

# The Influence of Green Investment, Environmental Disclosure, and Good Corporate Governance on the Financial Performance of Mining Companies in Indonesia

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## Abstract

*This study aims to analyze the influence of Green Investment and Environmental Disclosure and Good Corporate Governance on the financial performance of companies as measured using Return on Asset (ROA) and Return on Shares in mining companies listed on the Indonesia Stock Exchange during the period 2019-2024. The background of this research is based on the increasing attention to sustainability and environmental management issues in the mining sector which has a significant impact on the environment and has the potential to affect the company's financial performance. This study uses a quantitative approach with a panel data regression analysis method. The research sample consisted of 21 companies obtained through purposive sampling techniques with data sourced from annual financial statements, company sustainability reports and OWN ratings. The results of the study show that Green Investment does not have a significant effect on the company's financial performance, both as measured by Return on Asset (ROA) and Return on Shares. Environmental Disclosure has a positive and significant effect on ROA, but does not have a significant effect on Stock Return. Meanwhile, Good Corporate Governance did not show a significant influence on ROA or Share Return. These findings indicate that sustainability and corporate governance practices have more impact on a company's internal financial performance than on the capital market response in the short term, particularly in the mining sector.*

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## INTRODUCTION

Climate change and global environmental degradation are pushing companies to integrate sustainability aspects in their business strategies. Rising carbon emissions, exploitation of natural resources, and regulatory pressures have made companies no longer only oriented towards achieving profits, but also on environmental responsibility and sustainable governance. Progressive environmental policies have been proven to be able to steer corporate behavior towards more responsible and sustainable practices (Siedchlag & Yan, 2023).

A number of studies show that a company's environmental performance has the potential to improve financial performance, especially profitability as measured through Return on Assets (ROA) (Galama & Scholtens, 2021). In addition to internal profitability, financial performance is also reflected through stock returns that reflect market perception of the company's prospects and value. Stock returns are an important indicator because they reflect investors' reactions to the financial and non-financial information published by the company.

In the context of sustainability, green investment is an investment strategy that integrates financial goals and environmental protection. The United Nations Environment Programme (UNEP, 2021) affirms that green investment is needed on a large scale to support the transition to a low-carbon economy. Previous research has shown that green investing can improve a company's financial performance through operational efficiency and reputation improvement (Chariri et al., 2018), although other empirical results show a weak or insignificant influence, particularly in high-risk sectors such as mining (Su, 2021).

In addition to green investment, environmental disclosure is an important part of corporate transparency within the framework of Environmental, Social, and Governance (ESG). These disclosures allow investors and stakeholders to assess the company's commitment to environmental impact management. Research by Fan et al. (2024) shows that companies with higher levels of environmental disclosure tend to gain more positive market perceptions, although this practice in Indonesia is still not widely practiced (Dewi et al., 2023).

Good Corporate Governance (GCG) acts as a control mechanism that ensures that company decisions are in line with the interests of stakeholders, including in the management of environmental issues. Strong governance can increase accountability, reduce the risk of greenwashing, and strengthen the quality of strategic decision-making (Zattoni & Pugliese, 2021). However, empirical findings related to the relationship between GCG, green investment, and financial performance still show mixed results (Sajida et al., 2024).

This issue is very relevant for the mining sector in Indonesia which has a great contribution to the national economy, but also has a significant environmental impact. Regulatory pressures, stakeholder demands, and increasing attention to ESG make this sector important to be empirically studied. In addition, research that integrates green investment, environmental disclosure, and good corporate governance simultaneously on the financial performance of mining companies is still limited. Therefore, this study aims to analyze the influence of green investment, environmental disclosure, and good corporate governance on the financial performance of mining companies listed on the Indonesia Stock Exchange during the period 2019–2024. This research is expected to make an empirical contribution to the development of sustainability literature as well as a reference for managerial and policy decision-making in the mining sector.

