

THE INFLUENCE OF CSR DISCLOSURE, ENVIRONMENTAL PERFORMANCE, AND INTERNAL CORPORATE GOVERNANCE ON THE ACHIEVEMENT OF SUSTAINABLE DEVELOPMENT GOALS

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Abstract

Sustainable Development Goals (SDGs) require the involvement of various roles to support their achievement, especially from the business world. The research is aimed at examining the influence of CSR disclosure, environmental performance and Internal Corporate Governance on achieving the SDGs. The sample selected was 99 basic industrial and chemical companies listed on the Indonesia Stock Exchange (BEI) in the 2018-2022 period using the purposive sampling method. Data analysis uses unbalanced panel data regression analysis with the Eviews 12 application. The results of this research show that CSR disclosure in quantity and quality, environmental performance, and CEO non-duality, which are indicators of Internal Corporate Governance, have a significant effect on achieving the SDGs. On the other hand, other indicators of Internal Corporate Governance, namely board independence and board presence and the control variables of this research, namely size and leverage, do not have a significant effect on achieving the SDGs. Even though there is an influence between CSR disclosure, environmental performance and Internal Corporate Governance on the achievement of the SDGs, there are several factors that cause the influence of Internal Corporate Governance to not be maximized

Keywords: Sustainable Development Goals (SDGs), CSR Disclosure, Environmental Performance, Internal Corporate Governance, Non-Duality CEO

1. INTRODUCTION

The United Nations (UN) through its general assembly on September 25, 2015 established the formulation of world development after 2015 in the form of Sustainable Development Goals (SDGs) (Saz-Gil et al., 2020). The SDGs contain 17 interconnected goals and in order for no one to be left behind, it is important for all countries to achieve all of them by 2030 (UNSDG, 2022). The seventeen goals focus on economic, social and environmental issues as the cornerstone of sustainable development to protect the future of the planet and people (Nylund et al., 2022). In the few years after the establishment of the SDGs, there is a phenomenon that occurs in developing countries included in the Global South Countries, namely the persistence of problems regarding poverty, hunger, and health (Abusaada & Elshater, 2023). Based on UN FCFSSC data (2022), Indonesia is one of 77 countries included in the Global South Countries. In relation to this phenomenon, the national poverty rate in Indonesia in 2022 was 9.57% and it is projected that 26.36 million

people still live in poverty (BPS, 2023). Not only that, in 2022, Indonesia also ranked as the country with the second highest hunger rate in ASEAN after Laos with a GHI (Global Hunger Index) score of 17.9 (Welthungerhilfe, 2022).

Based on the SDG Index and Report in 2022, Indonesia ranked 82nd out of 163 countries for the achievement of SDGs and still faces more or less the same problems as in previous years, namely in the implementation of several SDG goals (numbers 2, 3, 11, 14, 15, 16, and 17) (Sachs et al., 2022). The challenge faced by Indonesia in its goal of achieving the SDGs is the lack of involvement from non-governmental roles (Morita et al., 2020). Meanwhile, the SDGs, which are aimed at all countries in the world, require the involvement of various roles in it, not only governments and institutions, but also civil society, non-profit organizations, and are specifically intended to be an encouragement for the business world (Naciti et al., 2022). According to Di Vaio et al. (2020), companies have an important role and can determine the achievement of the 17 goals in the SDGs because companies are the main drivers of sustainable economic development and many companies around the world today have connected their strategies and internal business practices with the goals of the SDGs.

This study will discuss the influence of CSR disclosure, environmental performance, and internal corporate governance on the achievement of SDGs. This research is based on legitimacy, stakeholder, and agency theories. Legitimacy theory examines the efforts of companies to meet the expectations of the wider community in order to be said to be operating 'legitimately' (Deegan, 2014). Companies that make CSR disclosures, obtain good environmental performance ratings, and have good Internal Corporate Governance mechanisms can also gain support from society, so that companies can operate optimally and achieve more SDGs goals. Where legitimacy theory addresses the expectations of society in general, stakeholder theory provides a view that refers more to a specific group in society, namely the stakeholder group in the company (Deegan, 2014). Stakeholder theory states that companies have many stakeholders such as employees, customers, suppliers, and the environment (Monteiro et al., 2023). Stakeholder theory takes into consideration the disclosure of CSR and the achievement of environmental performance so that companies can show the extent to which they have built more value to stakeholder groups in order to achieve the SDGs.

