of companies that publish the SDGs is more because the Sustainability Report based on the law in Indonesia is still voluntary, so there are still few who make and publish it when compared to other developed countries (Anna & R. T., 2019; Setyawan et al., 2022). Currently, good business actors consider that when they disclose their performance towards the environment in the Sustainability Report, it can provide good news for market participants (Nabila, 2021). Therefore, the reporting of this Sustainability Report has the view that it can affect the financial performance of the company

One of the factors that plays a role in the disclosure of SDGs in SR is corporate governance (Farida, 2019; Girón et al., 2020). Good corporate governance (CG) determines the performance and responsibilities of an entity, including the performance and social, economic, and environmental responsibilities resulting from the entity's business activities and operations (Kend, 2015). Good corporate governance practices also encourage the implementation of a healthy corporate management and control process, which prioritizes 4 main principles: fairness, transparency, accountability, and responsibility (Smallman, 2007).

The purpose of corporate governance is to create added value for all stakeholders. Theoretically, the implementation of corporate governance can increase the value of the company, by improving the company's financial performance, reducing the risks that may be carried out by the board of commissioners with decisions that are self-beneficial. In general, good corporate governance can increase investor confidence.

The implementation of Good Corporate Governance in companies can reduce risks and be able to inhibit corruption, collusion, and nepotism (KKN) practices, improve budget discipline, utilize supervision, and encourage the efficiency of company management as well as be able to improve the company's financial performance to increase investor confidence. The implementation and management of good corporate governance or better known as good corporate governance is a concept that emphasizes the importance of shareholders' rights to obtain information correctly, accurately, and in a timely manner. Corporate governance is one of the keys to a company's success to grow and be profitable in the long term, as well as win global competition.

According to the Forum of Corporate Governance in Indonesia (2002), the implementation of Corporate Governance can improve company performance through the creation of a better decision-making process, improve the company's operational efficiency, and further improve services to stakeholders. The implementation of Corporate Governance can make it easier to obtain cheaper and non-rigid financing funds (due to the trust factor) which will ultimately increase corporate value and be able to restore investor confidence to invest their capital. The value of a company can be said to be good if the corporate governance is good, to get good management, the company must implement good corporate governance. By doing good corporate governance, it can increase profits and can reduce the risk of company losses in the future so that it can increase the company's value in the future.

Research related to SDGs and GCG on corporate financial performance and company value has been carried out by several researchers, but there are still many research results that show differences. Company disclosures related to SDGs have a positive effect on profitability (Alfiyah and Arsjah, 2021). Higher environmental performance of the SDGs will result in higher returns (ROA) and return on equity (ROE). (Satapo, 2020). However, we establish that a company's financial performance only improves in general when engaging with the entire set of SDGs or a specific subset of the most frequently cited (Galeazzo et al, 2023). Reporting on SDGs has a positive effect on the company's financial performance. For stakeholders, the disclosure of the SDGs can reduce information asymmetry so that stakeholders are able to make better and targeted decisions (Lawati and Hussainey, 2022). The SDGs, investment strategies, and financial literacy all play a crucial role in a company's profitability. Businesses can benefit more if they carry out their activities in a way that helps achieve sustainable development goals such as reducing pollution and ensuring that natural resources are well protected, improving the health and well-being of living organisms, and preserving the working environment (Yang & Liu, 2022). The SDGs have a significant positive effect on financial performance. The more SDGs disclosed by the company, the higher the profitability. ROA is a measure of the efficiency of the utilization of a company's assets by management. Therefore, with the positive influence of company disclosures related to SDGs on profitability, it means that the higher the company's participation in implementing and disclosing the SDGs, the more efficient

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management will be in using assets (Husnah and Fahlevi, 2023). In contrast to the findings of Ramos et al (2022), the findings show that the scope of the SDGs has no effect on company performance. The quality of the SDGs disclosure both qualitatively and quantitatively in the Sustainability Report is not able to increase the company's ROA.

The company's contribution to the SDGs has a positive impact on the company's value. With the disclosure of a sustainability report by the company which covers three aspects, namely economic, social, and environmental aspects, the company's value can increase, and the company's sustainability will be guaranteed. Because stakeholders can gain confidence or trust in the company with evidence of how the company performs both from economic, social, and environmental aspects from the sustainability report disclosed. (Ito, 2018). The economic and institutional aspects of sustainable development disclosure show a significant positive influence on the financial strength and value of companies (Noiang et al., 2023). The disclosure of SDGs is related to the company's values, which confirms the signaling motive in the company's SDGs involvement (Cahyaningtyas et al. 2020). SDGs have a positive effect on company value (Giannopoulos et al., 2022; Hassan & Musa 2021; Zhong et al., 2022). Sustainability reporting variables does not affect a company's value. CSR, sustainable development, and issues related to it are still relatively new issues, so investors still have a low understanding and knowledge of them (Hasanah et al.2023). The relationship between SDGs and corporate values has a negative effect (Qureshi et al., 2020).

Several empirical studies that have been conducted related to the influence of Corporate Governance on the company's financial performance show mixed results. Nur'ainy et.al (2013) in his research stated that the implementation of corporate governance can have a direct effect on company performance. Furthermore, Fidanoski et.al (2013) stated that only the size of the board is positively related to the profitability of the bank. The increasing composition of the independent board of commissioners can encourage the board of commissioners to act objectively and be able to protect all stakeholders of the company. Research by Rehman & Shah (2013) shows that corporate governance has no effect on the company's performance in terms of accounting. Adi et.al (2013) in his research results stated that the better corporate governance will improve financial performance. In contrast to the research of Kurniawan and Asyik (2020) in their research stated that corporate governance measured using the Independent Board of Commissioners has a negative relationship direction and does not affect profitability, the Independent Audit Committee has no effect on profitability.