## METHODS

This study uses a type of quantitative data sourced from secondary data. The secondary data is obtained indirectly or available through other parties through various sources such as data provider companies, stock exchanges, and data from previous research. For the purposes of this study, the data used includes the company's financial statements and PROPER assessments for the period 2019-2024. The data is accessed through several official websites, namely the Indonesia Stock Exchange ([www.idx.co.id](http://www.idx.co.id)), Investing, PROPER KLHK ([www.menlhk.go.id](http://www.menlhk.go.id)), the official website of each company, and Bloomberg. The panel data was chosen because it combines the time series during the period 2019–2024 and the cross-section, allowing for a more comprehensive analysis.

The population used in this study is mining companies. The selection of the population of mining companies in this study is based on the characteristics of the sector that have a great influence on environmental and economic aspects. The sample in this study is mining companies listed on the Indonesia Stock Exchange (IDX) in 2019-2024. The sampling method in this study is determined through the purposive sampling method, with the selection carried out based on

certain criteria, namely, companies operating in the basic material and energy mining sector listed on the IDX, publish annual reports and sustainability reports on each company website and official website ([www.idx.co.id](http://www.idx.co.id)), and have data related to the measurement of variables that will be used for research. Based on these criteria, 21 companies out of 160 mining companies listed on the Indonesia Stock Exchange for the 2019-2024 period were obtained.

### Variable Operational Definition

The variables studied in this study are dependent variables, namely Company Performance, independent variables, namely Green investment, Environmental Disclosure, and Good Corporate Governance. The operational definition of the variable is as follows:

#### 1. Variable Dependency

In this study, the dependent variable is the Company's performance with a focus on profitability and stock returns. The Company's performance is measured using profitability proxied by Return on Asset (ROA). This proxy reflects how effective the company is in utilizing the total assets it has to generate profits. The higher the ROA value, the more it shows that the company is able to optimize its existing resources to generate profits, as well as indicating that the asset management strategy is running effectively (Almira & Wiagustini, 2020). To calculate the Return on Asset (ROA) is as follows:

$$\text{ROA} = \frac{\text{Laba bersih}}{\text{TotalAktiva}} \times 100$$

The Company's performance is measured using annual stock returns by calculating capital gain/capital loss (price difference). The calculation of capital gain or capital loss is a profit or loss that arises due to the difference in the current stock price compared to the stock price of the previous period. If the current stock price ( $P_t$ ) is higher than the previous price ( $P_{t-1}$ ), then the investor gets a capital gain, while if the stock price is lower, then a capital loss will occur. If there is an increase in stock returns in a company, this can reflect a positive assessment from investors that a company is able to manage its operations well. This certainly has a great impact on the company's performance. To calculate the Stock Return is as follows:

$$\text{Stock Return} = \frac{P_t - P_{t-1}}{P_{t-1}}$$

Where:  $P_t$  = the stock price at the end of the year;  $P_{t-1}$  = stock price at the end of the previous year's period

#### 2. Independent Variables

##### a. Green investment

In the research, the measurement of green investment is carried out based on the PROPER rating obtained by the company, where this award assesses the company's environmental performance through a rating system that reflects the level of compliance and quality of its environmental management. The PROPER Index can provide ratings on a scale of 1 to 5 (from black to gold). The score reflects the company's level of sustainability and environmental performance. The PROPER value can then be used as interval data for further analysis purposes. In other words, the PROPER score is used as an indicator or proxy to assess the extent to which a company has made investments in sustainability-oriented and environmentally friendly business practices.