Efforts to integrate activities related to SDGs goals in the company cannot be separated from the role of those who regulate the company's strategy. Internal corporate governance mechanisms related to the board of directors play an important role in determining the company's compliance with the SDGs because directors are responsible for the company's strategy in terms of sustainability practices (Ferrero & Meca, 2020). However, there is little literature on the impact of implementing sustainability practices that shows that internal corporate governance characteristics contribute to the achievement of the SDGs (Rosati & Faria, 2019).

Ferrero & Meca (2020) explains that the company's internal governance mechanisms, namely CEO non-duality and board independence (independent directors) have a positive effect on the company's contribution to achieving SDGs, while board attendance has no effect on the company's contribution to achieving SDGs. While other research by Setyawan et al. (2022) explains that board size and sustainability committee have a positive effect on SDGs, while the presence of independent directors (board independence) and the presence

of women on the board of directors (board diversity) have no positive effect on SDGs. According to Helfaya & Aboud (2023), Additional research is needed on governance, sustainability, and SDGs. This study will discuss the quantity and quality of CSR disclosures, environmental performance, and internal corporate governance consisting of CEO non-duality, board independence, and board attendance towards the achievement of SDGs. Therefore, this research is expected to fill the gaps and inconsistencies in the results of previous studies.

The object of this research is basic and chemical industry companies listed on the Indonesia Stock Exchange (IDX) for the period 2018-2022. The basic industry and chemical sector itself is the sector that disclosed the second most SDGs goals in Indonesia under the financial sector in 2015 after the establishment of the SDGs (Alfiah & Arsjah, 2021). Not only that, companies in the basic and chemical industry sector have also consistently been the main contributors to the national GDP from 2021 to the third quarter of 2022 (Kemenperin, 2022). However, behind these gains there are still problems from companies in the basic and chemical industry sector on social and environmental issues. One example is PT Long Xim Logam, which was proven to have discharged waste into the river in 2020 and again caused pollution to residents' waterways due to a leak in the sewage channel in 2021 (Gelora Jatim, 2021). The selection of the object period of this study for five years (2018-2022) is with the consideration that the data in this period can reflect the latest phenomena related to the achievement of SDGs in Indonesia which occurred in 2022 and is the result of the achievement of SDGs starting from three years after its establishment to seven years after its establishment. In addition, during this period companies in Indonesia began to disclose CSR in sustainability reports with the regulation by the Financial Services Authority through POJK No.51 of 2017.

This study is focused on examining the positive impact of CSR disclosure in both quantity and quality on the attainment of SDGs. Additionally, it aims to explore the favorable effect of environmental performance on the achievement of SDGs. Lastly, it seeks to analyze the influence of internal corporate governance, including CEO non-duality, board independence, and board attendance, on the attainment of SDGs. The research offers both theoretical and practical benefits. The theoretical benefits include serving as a point of reference for legitimacy, stakeholder, and agency theories, as well as contributing to the field of social responsibility accounting, particularly in the basic and chemical industry sector, environmental performance, internal corporate governance, and SDGs. On the other hand, the practical benefits of this research are valuable for companies in providing insights into the impact of CSR disclosures, environmental performance, and internal corporate governance mechanisms on the achievement of SDGs. Additionally, it can serve as a valuable reference for further refined research by other scholars.

2. LITERATURE REVIEW

2.1. Legitimacy Theory

Legitimacy theory raises the assumption that to achieve a successful company operation, requires managerial parties to ensure that their company has operated in accordance with societal expectations and is said to be a company that is considered "legitimate" (Deegan, 2019). A company is considered "legitimate" if it can fulfill the social contract by ensuring

that its operations meet the expectations of society at large by operating within its boundaries and norms (Lakhani et al., 2022). According to Deegan (2014) The social contract is a way for society to explain how the company should run its operations. In relation to this research, legitimacy theory can be used as a benchmark regarding the company's efforts to meet public expectations for the achievement of SDGs by disclosing CSR, achieving environmental performance, and good Internal Corporate Governance mechanisms in the company.