Empirically, the influence of corporate governance on company value is found in the research of Masitah and Djuminah (2019) which shows that the board of commissioners and the audit committee have a positive effect on Company Value. The Board of Commissioners of the Audit Committee has a very important and strategic role in terms of maintaining the creativity of the financial report preparation process such as maintaining the creation of an adequate corporate supervision system and the implementation of Good Corporate Governance. With the effective functioning of the audit committee, the control over the company will be better. However, a less significant number of audit committees can reduce the effectiveness of supervision. The lack of optimality in carrying out its duties makes the quality of the financial statements produced less than optimal so that it does not affect the company's value. Hidayat et al., (2021) in their research showed that partially, the independent board of commissioners and ROE have a positive and significant effect on the company's value. Furthermore, Suri et al (2020) in their research stated that the independent board of commissioners has a significant effect on the company's value. The implementation of corporate governance will run well, if independent commissioners understand and carry out their duties well in supervising, directing and evaluating the implementation of corporate governance and strategic policies. The more independent a board of commissioners is, the better the supervision of the company's operational activities will be Different from previous research. Khan, Tanveer and Malik (2017) who stated that the board of commissioners and the duality of the CEO negatively impact the value of the company, the non-executive directors and the audit committee have a positive impact on the value of the company. Furthermore, Kurniawan and Asyik (2020) in their research stated that corporate governance measured using the Independent Board of Commissioners has a negative relationship direction and does not affect the company's value, the Independent Audit Committee has no effect on the company's value.

The company's financial performance is one of the factors seen by potential investors to determine stock investment. For a company, maintaining and improving financial performance is a must so that the stock continues to exist and remains in demand for investors (Ferriswara et al., 2024; Nasution et al., 2023; Utomo et al., 2022; Yulandri et al., 2023). The financial statements published by the company reflect the company's financial performance. Financial information has a function as a means of information, a tool for management accountability to company owners, a depiction of the company's success indicators and as a consideration in decision-making (Harahap, 2004)

Several empirical studies show evidence that financial performance affects the value of a company. Research by Purwanto and Agsutin (2017) shows that profit growth affects PBV, current ratio affects PBV, debt to equity ratio affects PBV and return on assets affects PBV. Return on Assets (ROA) also determines the level of investor confidence in a company. The higher the Return on Assets (ROA), the higher the company's profitability level. Furthermore, Marsha and Murtaqi (2017) in their research stated that financial ratios affect the value of the company. A good company's financial performance will have an impact on increasing the value of a company. This good company value will attract investors to invest in the company in the hope that they will make a profit (devidend). Research by Murni, Sabijono and Tulung (2018) on the role of financial performance in determining company value shows that DER influences return on equity. Investors usually always avoid risk, so the higher the DER, the more investors will avoid the company's shares, so the lower the stock price. The higher the DER level, the higher the market risk and conversely, the lower the DER level, the lower the risk of the stock.

Furthermore, Monika and Khafid (2016) in their research stated that the profitability ratio, namely the return on equity, affects the value of the company. Based on the results of previous research related to variables that affect company value and financial performance, it shows mixed results. The results of the study showed that there was an inconsistency or contradiction in the results of empirical findings.

Referring to the phenomenon in general, the study of theory and empirical results, the research is carried out based on the consideration of 1) Inconsistent previous research results, motivating researchers to re-examine SDGs, GCG, Financial Performance and Company Value in one research model. 2) The novelty of the researcher is to test the relationship between GCG, and the SDGs based on the opinion that companies with good governance structures understand stakeholder expectations and are more involved in stakeholder engagement, which includes issues in the achievement of the SDGs. Participation and achievement of the SDGs can strengthen the company's legitimacy in society and communities (Buniamin et al, 2023)

This research was conducted by mining companies, considering that mining operations can contribute to negative externalities such as erosion, sinkholes, biodiversity loss, global warming or contamination of soil, groundwater, and surface water (Ali et al., 2018; Bebbington and Williams, 2008; Moreno et al., 2018; Ponce and McClintock, 2014). With the increasing awareness of the importance of environmental sustainability, environmental damage has become a global concern (Borghesi et al., 2015; De Marchi, 2012; Horvathova and Davidova, 2011). Nexus thinking – integrated thinking about resilience, sustainability management and governance, reporting practices, and connectivity – is increasingly important to address sustainability challenges (Dahlmann and Bullock, 2020). The world is becoming more sensitive to social and environmental issues (Toscano and Grieve, 2020), raising higher expectations that the business world must fulfill their role to protect the environment. Transformation of products, processes and approaches to reduce the environmental

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impact of business and the use of resources is highly recommended (Kemp, 2010). Companies are also required to act and publish sustainability reports to demonstrate their commitment to achieving the Sustainable Development Goals.

