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The Effect of Financial Performance, Environmental Performance, and Carbon Emission Disclosure on Firm Value: A Cognitive Learning Preferences Perspective

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ABSTRACT

This study examined the effect of financial performance, environmental performance, and carbon emission disclosure on firm value. The research population consists of energy and basic materials sector companies listed on the Indonesian Stock Exchange (IDX) during the period 2021–2023, with a final sample of 33 companies. Data were obtained from financial reports, sustainability reports accessed via IDX and company websites, as well as PROPER KLHK documentation. The study employs a quantitative approach with panel data regression analysis. The findings reveal that financial performance has a significant positive effect on firm value, whereas environmental performance and carbon emission disclosure do not demonstrate significant effects. Beyond its empirical contribution, this study also offers implications for business education, particularly in aligning sustainability and financial analysis with cognitive learning preferences. By integrating these findings into diverse instructional modalities, educators can foster a deeper understanding of the interplay between financial performance, environmental responsibility, and corporate value among future professionals.

Keywords: *Financial Performance; Environmental Performance; Carbon Emission Disclosure; Firm Value; Cognitive Learning Preferences.*

INTRODUCTION

The current development of the business world demonstrates an accelerating pace of advancement, accompanied by increasingly intense competition. Generally, the primary objective of establishing a company is to optimize profit and enhance firm value. According to Khanifah et al. (2020), an increase in firm value contributes to greater shareholder wealth, reflected in higher investment returns. Fundamentally, companies aim to generate sustainable profits, ensure operational continuity, and build a positive public image, which indirectly supports national economic growth. Every business endeavor requires the implementation of effective policies and strategies to achieve targeted goals and grow into a strong and large-scale business entity. A high stock price is an indicator of shareholder success and serves as an attraction for potential investors (Supriyadi & Setyorini, 2020).

Firm value is commonly measured using the Price to Book Value (PBV) ratio, which compares a company's stock price to its book value per share. Companies performing well generally exhibit a PBV ratio greater than one, indicating that their market value exceeds book value. A high PBV reflects investor confidence in the company's future prospects (Nisa, 2023).

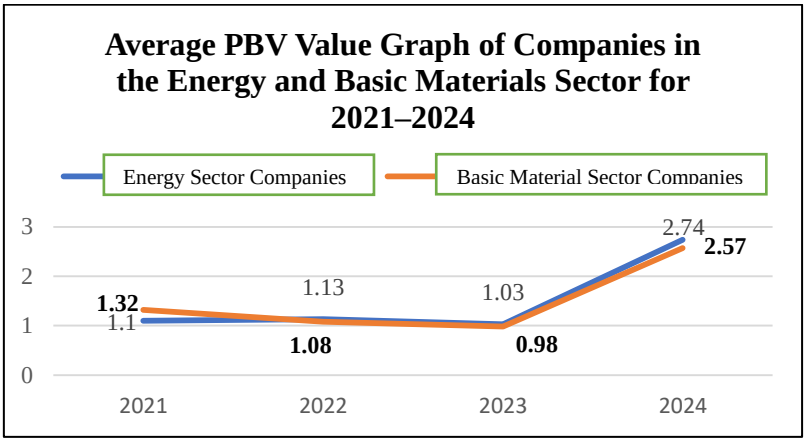

Figure 1. Graph of Average PBV Value of Companies in the Energy and Basic Materials Sector for 2021-2024

Based on the data presented in the chart above, the PBV value in the energy sector experienced notable fluctuations during the observed period. After a slight increase from 1.10 in 2021 to 1.13 in 2022, it declined to 1.03 in 2023, followed by a sharp surge to 2.74 in 2024. Meanwhile, the basic materials sector showed a more stable downward trend before rebounding in 2024, with PBV falling from 1.32 in 2021 to 1.08 in 2022 and 0.98 in 2023, before rising sharply to 2.57 in 2024. Investors often rely on PBV as a tool to evaluate the intrinsic value of a company's stock, and it frequently serves as a basis for investment decisions.

The significant increase in PBV in both sectors in 2024 may be influenced by a growing corporate focus on sustainability—such as financial efficiency, environmental management, and carbon emission transparency—all of which contribute to higher firm value. These findings suggest that beyond financial factors, environmental performance and information disclosure also play a vital role in enhancing firm value.