2.2. Stakeholder Theory

Stakeholder theory states that companies must create value for all stakeholders, not just shareholders, to ensure their long-term success (Freeman, 1984). The value that companies can provide to their stakeholders includes assets, information, and performance. In relation to this study, stakeholder theory takes into consideration CSR disclosure and the achievement of good environmental performance so that companies can demonstrate the extent to which they have built more value to stakeholder groups through the achievement of SDGs. In a further contribution, by demonstrating the social and environmental commitment and legitimacy of the company to stakeholders, the company can also increase the achievement of the SDGs (Rosati & Faria, 2019).

2.3. Agency Theory

Jensen & Meckling (1976) explain that this theory comes from the agency relationship that exists in the company, where the agency relationship is a contract in which one or more people (principal) involve other people (agent) to authorize the agent to make decisions. The company is formed from a collection of contracts (nexus of contracts) between the owner of economic resources (principal) and the manager (agent) as the party who controls these economic resources. One of the concepts based on agency theory is corporate governance. According to Wikartika & Akbar (2020), corporate governance arises because of agency problems. This agency problem occurs due to a conflict of interest between the principal and the agent, where there is a separation of ownership and control and both parties work for their own interests (Antwi, 2021). According to Suharyono et al. (2023), agency theory is also the basis that the company's board of directors has a vital role in every company activity. In relation to this research, agency theory can be a perspective for evaluating indicators of Internal Corporate Governance in efforts to achieve SDGs.

2.4. Sustainable Development Goals (SDGs)

The SDGs were formulated to replace the Millennium Development Goals (MDGs) that took effect in 2000-2015 and aim to continue solving pending problems or existing inequalities (Hummel & Szekely, 2022). Unlike the Millennium Development Goals (MDGs) which focus on developing countries, the SDGs are aimed at all countries without any difference and each country has the same obligation to implement its 17 goals to help solve global problems (Erin et al., 2022). In addition, while the MDGs only consist of eight goals, the SDGs consist of 17 goals, 169 targets, and 241 indicators. According to Bappenas/PPN (2019), to facilitate implementation and monitoring in Indonesia, the 17 goals and 169 targets of the SDGs are grouped into four pillars, namely:

- a. The social development pillar, including objectives 1, 2, 3, 4 and 5.
- b. The economic development pillar, including goal numbers 7, 8, 9, 10 and 17.

- c. The environmental development pillar, including goal numbers 6, 11, 12, 13, 14, and 15.
- d. The law and governance development pillar, including goal number 16.

2.5. Corporate Social Responsibility (CSR)

CSR or corporate social responsibility began to develop in the early 1950s as an idea in the literature and was expanded in the 1960s in response to the problems and desires of modern society towards companies at that time (Agudelo et al., 2019). CSR is a form of corporate action towards society, community, and the environment both within and beyond what is legally required by the company (Shu & Chiang, 2020). CSR practices are outlined in the form of a report called a sustainability report (SR). Sustainability reporting is the reporting of economic, environmental and social policies, impacts and performance of the organization, and its products in the context of sustainable development (Kamaliah, 2020). The scope of CSR reporting covers a variety of topics including social issues, philanthropy, sustainability, environmental issues, as well as a set of terminology that can continue to change to reflect these concepts and companies are not only profitable, but also responsible for economic, social, and environmental issues (ElAlfy et al., 2020). The purpose of disclosing CSR activities in sustainability reports is to boost the company's reputation and image (Syairozi, 2019). Not only related to stakeholders, CSR disclosure will provide benefits to the company internally and externally.

2.6. Environmental Performance

Environmental performance is a company's effort to preserve the environment and reduce the negative impacts of its business activities (Tahu, 2019). Since 2002, the Indonesian Ministry of Environment and Forestry (KLHK) has created a Company Performance Rating Program in Environmental Management (PROPER) to assess the environmental performance that companies have implemented (Widyowati & Damayanti, 2022).

