

ABSTRACT

This study aims to analyze the effect of Environmental, Social, and Governance (ESG) disclosure on the financial performance of non-financial companies listed on the Indonesia Stock Exchange (IDX) for the 2021–2023 period. In this research, Sustainable Development Goals (SDG) Disclosure is used as a mediating variable to examine the role of corporate transparency in achieving sustainable development goals. ESG Disclosure serves as a crucial indicator in assessing a company's commitment to sustainability, which can influence investor perception as well as corporate financial performance, measured by Return on Equity (ROE).

The research method employed is Partial Least Square - Structural Equation Modeling (PLS-SEM). The analysis is conducted on the effects of each ESG component, namely Environmental Disclosure (ENV), Social Disclosure (SOC), and Governance Disclosure (GOV), on ROE. Furthermore, this study examines whether SDG Disclosure acts as a mediator in the relationship between ESG Disclosure and corporate financial performance. The data used are secondary data obtained from annual reports and sustainability reports of companies during the study period.

The results show that ESG Disclosure positively influences SDG Disclosure, indicating that companies with higher levels of ESG disclosure are also more transparent in reporting their SDG achievements. Environmental Disclosure, Social Disclosure, and Governance Disclosure have a significant positive impact on ROE. Additionally, SDG Disclosure is proven to partially mediate the relationship between ESG Disclosure and ROE, suggesting that transparency in SDG achievements can enhance investor confidence and support financial performance. The findings of this study highlight the importance of ESG and SDG disclosure for companies in improving sustainability and financial performance.

Keywords: *ESG Disclosure, SDG Disclosure, Financial Performance, ROE, PLS-SEM.*

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