Profit-oriented companies tend to prioritize activities that maximize firm value, which in turn intensifies competition within the business landscape. However, this pursuit may lead to the neglect of environmental responsibility, as companies become overly focused on shareholder and management interests (Hidayat et al., 2023). Ideally, corporations should also remain accountable to a broader range of stakeholders, including employees, local communities, and the environment (Anggita et al., 2022).

Environmentally conscious countries are adopting sustainable practices to mitigate ecosystem degradation and minimize environmental harm (Gunawan & Berliyanda, 2024). In recent years, consumers, society, and investors have increasingly emphasized the importance of corporate social and environmental responsibility (Gantino et al., 2023). This trend encourages companies to consider not only financial

performance but also their environmental impact (Khanifah et al., 2020), which can enhance corporate reputation and provide a competitive advantage in markets that are increasingly aware of environmental issues (Widiyaningsih & Nugroho Jati, 2024).

Nonetheless, many companies continue to ignore environmental concerns in favor of maximizing profits. This neglect of environmental and social considerations may pose significant risks to corporate sustainability. If these risks materialize, they could lead to substantial financial losses. In response, the Indonesian government has enacted regulations mandating non-financial disclosures, particularly those related to environmental performance. A key regulation is the Financial Services Authority Regulation (POJK) No. 51/POJK.03/2017 concerning the implementation of sustainable finance for financial institutions, issuers, and public companies. This regulation obliges companies to prepare and submit a sustainability report encompassing economic, social, and environmental performance. The objective is to enhance corporate transparency and accountability in managing environmental impacts. Compliance with these regulations not only avoids administrative sanctions but also boosts investor trust and overall stakeholder confidence, positively affecting firm value.

Signaling theory underscores the importance of information communicated by firms in influencing external investment decisions (Dwi Wardani & Sa'adah, 2020). In this context, signals are defined as cues or messages issued by companies to external parties (Khanifah et al., 2020). This theory is particularly relevant as it explains how companies convey information to investors through financial performance, environmental practices, and carbon emission disclosure, thereby reducing information asymmetry and influencing firm value.

This study investigates key determinants of firm value—namely, financial performance, environmental performance, and carbon emission disclosure. These factors are assessed to understand their contribution in reflecting corporate sustainability and enhancing the firm's appeal to investors and other stakeholders.

Strong financial performance can enhance investor confidence, which in turn positively affects share prices and firm value. Profit growth is a critical indicator used by investors to assess a company's future prospects. In this study, profitability is measured using Return on Assets (ROA), a financial ratio used to evaluate how efficiently a company utilizes its assets to generate profit (Astuti & Lestari, 2024). According to signaling theory, ROA serves as a positive indicator reflecting a firm's quality. An increase in ROA can signal to investors that the company is effectively managed and has promising growth potential.

Astuti and Lestari (2024) found that financial performance significantly influences firm value, indicating that companies with stronger financial performance tend to achieve higher market value. However, this finding contrasts with Latif et al. (2023), who argue that financial performance does not significantly affect firm value.

In the long term, companies that proactively adopt sustainable practices tend to be more stable and highly valued compared to those that ignore environmental concerns. A company's ability to improve environmental performance can positively

impact firm value (Khanifah et al., 2020). According to signaling theory, strong environmental performance boosts investor trust, encourages investment, and ultimately raises firm value. In Indonesia, the government, through the Ministry of Environment and Forestry, has established the Company Performance Rating Program (PROPER) as a tool to assess and guide corporate environmental management. The PROPER system categorizes companies based on their environmental performance using a color-coded rating scale—gold, green, blue, red, and black—based on Ministerial Regulation No. 6 of 2013.

Empirical studies by Gunawan & Berliyanda (2024) and Utari & Khomsiyah (2024) support the view that environmental performance positively affects firm value, as environmentally responsible companies gain public and investor trust, thereby enhancing their valuation. In contrast, Widiyaningsih & Nugroho Jati (2024) found no significant relationship between environmental performance and firm value.

Climate change remains a critical global issue. Major contributors include oil and gas exploration, coal mining, and power generation. Although climate-related concerns are growing worldwide, awareness and regulations remain limited in developing countries such as Indonesia. Despite global pressure to adopt environmentally conscious practices, corporate attention to climate change in Indonesia is still lacking due to the absence of strong regulatory frameworks and reporting standards.