2.7. Internal Corporate Governance

Corporate governance is a mechanism to deal with stakeholders by giving them equal authority to minimize agency conflicts, where this governance is not only aimed at directors and investors, but also with employees, suppliers, customers, and most importantly, with the community and society as a whole (Asghar et al., 2020). Corporate governance consists of external mechanisms, such as market pressures and internal mechanisms, which are related to the ownership structure of the company (Ferrero & Meca, 2020). In Internal Corporate Governance, the Board of Directors is the main mechanism and oversees the management and implementation of regulations in the company (Khan et al., 2022).

2.8. Research Framework

This research is based on legitimacy, stakeholder, and agency theories. Legitimacy theory is closely related to CSR disclosure. Permatasari & Setyastrini (2019) explain the phenomenon of CSR disclosure in developing countries, that companies tend to disclose social and environmental information voluntarily because it is in line with legitimacy theory. The company will have a good reputation in front of stakeholders and society. Thus, the

company has the opportunity to gain support for a longer period of time or also called to achieve sustainability. Likewise, the achievement of the company's environmental performance shows how the company's operations from the beginning to the final impact on the environment have met the applicable criteria so as not to cause harm to society and show that the company has operated in accordance with environmental concerns. A good Internal Corporate Governance mechanism helps the company to maintain its legitimacy because it shows that the company is managed properly and responsibly. Thus, the company can more easily obtain resources and gain support to achieve the SDGs.

Stakeholder theory explains the creation of corporate value through assets, information, and performance to stakeholders. According to Ofoegbu et al. (2018), to survive and perform well, companies need a good relationship with stakeholders and one way to maintain this relationship is to provide information through voluntary social and environmental disclosures to gain support and connections with partners. Disclosure of environmental and social topics in the annual report is an important condition for a company to respond to the increasing information needs of its stakeholders so that the company gains stakeholder trust and engagement in the long term (Monteiro et al., 2023). The disclosure of social and environmental topics is carried out by the company through CSR disclosure and also information about the results of achieving good environmental performance of the company.

Agency theory is the theoretical basis for Corporate Governance which arises from the agency problem between the principal and the agent (Wikartika & Akbar, 2020), Agency problems occur due to a conflict of interest between the principal and the agent, where there is a separation of ownership and control which causes both parties to work for their respective interests (Antwi, 2021). Agency theory helps in implementing various governance mechanisms to control the actions of the agent as the managing party in the company. Corporate Governance helps create a conducive environment for companies to realize efficient and sustainable growth (Wikartika & Akbar, 2019). In today's corporate governance planning, it is imperative to implement the SDGs goals and requires structural measures from the board of directors in its planning (Naciti et al., 2022).

3. RESEARCH METHOD

This study uses a causal design to investigate the relationship between corporate social responsibility disclosure (independent variable) and an index for sustainable development goals (dependent variable). Data on environmental performance, governance, leverage, and company size were also collected for each company (n=99) from 2018-2022. Panel data regression analysis will be used to examine these relationships.

4. RESULT AND DISCUSSION

4.1. Research Result

4.1.1. Sample Characteristics

The criteria and number of samples selected in this study are as follows:

Table 5. Sampling Criteria

No.	Criteria	Number of Companies					Total
		2018	2019	2020	2021	2022	
1.	Companies included in the basic and chemical industry sector listed on the IDX for the period 2018-2022.	73	78	79	87	91	408
2.	Companies that did not publish annual reports and sustainability reports in the period 2018 to 2022.	(4)	(4)	(4)	(1)	(2)	(15)
3.	Companies that did not receive a PROPER rating from 2018 to 2022.	(49)	(52)	(46)	(55)	(57)	(259)
4.	Companies that do not address the SDGs in their annual report and sustainability report.	(7)	(7)	(10)	(6)	(5)	(32)
Total Sample							99

Source: Secondary data processed by researchers (2024)

4.1.2. Data Analysis Results

a. Descriptive Statistical Analysis

Table 6. Descriptive Statistical Test Results

Variabel	N	Minimum	Maksimum	Mean	Standard Deviation
CSRD Quantity (X1a)	99	27	40	37,19	3,46
CSRD Quality (X2b)	99	30	50	35,89	4,29
Environmental Performance (X2)	99	2	4	3,15	0,52
<i>Non-duality CEO</i> (X3a)	99	0	1	0,60	0,49
Board Independence (X3b)	99	0	0,40	0,10	0,10
Board Attendance (X3c)	99	7	16	12,23	1,09
Leverage (X4)	99	0,07	8,12	1,15	1,17
Size (X5)	99	11,13	25,56	16,38	2,11
SDGs (Y)	99	0,23	0,94	0,52	0,18