Score 5 = Gold
Score 4 = Green
Score 3 = Blue
Score 2 = Red
Score 1 = Black

#### b. Environment Disclosure

Environmental Disclosure is a variable that assesses a company's non-financial performance from an environmental aspect. This study uses secondary data from the Bloomberg terminal, precisely from the Bloomberg ESG Disclosure Score as a proxy for environmental disclosure. The ESG Disclosure Score data is divided into three aspects, namely Environmental, Social, and Governance. In this study, environmental information was used because in this case the researcher wanted to see the level of disclosure of company information regarding activities, policies, and environmental impacts reported to the public. The advantage of using data from Bloomberg is to avoid the subjectivity of researchers in determining the environmental disclosure index. In the study of Mudzakir & Pangestuti (2023) and Giannarakis et al. (2020), the disclosure of Environmental Disclosure information was measured by a Bloomberg score. Values range from 0 for companies that disclose a minimum amount of ESG data to a maximum of 100 for those collected in the Bloomberg database. The Bloomberg ESG score is a percentage of the number of items disclosed by a company with Bloomberg's standard disclosure items.

#### c. Good Corporate Governance

In this study, the researcher took data from Bloomberg, namely by taking the governance score of each mining company. In the research of Giannarakis et al. (2020), Bloomberg's ESG Score covers three aspects: Environmental, Social, and Governance. Each aspect has a score between 0.1 and 100, depending on how much sustainability data the company discloses.

### 3. Variable Control

#### a. Capital Expenditure

The Capital Expenditure (CAPEX) variable is taken from Bloomberg Terminal, especially from the company's annual financial data presented in the cash flow statement. Bloomberg standardizes the value of CAPEX by adjusting units and currencies so that they can be compared between companies and countries. This variable is used to measure the amount of long-term investment that a company makes in the form of fixed assets, production facilities, or other infrastructure projects.

#### b. Firm Size

In Gregory's (2024) study, the firm size variable was measured using the natural logarithm of market capitalization, the data of which was obtained from Bloomberg Terminal. The market capitalization recorded in Bloomberg is calculated based on the company's current share price multiplied by the number of outstanding shares.

## Hypothesis Testing

To test the hypothesis in this study, panel data analysis was used with the help of the EViews 13 application. The panel data analysis steps include three main stages, namely: (1) selection of the best model; (2) classical assumption test; and (3) hypothesis test to determine how much influence Green Investment, Environmental Disclosure, and Good Corporate Governance have on Company Performance. The first step in panel data regression analysis is to determine the most appropriate estimation model, namely the Common Effect Model (CEM), Fixed Effect Model (FEM), or Random Effect Model (REM). Then the selection of the model was carried out through two main testing stages, namely the Chow Test and the Hausman Test. After obtaining the right model, the next step is to perform a classical assumption test which includes multicollinearity, heteroscedasticity, and autocorrelation tests. In hypothesis testing, t-test, F-test, and determination coefficient test are used. The use of an additional test, the White cross-section method, allows the model to still produce valid estimates despite indications of heteroscedasticity. White Robust Standard Errors works by correcting the calculation of variance and standard errors from the regression coefficient, without changing the value of the regression coefficient, resulting in valid t-test and f-test results even if the homoskedasticity assumption is violated (Sinulingga, 2025).

## RESULTS AND DISCUSSION

### Descriptive Statistical Analysis

Descriptive analysis is used to provide an initial overview of the research data, both in terms of characteristics, distribution, and tendencies of the variables studied. Through this analysis, data is processed in the form of simple statistical measures such as minimum, maximum, mean, standard deviation, and frequency distribution. The main goal is to understand the profile of the sample before further inferential analysis is carried out. In this study, descriptive analysis was used to display the general profile of the sample companies, including the average value, variation, and distribution of the variables Green Investment (GI), Environmental Disclosure (ED), Good Corporate Governance (GCG), Capital Expenditure (CAPEX), and Firm Size (FS). The results of the descriptive statistical analysis in this study are as follows :