Indonesia is committed to reducing global temperature increases in line with the Paris Agreement, as reflected in its Nationally Determined Contribution (NDC) targets—reducing greenhouse gas (GHG) emissions by 31.89% independently and 43.20% with international support by 2030. Its long-term vision, outlined in LTS-LCCR 2050, includes a Net Zero Emission (NZE) target by 2060 or earlier. The Forestry and Other Land Use (FOLU) and energy sectors serve as key pillars of this plan, supported by the FOLU Net-Sink 2030 Operational Plan. As part of their contribution, companies are expected to disclose carbon emissions in annual and sustainability reports. However, many companies still fail to report their carbon emissions, as such disclosures are generally voluntary (Hidayat et al., 2023). Carbon emission disclosure is measured using an 18-item checklist developed by Choi et al. (2013).

The global relevance of climate change has encouraged companies to pay closer attention to carbon emissions. Firms with stronger environmental commitments are typically associated with higher firm value (Kurnia et al., 2021). Within the framework of signaling theory, carbon emission disclosure reflects a company's commitment to sustainability, attracts environmentally conscious investors, and enhances firm value. Empirical evidence from Bahriansyah & Ginting (2022) and Nisa (2023) suggests that carbon emission disclosure significantly impacts firm value—greater transparency leads to higher valuations. However, this contrasts with findings by Gunawan & Berliyanda (2024) and Anggita et al. (2022), who found no significant relationship between carbon disclosure and firm value.

The energy and basic materials sectors are particularly vulnerable to environmental risks due to their dependence on natural resources and high levels of

carbon emissions. Common negative externalities include mechanical noise, smoke emissions, fuel leakage, excessive groundwater use, and substandard wastewater discharge—all of which can contaminate water sources. Companies must demonstrate environmental responsibility and manage the impacts of their operations. Additionally, Government Regulation No. 47 of 2012 mandates that companies operating in natural resource-intensive sectors must fulfill their corporate social and environmental responsibilities, and disclose such activities accordingly.

According to Putri et al. (2024), data from the 2023 Greenhouse Gas (GHG) Monitoring, Reporting, and Verification (MRV) Inventory by the Ministry of Environment and Forestry indicates that national emissions and absorption are dominated by the energy sector (59%), followed by forestry and land use (18%) and waste (11%). Companies in the basic materials sector supply key inputs to multiple industries, such as chemicals, construction materials, cement, packaging, wood, paper, and non-energy mining. Many of these firms also contribute to carbon emissions. Therefore, financial performance, environmental performance, and carbon emission disclosure are all critical factors influencing firm value. Several energy and basic materials companies have seen increases in firm value following the adoption of sustainability strategies and effective environmental management. Conversely, companies that have not yet embraced sustainable practices or disclosed emissions transparently tend to exhibit lower valuation.

A notable example is PT Adaro Energy Indonesia Tbk, which has demonstrated a strong commitment to environmental issues through several strategic initiatives that have positively influenced both its firm value and stock price. In 2021, Adaro released a Sustainability Report outlining its strategy to balance profitability with environmental responsibility. In November 2024, Adaro announced plans to spin off its subsidiary, PT Adaro Andalan Indonesia (AAI), via an IPO worth up to IDR 4.594 trillion (approximately USD 291.6 million) to support its emissions reduction and net-zero commitment. This move was positively received by the market, as reflected in a 4.3% stock price increase to IDR 3,900 per share. In May 2023, Adaro was recognized as one of CNBC Indonesia Research's "Best Green Business" awardees during the Green Economic Forum—further validating its commitment to sustainable, environmentally friendly practices. These initiatives have not only contributed to environmental preservation but also enhanced Adaro's reputation and market value in the eyes of both investors and the public.

Based on the background described above, several key problems can be identified. Profitability plays a significant role in influencing firm value, where a decline in profits may lead to a decrease in firm value, while strong financial performance enhances investor confidence. However, many companies remain primarily focused on profitability and shareholder value, often overlooking their environmental and social responsibilities. Although awareness of sustainability and corporate social responsibility (CSR) is growing, many firms have yet to fully integrate sustainability practices into their core business strategies. In addition, corporate disclosure regarding environmental and social performance remains inconsistent.

Based on the discussion and observed phenomena, a research gap emerges due to inconsistent findings in prior studies. Thus, this study examines the effect of financial performance, environmental performance, and carbon emission disclosure on firm value, focusing on energy and basic materials sector companies listed on the Indonesia Stock Exchange during 2021–2024. Beyond its empirical contribution, this study also extends its relevance to business education by highlighting the implications of these findings for diverse cognitive learning preferences in higher education.