Source: Eviews 12 data processing

Basic and chemical industry companies have the highest quantity CSR disclosure index of 40 in the period 2018-2022, while the lowest quantity CSR disclosure index is 27. The average value of quantity CSR disclosure is 37.19, which means that basic and chemical industry sector companies can be said to be good because they explain the content related to CSR disclosure in more than one page. Basic and chemical industry companies have a quality CSR disclosure index with the highest value of 50 in the period 2018-2022, while

the lowest quality CSR disclosure index is 30. The average value of the quality CSR disclosure index is 35.89. This means that companies in the basic and chemical industry sector are said to be good because they explain the content related to CSR disclosure in quality using sentences, numbers, and financial units.

The company's environmental performance is measured using the PROPER rating which has an average of 3.15 in the observation period 2018-2022. It can be concluded that the environmental performance of companies in the basic and chemical industry sector can be said to be good because the value of 3.15 shows that the majority of companies get a blue rating, which means that the company has made environmental management efforts based on applicable regulations regulated by the Ministry of Environment and Forestry (KLHK). Internal Corporate Governance is measured using CEO non-duality, board independence, and board attendance. CEO non-duality which shows the condition where there is no concurrent position between the chairman of the board of directors and commissioners has an average value of 0.60. This shows that around 60% of industrial and chemical sector companies do not have a chairman of the board of directors who concurrently serves as a commissioner. Board independence shows the proportion of independent directors in the composition of the board of directors. The lowest proportion is 0, which means that the company has no independent directors, while the highest proportion is 0.40. The average value of the proportion of independent directors in basic industry and chemical sector companies is 0.10.

This shows that there are still few companies that have independent directors in the composition of the board of directors. Board attendance shows the number of board meetings during the year. The lowest frequency of meetings is at a value of 7, while the highest frequency is at a value of 16. The average value of the number of board meetings a year is 12.23. This shows that companies in the basic and chemical industry sector have conducted at least 1 meeting per month, in accordance with corporate governance rules. Size or company size is measured using the natural logarithm of the company's total assets. From the results of data processing, the largest company size is owned by PT Indah Kiat Pulp & Paper in 2018 amounting to 25.57 and the smallest company size is owned by PT Lion Metal Works in 2022 amounting to 11.13. The average company size is 16.38 with a standard deviation of 2.11.

Leverage is the company's solvency ratio as measured using total debt divided by total equity. This measurement has an average of 1.15 and a standard deviation of 1.17. It can be concluded that if the average value is smaller than the standard deviation, then the distribution of leverage data of basic and chemical industry sector companies is not good because there are some outlier data (data that is much different from other data). The highest leverage value is owned by PT Waskita Beton Precast in 2020 amounting to 8.12 and the lowest leverage value is owned by PT Indonesia Fireboard Industry in 2021 amounting to 0.07. SDGs are measured using the SDG Index which shows the ratio of SDGs disclosure by companies to the 17 SDGs goals, so the maximum value is 1. The lowest SDGs index is 0.23 and the highest index is 0.94. The average SDGs index is 0.52, which indicates that basic and chemical industry sector companies have disclosed half of the 17 SDGs goals.

4.1.3. Panel Data Regression Model Test

a. Chow Test Results

Table 7. Chouw Test Results

Effect Test	Model Estimation	Constant Value	Probability Value	Selected Model
Cross-section F	FEM- CEM	0,05	0,0000	FEM

Source: Eviews 12 data processing

b. Hausman Test Results

Table 8. Hausman Test Results

Effect Test	Model Estimation	Constant Value	Probability Value	Selected Model
Cross-section random	FEM- CEM	0,05	0,1603	FEM

Source: Eviews 12 data processing

c. Lagrange Multiplier Test Results

Table 9. Lagrange Multiplier Test Results

Effect Test	Model Estimation	Constant Value	Probability Value	Selected Model
Breusch-Pagan	FEM- CEM	0,05	0,0001	FEM

Source: Eviews 12 data processing

Based on the three model test results, the regression model chosen for unbalanced panel data in this study is the Random Effect Model (REM).