This study aims to identify the influence of the Sustainable Development Goals (SDG) and Good Corporate Governance (GCG) reports on financial performance and company value in mining companies listed on the Indonesia Stock Exchange (IDX). Based on these objectives, the expected results of the study are as follows:

1. The Positive Impact of the SDG Report on Financial Performance:
   It is expected that the SDG report will have a significant positive influence on the company's financial performance. This means that companies that actively report their contribution to the achievement of the SDGs will show better financial performance.
2. The Positive Impact of the SDG Report on Company Value:
   It is expected that the SDG report will have a positive influence on the value of the company, although it may not be significant. This shows that while the impact may not be large, there is a positive relationship between SDG reporting and an increase in company value.
3. Positive Influence of Good Corporate Governance on Financial Performance:
   It is expected that good corporate governance will have a significant positive influence on the company's financial performance. This means that companies with good governance will show better financial performance.
4. The Negative Impact of Good Corporate Governance on the SDG Report and Corporate Values:
   It is expected that good corporate governance has a significant negative influence on the SDG report and the company's value. This suggests that while good governance can improve financial performance, there may be conflicts or trade-offs that reduce contributions to the SDGs and market valuations.
5. Positive Influence of Financial Performance on Company Value:
   It is expected that financial performance will have a significant positive influence on the company's value. This means that companies with good financial performance will have a higher corporate value in the market.

By identifying and analyzing these influences, the research is expected to provide better insights into how SDG reports and good corporate governance affect a company's financial performance and value, particularly in the context of the mining industry in Indonesia. These results can also help companies make strategic decisions related to sustainability reporting and better governance practices to improve company performance and value.

2. Literature Review

Sustainable Development Goals (SDGs)

The SDGs are a sustainable development program through a process that has the principle of "meeting the needs of the present without sacrificing the fulfillment of the needs of future generations" (Mubarok & Afrizal, 2018). The SDGs contain 17 Goals and 169 Targets that are expected to be achieved in a span of 15 years starting from 2016-2030 (Bebbington & Unerman, 2018). Companies that implement the SDGs goals can also increase the reputation and trust of stakeholders, investors, and the public (Arifianti and Widianingsih, 2022).

The Sustainable Development Goals (SDGs) reporting presented in the Sustainability Report contains information on what activities the company has carried out as a form of contributing to realizing the SDGs goals. The goals that companies want to achieve related to the 17 SDGs goals are also different. According to Sebrina et al. (2022), quality in Sustainability Report reporting provides investors with relevant and reliable information to estimate the value of companies in equity investment decisions.

This goal is to encourage a sustainable development path where the environmental burden is kept low in line with future economic development and environmentally responsible companies tend to be more profitable (Wu et al., 2022). Signal Theory focuses its attention on the influence of information on changes in the behavior of information users. One piece of the information that can be used as a signal is the disclosure made by the company, both in the form of financial and non-financial disclosures. Information disclosure can signal that the company has good prospects (good news) or vice versa bad news in the future. Non-financial reporting information such as SDGs reporting signals to investors and other stakeholders that the company is actively participating in supporting the achievement of the SDGs. Extensive disclosure helps the company gain a reputation for reliability from the capital and debt markets which can then be expected to affect the ups and downs of the company's securities prices which ultimately affect the company's value

Alfiyah and Arsjah (2021) in their research prove that there is a positive influence of company disclosure related to SDGs on profitability measured through ROA. Khan et al. (2022) conducted a more specific study and first tested the direct relationship of environmental and social SDGs with corporate financial performance and the role of green innovation moderation. The results show that there is a positive correlation between environmental SDGs and financial performance and significant negative on social SDGs on financial performance. SDGs reporting has a positive effect on the company's financial performance (Lawati and Hussainey, 2022). SDGs, investment strategies, and financial literacy all play an important role in a company's profitability (Yang & Liu, 2022).

The company's contribution to the SDGs has a positive impact on the company's value (Ito, 2018). The economic and institutional aspects of sustainable development disclosure show a significant positive influence on the financial strength and value of the company (Noiang et al., 2023). The disclosure of SDGs is related to the company's values, which confirms the signaling motive in the company's SDGs involvement (Cahyaningtyas et al. 2020). SDGs have a positive effect on company value (Giannopoulos et al., 2022; Hassan & Musa 2021; Zhong et al., 2022).

Based on the literature and the above arguments, the following hypothesis is generated:

H1. The Sustainable Development Goals report has a significant impact on financial performance

H2. The Sustainable Development Goals report has a significant impact on the Company's Value

Good Corporate Governance

Corporate Governance refers to a set of rules and incentives that company management directs and controls (Velnampy, 2013). Every company must ensure that the principles of corporate governance are applied to business aspects and at all levels of the company. The principles of Corporate Governance, namely transparency, accountability, responsibility, independence, as well as equality and fairness, are needed to achieve sustainable performance while still paying attention to stakeholders (Zarkasyi, 2008).

Basically, the issue of corporate governance is based on the Agency Theory (Jensen & Mecking, 1976) which states that agency problems arise when the management of a company is separate from its ownership. The owner, as the company's capital supplier, delegates his authority over the management of the company to a professional manager. As a result, the authority to use the company's resources is entirely in the hands of the executive, this agency problem raises the possibility of moral hazard where the management does not act best for the interests of the owner due to the conflict of interest.

A corporate governance mechanism that is properly implemented within the company can increase the effectiveness of the company so that it can report its business activities properly through financial statements as a source of information to stakeholders. The Signaling Theory developed by Myers & Majluf (1984) indicates how companies signal to users of financial statements that the company has

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an advantage over other companies in terms of corporate governance. The better the Corporate Governance, the better it is a positive signal for management operational activities so that it is expected to be responded positively to by parties outside the company.