This issue is particularly critical in the energy and basic materials sectors, which contribute significantly to carbon emissions and environmental degradation. Despite this, carbon emission disclosure is still voluntary, leading to a lack of transparency and comparability across companies. Based on the discussion and observed phenomena, a research gap was identified due to inconsistent findings in previous studies. Therefore, the present study seeks to examine " The Effect of Financial Performance, Environmental Performance, and Carbon Emission Disclosure on Firm Value : A Case Study of Energy and Basic Materials Sector Companies Listed on the Indonesia Stock Exchange (2021–2024).

METHOD

This study employs a quantitative research method with a descriptive approach. Quantitative research is a method that utilizes numerical data and statistical analysis to objectively evaluate the relationships between variables, while the descriptive approach explains phenomena in detail based on observed and analyzed data according to relevant theories (Rustendi, 2023). The analytical technique used in this study is multiple linear regression analysis. The purpose of using multiple linear regression in this research is to determine whether financial performance, environmental performance, and carbon emission disclosure have an influence on firm value in the energy and basic materials sectors listed on the Indonesia Stock Exchange (IDX) during the 2021–2024 period.

The population in this study refers to all elements consisting of events, objects, or individuals that share similar characteristics and are the primary focus of the research, as they are considered the main area of investigation (Paramita et al., 2021). The population used in this study comprises 201 companies in the energy and basic materials sectors listed on the Indonesia Stock Exchange (IDX) during the period from 2021 to 2024.

The sampling technique used in this study is purposive sampling, which is a subjective method of selecting samples based on specific purposes. The use of purposive sampling is justified because the researcher believes that the necessary information can only be obtained from certain groups that meet the criteria in line with the objectives of the study (Paramita et al., 2021). In this study, it was found that 43 companies did not publish their annual financial reports consistently during the 2021–2024 period. In addition, 75 companies failed to release their sustainability reports consecutively during the same period. Furthermore, 50 companies were not consistently included in the PROPER rating from 2021 to 2024. The following are the sampling criteria used in this study:This study identified that 43 companies did not

consistently publish their annual financial reports during the 2021–2024 period. Additionally, 75 companies failed to publish sustainability reports consecutively during the same period, and 50 companies were not consistently ranked in the PROPER environmental rating program. The sample selection criteria are presented below:

Table 1. Sample Criteria

No.	Criteria	Number
1.	Energy and basic materials sector companies listed on the Indonesia Stock Exchange during the 2021–2024 period	201
2.	Energy and basic materials sector companies that did not publish annual financial reports consecutively during the 2021–2024 period	(43)
3.	Energy and basic materials sector companies that did not publish sustainability reports consecutively during the 2021–2024 period	(75)
4.	Energy and basic materials sector companies that were not listed in the PROPER ranking consecutively during the 2021–2024 period	(50)
Total		33
Total sample used (33 companies × 4 years)		132

This research was conducted from March to July 2025. The study was carried out on companies in the energy and basic materials sectors listed on the Indonesia Stock Exchange (IDX) during the 2021–2024 period. The selected companies have published annual reports, sustainability reports, and participated in the PROPER (Program for Pollution Control, Evaluation, and Rating) initiative by the Ministry of Environment and Forestry. The data were obtained from the official websites of the Indonesia Stock Exchange (www.idx.co.id) and PROPER (https://proper.menlhk.go.id).

This study utilizes multiple regression analysis with a panel data model as the primary analytical method. The panel data regression is employed to examine the effects of Financial Performance (X1), Environmental Performance (X2), and Carbon Emission Disclosure (X3) on Firm Value (Y) as the dependent variable. Data processing and analysis are conducted using the EViews 12 software application. Panel data is a combination of time series and cross-sectional data (Basuki, 2021:5). Estimation of regression models using panel data can be conducted through three approaches: the Common Effect Model (CEM), Fixed Effect Model (FEM), and Random Effect Model (REM).