4.1.4. Classical Assumption Test

a. Multicollinearity Test

Table 10. Multicollinearity Test Correlation

	CSRQ Quantity	CSRQ Quality	Environmental Performance	Non-Duality Ceo	BI	BA	LEV	SIZE
CSRQ Quantity	1.00	0.48	0.27	0.17	-0.29	0.09	0.02	0.14
CSRQ Quality	0.48	1.00	0.36	0.11	-0.15	0.09	0.10	0.06
Environmental Performance	0.27	0.36	1.00	0.11	-0.01	-0.06	-0.18	0.30
Non-Duality Ceo	0.17	0.11	0.11	1.00	-0.24	0.17	0.04	0.02
BI	-0.29	-0.15	-0.01	-0.24	1.00	-0.17	0.09	-0.09
BA	0.09	0.09	-0.06	0.17	-0.17	1.00	0.12	-0.00
LEV	0.02	0.10	-0.18	0.04	0.09	0.12	1.00	-0.10
Size	0.14	0.06	0.30	0.02	-0.09	-0.01	-0.10	1.00

Source: Eviews 12 data processing

Based on this table, none of the correlations between the independent variables have a value greater than 0.85. This means that in this regression model there is no multicollinearity or in this model there is no correlation between the independent variables.

4.1.5. Panel Data Regression Analysis Model

$$Y_{it} = -0.630 + 0.012 \cdot X_{1a} + 0.009 \cdot X_{1b} + 0.0823 \cdot X_2 + 0.131 \cdot X_{3a} + 0.006 \cdot X_{3b} + 0.001 \cdot X_{3c} - 0.013 \cdot X_4 - 0.001 \cdot X_5 + \varepsilon_{it}$$

The panel data regression equation is summarized as follows:

- A constant of -0.630 indicates that with no changes in the independent variables, the dependent variable (SDGs) is -0.630.
- The CSR quantity coefficient is 0.012, implying a 1-unit increase in CSR quantity raises SDGs by 0.012, assuming other variables are constant. The CSR quality coefficient is 0.009, meaning a 1-unit increase in CSR quality raises SDGs by 0.009 under the same conditions.
- The environmental performance coefficient is 0.0823, suggesting a 1-unit increase in environmental performance raises SDGs by 0.0823, with other variables constant.
- For corporate governance, the CEO non-duality coefficient is 0.131, indicating a 1-unit increase raises SDGs by 0.131. The Board Independence coefficient is 0.006, and the Board Attendance coefficient is 0.001, meaning respective 1-unit increases raise SDGs by 0.006 and 0.001, with other variables unchanged.
- The leverage coefficient is -0.013, indicating a 1-unit increase decreases SDGs by 0.013, while the size coefficient is -0.01, suggesting a 1-unit increase decreases SDGs by 0.01, with other variables held constant.

4.1.6. Hypothesis Testing

- T-Test

Table 11. T Test Results

Variable	Coefficient	ValueT-statistic	t table	Significance Value
CSR quantity	0.012	3.381	1.984	0.001
CSR Quality	0.009	3.146	1.984	0.002
Environmental Performance	0.082	2.898	1.984	0.004
Non-duality CEO	0.131	4.517	1.984	0.000
Board Independence	0.006	0.053	1.984	0.957
Board Attendance	0.001	0.114	1.984	0.909
Leverage	- 0.013	- 1.104	1.984	0.272
Size	- 0.001	- 0.152	1.984	0.879

Source: Eviews 12 data processing

The regression analysis results indicate the following:

- 1) First Hypothesis: Both quantitative and qualitative CSR disclosures positively impact SDGs, with significance levels of 0.001 and 0.002, and t-statistics (3.381 and 3.146) exceeding the t-table value of 1.984. Thus, this hypothesis is accepted.