Several empirical studies that have been conducted related to the influence of Corporate Governance on the company's financial performance show mixed results. Nur'ainy et.al (2013) in his research stated that the implementation of corporate governance can have a direct effect on company performance. Furthermore, Fidanoski et.al (2013) stated that only the size of the board is positively related to the profitability of the bank. Research by Rehman & Shah (2013) shows that corporate governance has no effect on the company's performance in terms of accounting. Adi et.al (2013) in the results of his research stated that the better corporate governance will improve financial performance. Different from Research

Empirically, the influence of corporate governance on company value is found in the research of Masitah and Djuminah (2019) which shows that the board of commissioners and the audit committee have a positive effect on Company Value. Hidayat et al., (2021) in their research showed that partially, the independent board of commissioners and ROE have a positive and significant effect on the company's value. Furthermore, Suri et al (2020) in their research stated that the independent board of commissioners has a significant effect on the company's value. Different from previous research. Khan, Tanveer and Malik (2017) who stated that the board of commissioners and the duality of the CEO negatively impact the value of the company, the non-executive directors and the audit committee have a positive impact on the value of the company. Furthermore, Kurniawan and Asyik (2020) in their research stated that corporate governance measured using the Independent Board of Commissioners has a negative relationship direction and has no effect on the company's value, the Independent Audit Committee has no effect on the company's value

Based on the literature and the above arguments, the following hypothesis is generated:

H3. Good Corporate Governance has a significant effect on financial performance
H4. Good Corporate Governance has a significant impact on Company Value
H5. Good Corporate Governance has a significant impact on the Sustainable Development Goals

Financial Performance

Gitman and Zutter (2012) stated that Financial Performance is the result of all activities carried out in utilizing the financial resources owned. A company's financial performance, in other words, is the result of many individual decisions made continuously by management within a company, which can assess the performance of the company or management. According to Munawir (2004), the purpose of Financial Performance analysis is: to find out liquidity, namely the company's ability to fulfill its financial obligations at the time of being billed, to find out the level of solvency, which shows the company's ability to fulfill its financial obligations if the company is liquidated, to find out the level of profitability, which shows the company's ability to obtain profits before a certain period.

The company's financial performance is one of the factors seen by potential investors to determine stock investment. For a company, maintaining and improving financial performance is a must so that the stock continues to exist and remains in demand for investors. The financial statements published by the company reflect the company's financial performance. Financial information has a function as a means of information, a tool for management accountability to company owners, a depiction of the company's success indicators and as a consideration in decision-making (Harahap, 2004).

Several empirical studies show evidence that financial performance affects the value of a company. Research by Purwanto and Agsutin (2017) shows that profit growth affects PBV, current ratio affects PBV, debt to equity ratio affects PBV and return on assets affects PBV. Furthermore, Marsha and Murtaqi (2017) in their research stated that the three financial ratios affect the value of the company. Return on equity and lncar ratio have a positive relationship with the value of the company. Research by Murni, Sabijono and Tulung (2018) on the role of financial performance in determining company value shows that DER influences return on equity. Furthermore, Monika and Khafid (2016) in their research stated that the profitability ratio, namely the return on equity, affects the value of the company.

Based on the literature and the above arguments, the following hypothesis is generated:

H6. Financial Performance has a significant effect on the Company's Value

3. Methodology

This study uses a quantitative approach with the type of explanatory research. This study examines the impact of sustainable development goals report, corporate governance on financial performance and firm value on Mining Companies Listed on the IDX from 2019 to 2022.

Dependent and independent variables

The exogenous construct in this study is the sustainable development goals report and corporate governance. The sustainable development goals report in this study is the Sustainability Report which contains information on what activities the company has carried out as a form of contributing to the realization of the SDGs goals. (Tsalis et al. 2020; Alfiyah and Arsjah, 2021). The sustainable development goals report in this study is measured based on the form of presentation in the Sustainability Report. Quality testing can give mining companies in Indonesia an idea of their contribution to sustainable development through the SDGs and how they report on it. The quality referred to in this study will look at the form of presentation in qualitative or quantitative or even not report it as in the Table.

Good corporate governance is a set of rules that regulate and control companies to create added value for stakeholders, corporate governance in this study is measured using the indicators of Independent Commissioners and Independent Audit Committee (Adi et.al., 2012; Masitah and Djuminah, 2019)

The endogenous constructs in this study are Financial Performance and Firm Value. Financial performance is a measure of the success level of a company's management in managing its financial resources, focusing on managing the company's investments in various forms that aim to create value for shareholders based on the level of profitability, productivity, growth, and liquidity in a certain period. The indicators used are Return on Assets and Return on Equity (Purwanto and Agsutin, 2017; Monika and Khafid, 2016)

Firm Value is a measure that indicates investors' perception of the company's past, present and prospects in managing resources in year t and will be reflected in the stock price in year t+1. The variable of company value is measured using the Price Book Value and Closing Price indicators (Weston and Copeland, 1992; Shen et al., 2006)

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Table 1 Variable Measurement