**Table 1**  
**Descriptive Statistical Test Results**

	ROA	RS	GI	ED	GCG	CAPEX	FS
<b>Mean</b>	0.058609	0.079088	3.880952	0.476904	0.520363	2.01E+12	0.313065
<b>Median</b>	0.040400	-	4.000000	0.482900	0.514696	1.18E+12	0.314475
<b>Maximum</b>	0.557300	2.856779	5.000000	0.812700	0.941219	2.03E+13	0.328861
<b>Minimum</b>	-	-	0.000000	0.046500	0.050260	6.65E+08	0.273816
<b>Std. Dev.</b>	0.084501	0.557912	1.062880	0.178541	0.203251	2.69E+12	0.011038
<b>Observations</b>	126	126	126	126	126	126	126

Based on the results of the descriptive statistical test in table 1, the results of the analysis show that the average ROA of 0.0586 indicates the company's ability to generate profits of 5.86 percent of total assets, with relatively low variation between companies. Meanwhile, the stock return has a positive average of 0.0791, but the negative median value and high standard deviation indicate a considerable volatility of stock returns during the study period. The Green Investment variable has an average value of 3.88 which indicates that most companies have implemented

green investment at a relatively high level, despite differences in commitments between companies. Environmental Disclosure shows a moderate level of environmental disclosure, with an average disclosure of 47.69 percent and considerable variation between companies. The implementation of Good Corporate Governance in general is at a fairly good level, but it still shows differences in the quality of implementation between companies. Capital Expenditure has a very high degree of variation, reflecting the difference in the scale of investment and the company's expansion strategy. Meanwhile, Firm Size shows a relatively small variation, which indicates that the size of firms in the study sample tends to be homogeneous.

### Hypothesis Testing Results

The results of the analysis show that the use of the model in this study is the Fixed Effect Model (FEM) used in the Return on Asset model research. Furthermore, the result of the model analysis in this study is the Common Effect Model (CEM) used in the Stock Return model research. Panel data regression testing involves three types of tests, namely t-test for partial analysis, F-test for simultaneous analysis, and determination coefficient ( $R^2$ ) calculation. The following are presented the results of the regression analysis of the panel data estimated using White Robust Standard Errors as a method of correction for violations of homocedasticity assumptions, so that the estimated coefficient, t-test, and F test still produce valid conclusions.

### ROA Model

**Table 3**  
**T-test, F-test, R2 test (ROA)**

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-2.275984	2.314312	-0.983439	0.3706
GI	-0.006466	0.007967	-0.811567	0.4539
ED	0.113469	0.052369	2.166723	0.0825
GCG	0.023648	0.060562	0.390475	0.7123
CAPEX	-3.35E-15	2.88E-15	-1.163194	0.2972
FS	7.346683	7.451101	0.985986	0.3694
Effects Specification				
Cross-section fixed (dummy variables)				
				0.05860
R-squared	0.594799	Mean dependent var	9	
Adjusted R-squared	0.493499	S.D. dependent var	1	0.08450
				-
				2.60273
S.E. of regression	0.060139	Akaike info criterion	9	
				-
				2.01747
Sum squared resid	0.361667	Schwarz criterion	5	

				-
		Hannan-Quinn		2.36496
Log likelihood	189.9726	criter.		4
				1.84830
F-statistic	5.871643	Durbin-Watson stat		3
Prob(F-statistic)	0.000000			

Based on table 3, the results of the t-test show that Green Investment (GI) has a regression coefficient of  $-0.0065$  with a probability value of  $0.4539 (> 0.10)$ , so the influence of Green Investment on Return on Asset (ROA) is not statistically significant. Thus, the hypothesis that Green Investment has a positive effect on ROA is rejected. Environmental Disclosure (ED) has a regression coefficient of  $0.1134$  with a probability value of  $0.0825 (< 0.10)$ , which indicates that Environmental Disclosure has a positive and significant effect on ROA. This indicates that an increase in the level of environmental disclosure can improve the company's financial performance, so the hypothesis is accepted. Good Corporate Governance (GCG) has a regression coefficient of  $0.0236$  with a probability value of  $0.7123 (> 0.10)$ , which shows that the influence of GCG on ROA is not statistically significant. Therefore, the hypothesis that there is a positive influence of GCG on ROA is rejected.