FINDINGS AND DISCUSSION

Descriptive statistical analysis is a method of summarizing data in the form of a table that includes minimum and maximum values, mean, and standard deviation. This analysis was conducted on the following research variables: Firm Value (Y), Financial Performance (X1), Environmental Performance (X2), and Carbon Emission Disclosure (X3). The results are as follows:

Table 1.2 Statistical Analysis Results

	Y	X1	X2	X3
Mean	1.693795	0.072530	3515.152	0.509212
Median	1.100500	0.055000	3000.000	0.500000
Maximum	15.03000	0.593000	5000.000	0.833000
Minimum	0.226000	-0.246000	2000.000	0.111000
Std. Dev.	1.934585	0.114521	886.5823	0.189262
Skewness	3.828799	1.984869	0.382860	-0.403448
Kurtosis	22.52014	9.746228	2.253350	2.314318
Jarque-Bera	2418.211	336.9873	6.290980	6.166831
Probability	0.000000	0.000000	0.043046	0.045803
Sum	223.5810	9.574000	464000.0	67.21600
Sum Sq. Dev.	490.2830	1.718079	1.03E+08	4.692438
Observations	132	132	132	132

Based on Table 4.2, the processed results from the descriptive statistical test are explained as follows:

Firm Value (Y)

The descriptive statistics for firm value indicate a minimum value of 0.226, recorded by PT Polychem Indonesia Tbk in 2024. The maximum value was 15.03000, achieved by PT Chandra Asri Pacific Tbk in 2024. The mean value is 1.693795, with a standard deviation of 1.934585, indicating a relatively wide dispersion of data from the mean.

Financial Performance (X1)

For the financial performance variable, the minimum value was -0.246000, recorded by PT Apexindo Pratama Duta Tbk in 2022, while the maximum value was 0.593000, reported by PT Baramulti Suksessarana Tbk in the same year, indicating a strong asset utilization capacity. The average value is 0.072530, with a standard deviation of 0.114521, suggesting a relatively high data spread around the mean.

Environmental Performance (X2)

The minimum value of 2 was consistently recorded by several companies such as PT Apexindo Pratama Duta Tbk (2021–2024), PT Lautan Luas Tbk (2021–2022), PT Unggul Indah Cahaya Tbk (2021), PT Kapuas Prima Coal Tbk (2021–2022), and PT Ifishdeco Tbk (2021–2022). The maximum score of 5 was recorded by PT Adaro Energy Tbk (2021, 2023–2024), PT Mitrabara Adiperdana Tbk (2024), PT Medco Energi Internasional Tbk (2021, 2023–2024), PT Bukit Asam Tbk (2021–2024), and other companies listed. These companies are considered the most consistent in environmental disclosure among the sample. The mean value is 3515.152, with a standard deviation of 886.5823, indicating that the average is significantly higher than the standard deviation, reflecting a relatively low data variation and a strong positive performance trend.

Carbon Emission Disclosure (X3)

The minimum value of 0.111000 was observed in PT Polychem Indonesia Tbk (2021), PT Krakatau Steel Tbk (2021), and PT Kapuas Prima Coal Tbk (2021–2023).

The maximum value of 0.833000 was recorded by PT Medco Energi Internasional Tbk (2022–2023), suggesting this company is among the most active and consistent in carbon emission disclosure. The average score is 0.509212, with a standard deviation of 0.189262, indicating that the variation in the sample is relatively small

Panel Data Regression Model Selection Test

Panel data is a combination of time-series and cross-sectional data. In panel data regression, there are three model options: Common Effect Model (CEM), Fixed Effect Model (FEM), and Random Effect Model (REM). Selecting the most appropriate model involves several statistical tests, including the Chow test and the Hausman test.

Table 1.3 Chow Test Results

Redundant Fixed Effects Tests
Equation: MODEL_FEM
Test cross-section fixed effects

Effects Test	Statistic	d.f.	Prob.
Cross-section F	7.942206	(32,96)	0.0000
Cross-section Chi-square	170.810003	32	0.0000

Based on Table 1.3, the Chow test shows a cross-section chi-square probability value of 0.0000, which is less than 0.05. This indicates that H0 is rejected and H1 is accepted, implying that the Fixed Effect Model (FEM) is preferred over the Common Effect Model (CEM). Subsequently, the Random Effect Model (REM) is tested to finalize model selection.

Coefficient of Determination (R^2) Test

Table 1.4 Coefficient of Determination (R^2) Test Results

R-squared	0.071392	Mean dependent var	0.056665
Adjusted R-squared	0.049628	S.D. dependent var	0.478977
S.E. of regression	0.466940	Sum squared resid	27.90824
F-statistic	3.280230	Durbin-Watson stat	0.953521
Prob(F-statistic)	0.023147		

Source : Output Eviews 12, 2025

The results in Table 1.4 show that the Adjusted R-squared value is 0.049628 or 4.96%, with a standard error of regression of 0.466940, which is smaller than the standard deviation of the dependent variable (0.478977). This implies that the independent variables—financial performance, environmental performance, and carbon emission disclosure—can explain only 4.96% of the variation in firm value among energy and basic materials companies listed on the Indonesia Stock Exchange for the period 2021–2024. The remaining 95.04% is influenced by other factors or variables not included in the model. Although the explanatory power is low, this indicates that the model's ability to predict the dependent variable remains relatively weak.