No	Variable	Indicator	Measurement
1	Sustainable development goals report	the form of presentation in qualitative or quantitative	- 0 = Did not report - 1 = Present qualitatively - 2 = Present quantitatively
2	Good Corporate Governance	Proportion of Independent Commissioners (Percentage of independent directors on the board of commissioners)	$IC = \frac{\text{Number of Independent Commissioners}}{\text{Total Number of Board of Commissioners}}$
		Proportion of Independent Audit Committee (Percentage of Independent Audits on the audit board)	$IAC = \frac{\text{Number of Independent Audits}}{\text{Total Number of Audit Committees}}$
3	Financial Performance	Return On Assets	$ROA = \frac{\text{Earning After Tax}}{\text{Total Assets}} \times 100\%$
		Return on Equity	$ROE = \frac{\text{Earning After Tax}}{\text{Total Equity}} \times 100\%$
		Earning Per Share	$EPS = \frac{EAT}{Number\ of\ Stock} \times 100\%$
4	Firm Value	Price book Value Ratio	$PBV = \frac{\text{market price pershare}}{\text{Book Value per Share}}$
		Closing Price	Stock Price = Logaritma Natural Closing Price

Estimation model

This study uses the Structural Equation Model (SEM) using Partial Least Square (PLS). In the analysis using PLS, there are 2 things that are done, namely:

1. Assess the outer model or measurement model. The outer model defines how each block of indicators relates to its latent variable. The measurement model is used to test the validity and reliability of the construct. There are two criteria to assess the outer model, namely Convergent Validity and Discriminant Validity.
2. Second, assess the Inner Model or Structural Model. The compatibility test between the theoretical model and the empirical system can be seen at the level of Goodness-of-fit statistics. A model is said to be fit if the covariance of the matrix of a model is the same as the covariance of the data matrix (observed). The fit model in the WarpPLS 6.0 program can be seen from the output of general results to assess based on the fit indices and P values model displaying the results of ten fit indicators, namely Average path coefficient (APC) has a value of P< 0.05, Average R-Squared (ARS) has a value of P< 0.05, Average Adjusted R-Squared (AARS) has a value of P< 0.0, Average Block Variance Inflation Factor (AVIF) has a value of <5 and ideally 3.3, Average full collinearity VIF (AFVIF) has a value of <5 and ideally 3.3, Tenenhaus Good Fit of Index (Tenenhaus GoF) has a small value >= 0.1, medium >= 0.25, large >= 0.36, Sympsonparadox rati (SPR) has a value of >0.7 and ideally 1, R-squared contribution ratio (RSCR) has a value of >=0.9 and ideally 1, Statistical suppression ratio (SSR) is accepted if the value > is 0.7 and Nonliner bivariate causality direction ratio (NLBCDR) is accepted if the value >=0.7

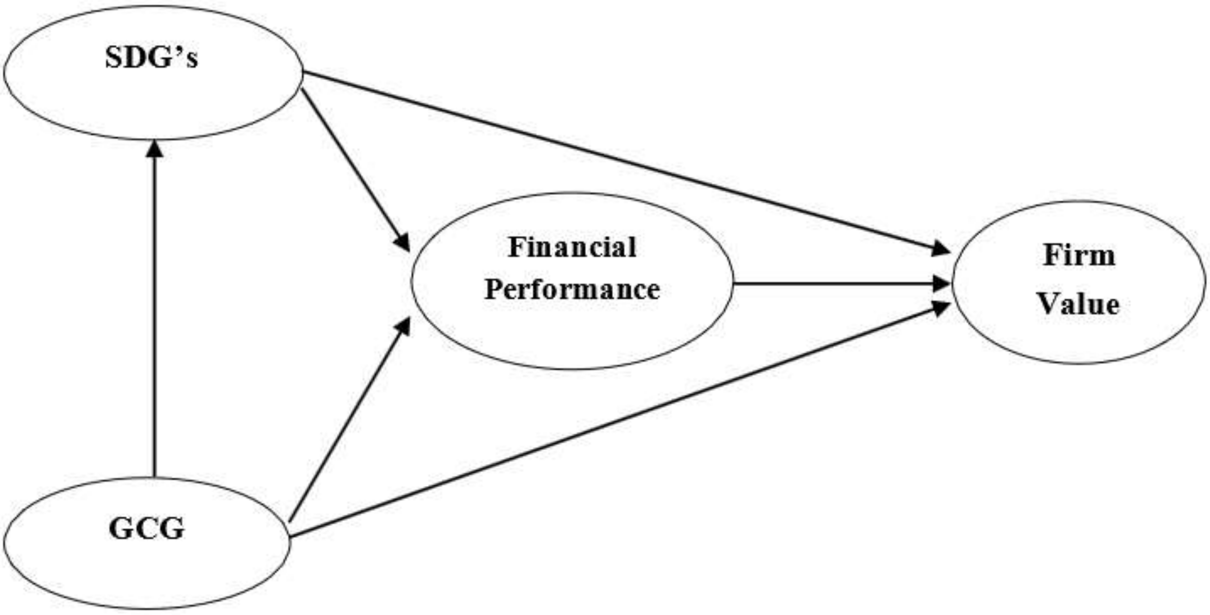

Figure 1. Concept Model

4. Results And Discussion

Result

Evaluation of Measurement Model (Outer Model)

Validity of Discrimination

Discriminant validity is done to ensure that each concept of each latent model is different from the other variables. The table below shows the results of the validity of discrimination from the research model by looking at the cross-loading value.