The results of the F test show an F-statistical probability value of  $0.000000 (< 0.05)$ , which means that Green Investment, Environmental Disclosure, and Good Corporate Governance simultaneously have a significant effect on Return on Asset (ROA). Furthermore, the value of the determination coefficient (R-square) of  $0.5948$  shows that  $59.5\%$  of the variation in Return on Asset (ROA) can be explained by the variables Green Investment, Environmental Disclosure, and Good Corporate Governance, while the remaining  $40.5\%$  is influenced by other variables outside the research model.

**Stock Return Model**  
**Table 4**  
**T-test, F-test, R2 test (RS)**

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.378816	1.230350	-0.307893	0.7587
GI	0.044346	0.047257	0.938402	0.3499
ED	-0.529397	0.379936	-1.393383	0.1661
GCG	0.182024	0.200109	0.909623	0.3648
CAPEX	7.50E-15	1.56E-14	0.479739	0.6323
FS	1.368699	3.837495	0.356665	0.7220
R-squared	0.020724	Mean dependent var		0.079088
Adjusted R-squared	-0.020079	S.D. dependent var		0.557912
S.E. of regression	0.563485	Akaike info criterion		1.737095
Sum squared resid	38.10182	Schwarz criterion		1.872156
Log likelihood	-103.4370	Hannan-Quinn criter.		1.791966
F-statistic	0.507910	Durbin-Watson stat		2.258904
Prob(F-statistic)	0.769815			

Based on table 4, the results of the t-test show that Green Investment (GI) has a regression coefficient of  $0.0443$  with a probability value of  $0.2791 (> 0.10)$ , so that the influence

of Green Investment on Stock Return (RS) is not statistically significant. Thus, the hypothesis that Green Investment has a positive effect on Stock Return is rejected. Environmental Disclosure (ED) has a regression coefficient of  $-0.5294$  with a probability value of  $0.2087 (> 0.10)$ , which shows that Environmental Disclosure has no significant effect on Stock Return (RS). Therefore, the hypothesis that there is a positive influence of Environmental Disclosure on Stock Returns is also rejected. Good Corporate Governance (GCG) has a regression coefficient of  $0.1820$  with a probability value of  $0.5388 (> 0.10)$ , which shows that GCG has no significant effect on Stock Return (RS). Thus, the hypothesis related to the positive influence of GCG on Stock Return is rejected.

The results of the F-test showed an F-statistical probability value of  $0.769815 (> 0.05)$ , which means that Green Investment, Environmental Disclosure, and Good Corporate Governance simultaneously did not have a significant effect on Stock Return (RS). Furthermore, the value of the determination coefficient (R-square) of  $0.0207$  shows that only  $2.1\%$  of the variation in Stock Return (RS) can be explained by Green Investment, Environmental Disclosure, and Good Corporate Governance, while  $97.9\%$  is influenced by other variables outside the research model.

## Discussion

### The Influence of Green Investment on the Company's Financial Performance

The results of empirical testing show that Green Investment (GI) has not had a significant impact on the company's financial performance, both as measured through Return on Asset (ROA) and Return on Shares. Based on the regression results, Green Investment has a negative coefficient of  $-0.0065$  for ROA with a probability value of  $0.4539$ , which is greater than the significance level of  $10\%$ . These findings indicate that Green Investment has a negative but not statistically significant effect on ROA, so the H1a hypothesis is rejected. These results suggest that increased green investment tends to lower the profitability rate of a company's assets, although the decline is not strong enough to be statistically proven.