- 2) Second Hypothesis: Environmental performance also positively affects SDGs, with a significance level of 0.004 and a t-statistic of 2.898, confirming acceptance of this hypothesis.
- 3) Third Hypothesis: Internal corporate governance impacts SDGs positively. CEO non-duality is significant (0.000) with a t-statistic of 4.517, leading to acceptance. However, board independence (0.957) and board attendance (0.909) are not significant, as their t-statistics (0.053 and 0.114) are below 1.984, resulting in rejection of these variables.
- 4) Control Variables: Leverage (0.272) and size (0.879) do not affect SDGs, with t-statistics of -1.104 and -0.152, respectively, both not significant.

b. F-Test

Table 12. F Test Results

F-statistics	F-Statistic Probability
8.476	0.000

Source: Eviews 12 data processing

The F test results indicate that the F-statistic value is 8.476, which exceeds the F-table value of 2.042. This suggests that the independent variables—CSR disclosure, environmental performance, and internal corporate governance—collectively influence the achievement of SDGs.

c. Determination Coefficient Test

Table 13. Determination Coefficient Test

R-squared	Adjusted R-squared	Standard Error of Regression	Durbin-Watson
0.429	0.379	0.087	1.281

Source: Eviews 12 data processing

Based on these results, it is shown that the adjusted r-squared value is 0.379 or 37.9%. This indicates that 37.9% of SDGs variables are directly influenced by CSR disclosure, environmental performance, and internal corporate governance represented by CEO non-duality and indirectly influenced by board independence and board attendance. Meanwhile, 62.1% of the SDGs variable is influenced by other variables that are not discussed further in this study.

4.2. Discussion

4.2.1. The Effect of CSR Disclosure on Achievement of Sustainable Development Goals

Based on the research results, CSR disclosure in quantity and quality has a positive influence on the achievement of SDGs. The higher the CSR disclosure both in quantity and quality, the higher the achievement of SDGs of basic and chemical industry companies. Staniškienė & Stankeviciute (2018) stated that clearly stated quantity indicators will

optimize the measurement of environmental and economic aspects of CSR disclosure while measurement of social aspects requires a balance between quantity and quality indicators.

This result is in line with stakeholder theory that CSR disclosure will bridge the interests of the company towards stakeholders. Companies attempt to address the different interests of stakeholders regarding economic, environmental, and social resource issues by targeting appropriate stakeholder engagement through CSR disclosure in sustainability reporting (Kealy, 2020). Measurement and disclosure of CSR against the SDGs helps businesses to better engage stakeholders, improve sustainable decision-making, and strengthen contributions to the SDGs (Galeazzo et al., 2023).

This study suggests companies disclose CSR activities to gain social approval, aligning with legitimacy theory. By showing social and environmental responsibility, these disclosures can help achieve the SDGs, as supported by other research (Abdurrahman et al. (2022); Yuliasih & Susetyo (2020))

4.2.2. The Effect of Environmental Performance on Achieving Sustainable Development Goals

Based on the research results, environmental performance has a positive influence on the achievement of SDGs. The higher the PROPER rating, which shows that the better the environmental performance of a company, the achievement of SDGs from basic and chemical industry companies will also increase. The environmental development pillar of the SDGs contains six goals, which is the most compared to the goals in the other four development pillars, where environmental factors are the main focus to support the achievement of the SDGs themselves.

These results are in line with legitimacy theory that companies that have good environmental performance will gain legitimacy from society. This form of legitimacy is obtained through the PROPER rating given by the Ministry of Environment and Forestry (KLHK). PROPER encourages companies to always carry out improvements in the company's environmental performance by disclosing all forms of activities regarding broader sustainable development goals (Kustina & Hasanah, 2020).

Good environmental performance will strengthen the company's relationship with stakeholders. Based on stakeholder theory, achieving good environmental performance is one way to fulfill its responsibilities to stakeholders. Obtaining support from these stakeholders encourages the achievement of SDGs by the company. The results of this study are in accordance with Ibrahim et al. (2023) which states that environmental performance has a positive effect on SDGs. While the results of this study are not in accordance with Yuliasih & Susetyo (2020).