Table 2 Combined Loading dan Cross Loading

	SDG	CG	FP	FV	Type	SE	P value
SDGS	**1**	0	0	0	Reflective	0.083	<0.001
IC	-0.148	**0.72**	0.33	-0.176	Reflective	0.09	<0.001
IAC	0.148	**0.72**	-0.33	0.176	Reflective	0.09	<0.001
ROE	-0.017	0.01	**0.963**	-0.029	Formative	0.083	<0.001
ROA	0.017	-0.01	**0.963**	0.029	Formative	0.083	<0.001
PBV	-0.222	0.218	-0.005	**0.836**	Formative	0.087	<0.001
Close	0.222	-0.218	0.005	**0.836**	Formative	0.087	<0.001

From the results of data analysis, it is known that all indicators have a factor value greater than 0.30 (Hair et al., 2010), with a significant P value of <0.001 so that overall, the indicators can represent the construction of sustainable development goals report, good corporate governance on financial performance and firm value. The criterion can assess the validity that the indicator proves to be a valid construct of discrimination.

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Convergen Validity

To evaluate the validity of the crime, it can be seen with the AVE (Average Variance Extracted) method for each construct or latent variable. The model has better discriminatory validity if the square root of AVE (Average Variance Extracted) for each construct is greater than the correlation between the two constructs in the model.

Table 3 AVE (Average Variance Extracte)

Variabel	AVE
sustainable development goals report	1.000
Good Corporate Governance	0.720
Financial Performance	0.963
Firm Value	0.836

Table 3 shows that the AVE (Average Variance Extracted) value for all constructs has a value of >0.50. Therefore, there are no convergent validity problems in the tested model.

The test to evaluate the outer model is to test the reliability of latent constructs measured by Cronbach's alpha and the composite reliability of the indicator blocks that measure the construct. The construct is declared reliable if the value is above 0.60. Here are the results of the output from WarpPLS

Table 4 Test Results Cronbach’s Alpha and Composite Reliability

	Cronbachs Alpha	Composite Reliability
sustainable development goals report	1.000	1.000
Good Corporate Governance	0.710	0.683
Financial Performance	0.923	0.963
Firm Value	0.668	0.822

Based on table 4, the value of Cronbach's alpha variable is reliable or reliable for all variables where the value of Cronbach's alpha coefficient is greater than 0.60. Based on composite reliability, all variables have a value greater than 0.6 so that they meet the composite relability.

Results from structural equation modeling (SEM) - Partial Least Square (PLS).

Results Data analysis using WarpPLS 6.0 as a statistical model test, the researchers used a structural equation model (SEM) to analyze the empirical research model (see Figure 2).

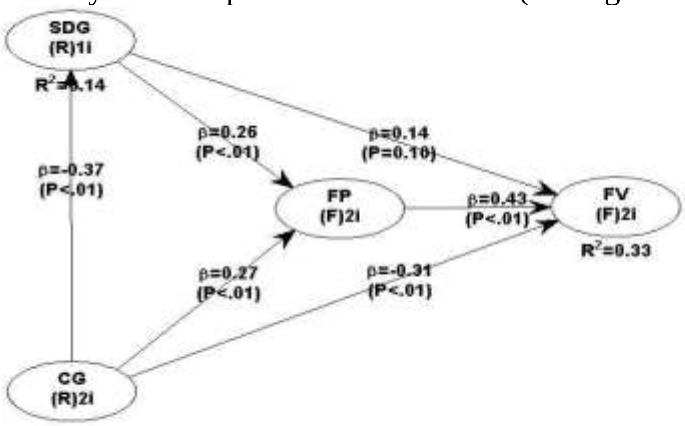

Figure 2. The results of the entire model

Inner Model Evaluation

Uji kesesuaian antara model teoritis dan tata empiris dapat dilihat pada tingkat Goodness-of-fit statistic. Suatu model dikatakan fit apabila kovarians matriks suatu model adalah sama dengan kovarians matriks data (observed). Model fit indices and P values menampilkan hasil sepuluh indicator fit.

Table 5 Model Fit and Quality Indices

Model Fit and Quality Indices	**Fit Criteria**	**Result**	**Explanation**
Average path coefficient (APC)	P<0.05	0.297, P=0.001	good
Average R-Squared (ARS)	P<0.05	0.156, P=0.037	good
Average Adjusted R-Squared (AARS)	P<0.05	0.135, P=0.053	Marginal
Average block VIF (AVIF)	acceptable if <= 5, ideally <= 3.3	1.046	ideal
Average full collinearity VIF (AFVIF)	acceptable if <= 5, ideally <= 3.3	1.222,	ideal
Tenenhaus GoF (GoF)	small >= 0.1, medium >= 0.25, large >= 0.36	0.350	good
Sympson's paradox ratio (SPR)	acceptable if >= 0.7, ideally = 1	0.833	good
R-squared contribution ratio (RSCR)	acceptable if >= 0.9, ideally = 1	0.881	Marginal
Statistical suppression ratio (SSR)	acceptable if >= 0.7	1.000	good
Nonlinear bivariate causality direction ratio (NLBCDR)	acceptable if >= 0.7	1.000	good

Table 6 Hipotesis Test Results

Relationship between Variables (Explanatory Variable → Response Variable)		Path Coefficient	*p-value*	Explanation
Sustainable Development Goals Report	Financial Performance	0.262	0.007	Significant
Sustainable Development Goals Report	Firm Value	0.138	0.101	Non Significant
Good Corporate Governance	Financial Performance	0.271	0.005	Significant
Good Corporate Governance	Firm Value	-0.306	0.002	Significant
Good Corporate Governance	Sustainable Development Goals Report	-0.372	<0.001	Significant
Financial Performance	Firm Value	0.434	<0.001	Significant