Conceptually, green investments generally require large upfront costs, the use of new technologies, as well as more complex production processes, such as environmental reclamation programs, the application of emission control technologies, and the use of clean energy. The financial impact of such investments cannot be felt in the short term because the economic benefits only emerge when operational efficiency increases and environmental risks begin to decrease. Therefore, during the research period, green investment has not been able to directly increase the company's profitability. These findings are in line with the research of Khalid et al. (2023), Chen and Ma (2021), and Su (2021) who stated that the economic benefits of green investments tend to be long-term. In addition, research by Pekovic et al. (2018) and Zhu & Chen (2025) shows that the relationship between green investment and financial performance is non-linear and highly dependent on the efficiency of implementation and regulatory support. Companies that switch to green practices need time to adjust their cost structure to stabilize financial performance.

Meanwhile, for Stock Returns, Green Investment shows a positive coefficient of  $0.0443$  with a probability value of  $0.2791$ , which is also greater than  $10\%$ . This shows that Green Investment has a positive but insignificant effect on Stock Return, so the H1b hypothesis is rejected. These findings indicate that although the market responds positively to green investments, the influence has not been strong enough to drive a significant increase in stock

returns in the short term. This condition reflects that the capital market has not fully considered green investment as a key factor in short-term investment decision-making. Investors, especially in the mining sector, still prioritize conventional financial indicators such as profit, EPS, and commodity price fluctuations over sustainability activities. Green investments are often perceived to have high initial risk and yield uncertainty, so market reactions to such investments tend to be limited. These results are consistent with the findings of Khalid et al. (2023) who stated that green investing can be a positive signal for investors, but it is not strong enough to significantly affect investment interest. In addition, Su (2021) emphasized that the stock market needs concrete evidence of the success of green investing before providing a stronger response to stock prices and the returns generated. Overall, the results of this study show that Green Investment has not been able to significantly improve the company's financial performance, both in terms of asset profitability and share returns. Green investing is still seen more as a regulatory compliance obligation and an effort to improve a company's reputation than as a strategy that provides immediate financial benefits.

### **The Effect of Rnvironmental Disclosure on the Company's Financial Performance**

The results of empirical testing show that Environmental Disclosure (ED) has a different impact on a company's financial performance, depending on the indicators used, namely Return on Asset (ROA) and Return on Shares. Based on the regression results, Environmental Disclosure has a positive coefficient of 0.1134 for ROA with a probability value of 0.0825, which is smaller than the significance level of 10%. This shows that Environmental Disclosure has a positive and statistically significant effect on ROA, so the H2a hypothesis is accepted. These findings indicate that the higher the level of disclosure of environmental information, the greater the ability of a company to generate profits from the assets it owns.

Environmental disclosure encourages companies to implement more efficient operational practices, reduce waste, and reduce costs related to environmental management and risks. In addition, transparency of environmental information can improve the company's reputation and the trust of investors and other stakeholders, thereby facilitating access to funding and strengthening the company's competitive position. Adequate disclosure also helps companies avoid regulatory sanctions and pressure from governments and the public, which ultimately results in reduced operating costs and increased profitability. This result can be explained through the theory of legitimacy, where companies seek to gain public support and maintain operational sustainability by demonstrating compliance and responsibility for the environment. When companies are transparent, reputational risks can be reduced, the chances of regulatory sanctions are reduced, and stakeholder trust increases, thus having a positive impact on the company's internal financial performance.

Empirically, these findings are consistent with the research of Ismail et al. (2018), Retnosari & Frimasika (2025), and Wijaya et al. (2025) which states that Environmental Disclosure has a positive and significant effect on ROA. In addition, Gerged et al. (2021) found that companies with high levels of environmental disclosure tend to have more efficient environmental management systems, lower environmental risks, and better operational efficiency, thereby increasing Return on Assets. Research by Qiu et al. (2016) also confirms that systematic environmental management and disclosure allows companies to reduce energy costs, waste, and regulatory compliance, ultimately increasing profitability. Furthermore, Pedron et al. (2021) stated that environmental disclosure strengthens relationships with stakeholders and company image,

in line with stakeholder theory, which emphasizes that attention to the interests of various parties will create economic value in the long run.