4.2.3. The Effect of Internal Corporate Governance on Achieving Sustainable Development Goals

Based on the research results, Internal Corporate Governance represented by CEO non-duality, board independence, and board attendance shows a different influence on the achievement of SDGs. CEO non-duality has a positive influence on the achievement of SDGs, which means that the achievement of SDGs by basic and chemical industry sector companies will increase if there is no dual position by the same individual as chairman of the board of directors as well as commissioner. The results of this study are in line with

legitimacy theory and agency theory. Findings by Wijethilake & Ekanayake (2020) menunjukkan bahwa apabila terjadi CEO duality yang merupakan kondisi kebalikan dari non-CEO duality within the company may result in a negative relationship with legitimization by others of the company. In terms of agency theory, CEO non-duality can increase transparency and clear leadership (Sivathaasan N & Achchuthan S, 2014). Thus, the non-duality of the CEO or the absence of concurrent positions between the chairman of the board of directors and the commissioner will increase the legitimacy obtained by the company because there is a clear separation of authority in the structure of the board of directors as the party making sustainability decisions in the company that encourages the achievement of the SDGs. This result is in accordance with research by Ferrero & Meca (2020) which states that CEO non-duality has a positive effect on SDGs.

Board independence has no influence on the achievement of SDGs. Board independence as measured by the proportion of independent directors to the total number of directors has no effect on the achievement of SDGs because not all companies in the basic and chemical industry sector have independent directors in the board of directors structure. This is due to the fact that in 2018 the Indonesia Stock Exchange (IDX) removed the obligation of companies to have at least one independent director which was previously regulated through POJK Number 33 / POJK.04 / 2014. According to Ardillah (2022), This lack of role of independent directors results in decisions being more influenced from within the company. In addition, independent directors pay little attention to sustainability reporting, especially in traditional economies where information retrieval is based on financial information alone (Ardillah, 2022). This research is in accordance with Setyawan et al. (2022) and Ardillah (2022) which states that board independence has no effect on the achievement of SDGs and is not in accordance with research by Ferrero & Meca (2020).

Board attendance has no influence on the achievement of SDGs. The reason why board attendance as measured by the number of board meetings per year does not show a significant influence on the achievement of SDGs can occur because the average sample of basic and chemical industry companies holds twelve board meetings a year, but with a different number of disclosures of SDGs goals per company. This happens because based on POJK Number 33 / POJK.04 / 2014, companies listed on the Indonesia Stock Exchange (IDX) are required to hold meetings at least once every month so that the same average value is obtained from the number of meetings of basic and chemical industry companies after carrying out these obligations. The results of this study are in line with Setyawan et al. (2022) which states that board attendance has no effect on the achievement of SDGs.

4.2.4. The Effect of Leverage on Achieving Sustainable Development Goals

Based on the research results, the leverage control variable has no influence on the achievement of SDGs. Leverage as measured using the debt to equity ratio (DER) represents the relationship between the amount of long-term debt of a company and the amount of capital owned by the company. The greater the DER ratio, reflecting the lower solvency so that the company's ability to pay its debts is low, and vice versa (Silanno & Loupatty, 2021). The cause of leverage does not affect the achievement of the SDGs, because based on the following UNTCAD (2021), Debt management is an obstacle in supporting the achievement of SDGs in developing countries. In addition, the leverage value of basic and chemical industry companies also shows the existence of outliers (data whose values are significantly

different from other data) so that the overall solvency of the company varies. The results of this study are in accordance with Ferrero & Meca (2020) which states that leverage as a control variable has no effect on the achievement of SDGs..

4.2.5. The Effect of Size on Achieving Sustainable Development Goals

Based on the research results, the control variable size or company size represented by the natural logarithm of the company's total assets has no influence on the achievement of SDGs. The reason why size has no effect on the achievement of SDGs is because the basic and chemical industry company sector consists of a fairly wide distribution of company sizes and companies with larger sizes do not always disclose more SDGs goals than smaller companies. The results of this study are in accordance with Ferrero & Meca (2020) which states that size as a control variable has no effect on the achievement of SDGs.

5. CONCLUSION

The study investigated how CSR disclosure, environmental performance, and internal governance affect achieving SDGs in Indonesian basic and chemical companies (2018-2022). The investigation found that CSR disclosure, good environmental performance (PROPER rating), and having a CEO with no other leadership roles (CEO non-duality) positively impact achieving SDGs. Other governance aspects and company size/leverage did not have a significant effect. The study suggests focusing on these three factors (CSR disclosure, environmental performance, CEO non-duality) for companies aiming to improve their contribution to SDGs.

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