Testing on H1 showed a significant positive influence between the Sustainable Development Goals Report and Financial Performance (β = 0.007, p = 0.007), thus H1 was accepted. Testing on H2 showed that there was a non-significant positive influence between the Sustainable Development Goals Report and Firm Value (β = 0.138, p = 0.101), thus H2 was rejected. Testing in H3 shows a significant positive influence between Good Corporate Governance and Financial Performance (β = 0.271, p=0.005), thus H3 is supported. Testing on H4 shows a significant negative influence between Good Corporate Governance and Firm Value (β = - 0.306, p=0.002), thus H4 is supported. Testing on H5 shows a significant negative influence between Good Corporate Governance and Sustainable

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Development Goals Report (β = -0.372, $p < 0.05$), thus H5 is supported. Testing on H6 shows a significant positive influence between Financial Performance and Firm Value (β = 0.434, $p < 0.05$), thus H6 is supported.

Discussion

The results of the study support H1 that the Sustainable Development Goals Report has a significant effect on financial performance. These findings support what has been reported in previous studies (Alfiyah and Arsjah, 2021; Satapo, 2020; Galeazzo et al, 2023; Yang & Liu, 2022; Husnah and Fahlevi, 2023). Sustainable reporting is one thing that companies believe to gain the trust of stakeholders to strengthen the cooperation carried out by the company with stakeholders to achieve the survival of stakeholders and business entities. Currently, good business actors consider that when they disclose their performance towards the environment in the Sustainability Report, it can provide good news for market participants (Nabila, 2021). Therefore, the reporting of this Sustainability Report has the view that it can affect the financial performance of the company. The findings prove that the Sustainable Development Goals Report has a negligible effect on firm value, which means rejecting H2. These findings support what has been reported in previous studies that sustainability reporting variables do not affect company value (Hasanah et al.2023). The results of the research are in line with the opinion of Sachs et al. (2021) in the 2021 Sustainable Development Report, placing Indonesia ranked 97 out of 165 countries with a score of 66.3 points, the same as in 2020, both the ranking and the points obtained. In 2020, the achievement of the SDGs in Indonesia experienced obstacles ranging from simple to serious. Simple obstacles are denoted by yellow, significant obstacles are denoted by orange, while serious obstacles are denoted by red. If examined further from 2016-2020, the achievement of the SDGs in Indonesia does not show any improvement. This can be seen from the number of achievements that received red and yellow colors, which increased. This condition shows the lack of attention and responsibility of the company in achieving the SDGs goals. So that simple obstacles (yellow) seem to be ignored because the scale is small, then because the obstacles are too large (red) are also not paid attention to. From the point of view of legitimacy theory, developing countries have more complex problems than developed countries. The practice of legitimacy theory in relation to the disclosure of corporate sustainability reports. In the study, it was found that in countries with the Anglo-Saxon system, the disclosure of corporate sustainability is higher than in Communitarian and Emerging System countries (Faisal, et al 2012).

The third hypothesis that Good Corporate Governance has a significant effect on Financial Performance is supported by this study. This output is compatible with previous research such as Nur'ainy et.al (2013) in his research stating that the implementation of corporate governance can have a direct effect on company performance. Furthermore, Fidanoski et.al (2013) stated that only the size of the board is positively related to the profitability of the bank. Research by Rehman & Shah (2013) shows that corporate governance has no effect on the company's performance in terms of accounting. Adi et.al (2013) in his research results stated that the better corporate governance will improve financial performance. Myers & Majluf's (1984) Signaling Theory indicates how companies signal to users of financial statements that the company has an advantage over other companies in terms of corporate governance. The better the corporate governance, the better the company's financial performance will be. SignalingTheory indicates how companies signal to financial report users that the company has an advantage over other companies in terms of good governance. Companies that apply corporate governance principles are more attractive to investors than companies that do not apply corporate governance principles.

As expected, the results of this study support hypothesis 4 which introduces the relationship between Good Corporate Governance and Corporate value in a negative direction. The research findings are supported by the research of Khan, Tanveer and Malik (2017) which states that the duality of the board of commissioners and the CEO has a negative impact on the company's value.

Kurniawan and Asyik (2020) in their research stated that corporate governance measured using the Independent Board of Commissioners has a negative relationship direction and has no effect on the company's value. The findings of the research show that independent commissioners have a negative effect on the value of the company, this is still the proportion of independent commissioners of mining companies listed on the IDX, the existence of the number of independent commissioners is only able to contribute a little in the supervisory function of the company's performance so that the function of independent commissioners in supervising the company's performance becomes less than optimal. The findings of the research show that the Independent Audit Committee has a negative impact on the value of the company, this is due to the low proportion of independent audit committees of mining companies, the existence of the number of independent audit committees can only contribute slightly to the supervisory function of the company's value, while in this study, the number of audit committees is almost the same in each sample company that has a different company complexity is considered less effective so that it does not have a significant impact on the company's value. The complexity of the company can be seen from the number of subsidiaries owned by each company. Based on the regulation of the Financial Services Authority Number 55/POJK.04.2015, the minimum number of audit committees is 30%. Based on the mean value of the independent audit committee is only 27%, it can be concluded that the train has not met the criteria applied. The lack of functioning of the Independent Commissioners and the Independent Audit Committee will be a bad signal for investors who will be effective in the decline in the company's value.