In contrast, for Stock Returns, Environmental Disclosure shows a negative coefficient of  $-0.5294$  with a probability value of  $0.2087$ , which is greater than the significance level of  $10\%$ . This shows that Environmental Disclosure has a negative but insignificant effect on Stock Returns, so the H2b hypothesis is rejected. These findings indicate that despite companies disclosing environmental information more broadly, the capital market has not responded significantly to such disclosures in the form of increased stock returns. This condition shows that investors, especially in the mining sector, still prioritize short-term financial indicators such as profits, EPS, and commodity price prospects over non-financial information such as environmental disclosures. In addition, as Environmental Disclosure practices in Indonesia are still largely voluntary and not fully standardized, the information is not considered a strong enough signal to influence investment decisions in the short term. These findings are in line with research by Alsahlawi et al. (2021) which states that investors in emerging markets have not made environmental issues the main factor in investment decision-making, so environmental disclosure does not have a significant impact on stock returns. Research by Putri et al. (2024), Dewi et al. (2023), and Widayanti (2025) also shows that Environmental Disclosure does not have a significant effect on stock returns, indicating that investors are still focusing on short-term profitability.

From the perspective of stakeholder theory and legitimacy, environmental disclosure can indeed increase public legitimacy and trust in companies. However, these benefits are more likely to be felt in the long term and are not always directly responded to by the capital market. Therefore, although Environmental Disclosure has been shown to improve the company's internal financial performance as reflected in the ROA, it has not been able to significantly increase the Stock Return during the research period. Overall, the results of this study show that Environmental Disclosure has a significant positive effect on ROA, but does not have a significant effect on Stock Return.

### **The Influence of Good Corporate Governance on the Company's Financial Performance**

The results of empirical testing show that Good Corporate Governance (GCG) has not had a significant influence on the company's financial performance, both measured using Return on Asset (ROA) and Return on Shares, during the study period. Based on the regression results, Good Corporate Governance has a positive coefficient of  $0.0236$  for ROA with a probability value of  $0.7123$ , which is greater than the significance level of  $10\%$ . This shows that Good Corporate Governance has a positive but insignificant effect on ROA, so the H3a hypothesis is rejected. These findings indicate that the company's efforts to improve governance, such as increasing the independence of the board of commissioners, institutional ownership, and other supervisory mechanisms, have not been able to drive a real increase in asset profitability.

According to stakeholder theory, good corporate governance should ensure that the interests of all stakeholders, including investors, employees, the community, customers, and the government, are considered in the decision-making process. The effective implementation of GCG basically aims to create a transparent, accountable, and responsible company to build stakeholder trust and create long-term sustainability. However, in practice, the implementation of GCG is often formalistic or has not run optimally, so direct economic benefits such as increased operational efficiency and strengthening profitability have not been fully felt.

Empirically, the results of this study are in line with the findings of Hersugondo and Febiyanti (2022) who stated that although GCG improves the quality of management supervision, its influence on financial performance tends to be weak due to differences in the quality of implementation between companies. Research by Tanasya and Handayani (2020) also found that GCG only has an impact on ROA if the audit committee and board of commissioners carry out their supervisory functions effectively, not just meeting structural requirements. In addition, in the mining sector, external factors such as fluctuations in commodity prices, regulatory pressures, and energy costs often have a more dominant influence on profitability than internal governance mechanisms. Aydoğmuş and Ergun (2022) also assert that the benefits of GCG tend to be long-term so they are not always statistically visible in a relatively short period of research.

Meanwhile, for Stock Returns, Good Corporate Governance shows a positive coefficient of 0.1820 with a probability value of 0.5388, which is greater than the significance level of 10%. This shows that Good Corporate Governance has a positive but insignificant effect on Stock Returns, so the H3b hypothesis is rejected. These findings indicate that although the implementation of GCG can improve supervisory structures, transparency, and minimize conflicts of interest, the capital market has not responded significantly to such governance improvements in the form of increased stock returns.

According to stakeholder theory, the implementation of GCG should create added value for all stakeholders, including investors, through transparent and accountable company management. However, the results show that investors do not view the improvement of the GCG mechanism as a strong enough signal to increase investment interest. Investors in emerging markets, including Indonesia, tend to pay more attention to external factors and short-term financial indicators such as profits, EPS, macroeconomic conditions, and commodity prices than to the quality of the company's internal governance. These findings are consistent with the research of Rostami et al. (2016) which states that the influence of GCG on stock returns is highly dependent on the effectiveness of its implementation. If the mechanism of the audit committee and the board of directors does not run optimally, the market will not provide a significant response. In addition, Budiharjo (2016), Tjondro and Wilopo (2011), and Pratiwi and Suryanawa (2014) also found that Good Corporate Governance does not have a significant effect on stock returns. Naciti research (2019) shows that GCG will only have an impact on market value if the board of directors and audit committee are independent and have high quality. Tjahjadi et al. (2021) added that the implementation of GCG in many companies is still structural and has not been able to generate direct economic benefits for investors, especially in capital-intensive industries such as mining. From a theoretical perspective, these findings can be explained that the main benefits of GCG are more felt in the aspects of internal control, reduction of managerial risks, and improvement of the company's reputation, which tend to have an impact in the long term. Therefore, although the direction of the relationship between GCG and financial performance shows a positive coefficient, the implementation of GCG during the study period has not been effective enough to significantly increase ROA and Stock Return .

## CONCLUSION

This study aims to analyze the Influence of Green Investment, Environmental Disclosure, and Good Corporate Governance on the Financial Performance of Mining Companies Listed on the Indonesia Stock Exchange during the 2019–2024 Period. The results of the study show that Green Investment has not had a significant effect on the company's financial performance, both

as measured through Return on Assets and Return on Shares. These findings indicate that green investments have not been able to provide direct financial benefits in the short term, given the high initial costs, complexity of implementation, and the dependence of the mining sector on fluctuations in commodity prices.

Furthermore, Environmental Disclosure has been proven to have a positive and significant effect on Return on Assets, but does not have a significant effect on Stock Return. This shows that environmental information disclosure is able to improve operational efficiency and internal financial performance of companies, but has not been fully responded to by the capital market. Investors in Indonesia, especially in the mining sector, are still more oriented towards short-term financial indicators than non-financial information, so the benefits of Environmental Disclosure are more reflected in internal profitability than in market performance.

Meanwhile, Good Corporate Governance did not show a significant influence on Return on Assets or Stock Returns. These findings indicate that the implementation of corporate governance in sample companies has not been running optimally or is still a formality, so the economic benefits have not been felt directly. In addition, external factors such as macroeconomic conditions and fluctuations in commodity prices are suspected to have a more dominant influence on financial performance and stock returns than internal governance mechanisms.

Practically, the results of this study imply that mining companies need to view green investment and Good Corporate Governance as a long-term strategy that is integrated with business planning, not just the fulfillment of regulatory obligations. On the other hand, improving the quality and consistency of Environmental Disclosure has been proven to be able to strengthen internal financial performance and build stakeholder trust. For investors, these findings underscore the importance of considering sustainability and corporate governance aspects as indicators of long-term stability and prospects, although the impact on stock returns has not been seen directly.

This research has several limitations, including the limitation of the observation period and the focus on one industrial sector, so that the results cannot be generalized to other sectors. In addition, the measurement of sustainability and market performance variables still uses certain proxies that are potentially influenced by external factors. Therefore, further research is recommended to extend the observation period, add macroeconomic variables or market risks, and use alternative proxies to provide a more comprehensive picture of the relationship between sustainability and the company's financial performance.

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