The findings prove that Good Corporate Governance has a significant effect on the Sustainable Development Goals Report in a negative direction. This finding is consistent with. The findings of this study indicate that the existence of independent commissioners in companies has not been considered important in relation to sustainable reporting. Furthermore, the level of expertise of Board Independence plays an important role in decission making, in addition to skills, educational background and knowledge (Chartier, 2006). The average percentage of Independent Commissioners in the sample company showed 30%, this shows that the Board Independence has been in accordance with the regulations that state that the company must have a Board Independence of at least 30% of the members of the board of commissioners. This does not mean that entities that have established Board Independence under regulations may not necessarily be able to encourage entities to present Sustainable Reporting disclosures. The Independent Audit Committee has not proven to be effective in disclosing sustainability reports because the Audit Committee is appointed by the entity for the purpose of regulatory compliance and is not intended to implement the principles of good corporate governance in the company. The findings of the study explain that the composition of independent audits is only 27%. This is in accordance with regulatory regulations, namely there are at least 3 members of the Audit Committee in a company. However, it is suspected that this is just a formality of the company in complying with regulations related to the number of audit committee members, which makes the effectiveness of the role of the audit committee itself less relevant to the audit function of the committee itself.

Hypothesis six that states that Financial Performance has a significant effect on the Company's value is supported by this study. These outputs are compatible with previous studies such as Purwanto and Agsutin, 2017; Marsha and Murtaqi, 2017; Monika and Khafid, 2016 which considers that profit growth affects PBV, current ratio affects PBV, return on assets affects PBV, return on equity and lncar ratio have a positive relationship with company value. The research findings are in accordance with the signaling theory, the better the company's financial performance, the better the company's value. Financial performance has a significant positive effect on the company's value, indicating that profit influences increasing the company's value. Financial performance is one of the measures of a company's success. The measure of success is contained in the financial statements in the form of

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financial ratios. Financial statements are an analytical tool for management, investors and creditors according to their respective interests (Van Horne & Wachowicz, 2005).

This study succeeded in revealing the relationship between the Sustainable Development Goals (SDGs) report, Good Corporate Governance (GCG), financial performance, and company value in mining companies listed on the Indonesia Stock Exchange (IDX) during the 2019-2022 period.

Implications of Theoretical Results

1. Contribution to the Corporate Governance and Sustainability Literature: The results of this study add insight into the literature on the influence of corporate governance and SDG reporting on financial performance and company value. The findings that SDG reporting has a significant positive influence on financial performance, but not on company value, provide a new insight into how sustainability reporting is valued by markets and investors.
2. Interaction between GCG and SDGs: This study shows a significant negative influence of GCG on SDG reporting and company values, highlighting the potential for conflicts between strict governance efforts and sustainability goals. These findings are important for agency theory and legitimacy theory, which examines the balance between the interests of various stakeholders in a company.
3. Effect of Financial Performance on Company Value: The finding that financial performance has a significant positive influence on company value supports the financial theory that states that good operational performance directly increases the market value of a company. This reinforces the importance of financial performance as the main determinant of a company's value in the eyes of investors.

Implementation Implications:

1. SDG Reporting and Corporate Governance Strategy: Mining companies are advised to improve the transparency and quality of their SDG reports, given their positive impact on financial performance. However, keep in mind that SDG reporting should be in line with good GCG practices to avoid potential conflicts that could reduce the company's value.
2. Corporate Governance Policy Development: Corporate governance policies should be designed with their impact on sustainability reporting and company value in mind. Managers and policymakers need to develop GCG policies that not only comply with regulations but also support the company's sustainability goals.
3. Holistic Approach to Sustainability and Governance: Companies need to take a holistic approach that integrates sustainability and governance practices together to maximize the company's financial performance and value. This includes internal training and awareness on the importance of the SDGs and GCG as well as the implementation of systems that facilitate effective reporting and governance compliance.

5. Conclusion

This study explores the influence of the Sustainable Development Goals Report, Corporate governance on Financial Performance and Firm Value on the growth of Firms, based on data from 2019 to 2022. The results of the investigation of mining companies, the factor that affects investors in assessing mining companies is financial performance. Investors will invest their capital in companies with high financial performance. This is because the SDGs have not been able to increase the value of mining companies.

Empirical findings show that Corporate Governance variables measured by the proportion of independent commissioners and independent audit committees have a significant negative influence on Company Value and Sustainable Development Goals Report, other findings show that Good Corporate Governance has a significant positive effect on firm value. Based on the results of this study, the suggestions that can be given to issuers to increase the proportion of independent commissioners and independent audit committees to provide more supervision to agents or managers. Mining companies listed on the IDX need to pay attention to the composition of independent commissioners and independent audit committees in accordance with OJK rules and the complexity of the company, this is necessary so that the decisions issued by the company's management prioritize the interests of shareholders. In addition, to avoid practices that are detrimental to minority shareholders (public shareholders).

It contains a conclusion and suggestion. The conclusion briefly illustrates the results that address the hypotheses and research purposes or findings. The summary of the research and discussion relevant to the findings, presented descriptively, not numeric. Suggestion provides things expected to conduct related to further ideas the research has proposed.

Author contribution statement

Author 1 carried out variable development, introduction, and theoretical framework, as well as statistical analysis. Author 2 assisted with statistical data analysis, article formatting, substantive, statistical analysis, and translation.

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