Panel Data Regression Test Results

The regression analysis in this study uses the Random Effect Model (REM). The results of the panel data regression analysis are presented below:

Table 1.5 Panel Data Regression Model Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.381752	0.346302	1.102368	0.2724
X1	1.778970	0.612111	2.906288	0.0043
X2	-0.000114	9.50E-05	-1.199421	0.2326
X3	0.104357	0.501461	0.208106	0.8355

Effects Specification		
	S.D.	Rho
Cross-section random	0.620109	0.6465
Idiosyncratic random	0.458519	0.3535

Weighted Statistics			
R-squared	0.071392	Mean dependent var	0.056665
Adjusted R-squared	0.049628	S.D. dependent var	0.478977
S.E. of regression	0.466940	Sum squared resid	27.90824
F-statistic	3.280230	Durbin-Watson stat	0.953521
Prob(F-statistic)	0.023147		

Source : Output Eviews 12, 2025

Based on Table 4.8, the linear regression equation for panel data can be written as follows:

$Y = 0.381752 + 1.778970X1 – 0.000114X2 + 0.104357X3 + \varepsilon$

Where:

Y = Firm Value

X_1 = Financial Performance

X_2 = Environmental Performance

X_3 = Carbon Emission Disclosure

ε = Error term

Constant (Intercept) = 0.381752. This indicates that if all independent variables remain constant (zero), the estimated firm value is 0.381752.. Financial Performance (X_1) Coefficient = 1.778970 (Positive). This means that for every 1-unit increase in financial performance, the firm value increases by 1.778970 units. Conversely, a decrease in financial performance will lower firm value by the same amount. Environmental Performance (X_2) Coefficient = -0.000114 (Negative). This suggests that for every 1-unit increase in environmental performance, the firm value decreases by 0.000114 units, implying a very minimal and negative relationship. Carbon Emission Disclosure (X_3) Coefficient = 0.104357 (Positive). This means that a 1-unit increase in carbon emission disclosure is associated with a 0.104357-unit increase in firm value, indicating a positive relationship.

Sustainability reporting has become an essential instrument for strengthening corporate transparency and accountability, particularly in industries with substantial environmental and social footprints such as energy and basic materials. In Indonesia, the integration of corporate sustainability practices with international frameworks, including the Global Reporting Initiative (GRI), and national policies, such as the Program for Pollution Control, Evaluation, and Rating (PROPER), continues to develop in response to rising regulatory and stakeholder demands.

Prior studies have highlighted the significant role of sustainability reporting in shaping firm performance, stakeholder trust, and environmental compliance. For instance, Sutopo et al. (2018) and Mulyani et al. (2020) observed that companies engaging in comprehensive sustainability disclosures demonstrate stronger stakeholder engagement and enhanced long-term financial resilience. Additionally, the Financial Services Authority Regulation (POJK) mandating the preparation of sustainability reports has contributed to a noticeable increase in disclosure practices. Nevertheless, issues regarding report consistency, comparability, and depth of information persist.

Despite regulatory advances, the adoption of sustainability reporting remains inconsistent. A substantial proportion of firms in the energy and basic materials sectors have not yet embedded sustainability principles into their strategic management. To address this gap, the present study focuses on 33 firms that consistently reported both financial and sustainability information and were subject to PROPER evaluations during the 2021–2024 period. This purposive sampling strategy ensures the availability of reliable, comparable data while capturing firms most directly engaged in regulatory sustainability frameworks.

By adopting this approach, the study contributes to the growing discourse on corporate sustainability in emerging economies. Specifically, it examines how structured sustainability reporting, when aligned with environmental performance assessments, influences corporate transparency, accountability, and ultimately, firm value in the Indonesian context.

CONCLUSION

This study examines the influence of sustainability reporting and environmental performance on the financial performance of companies in the energy and basic materials sectors listed on the Indonesia Stock Exchange during the period 2021–2024. Drawing on a purposive sample of 33 firms observed over four years (132 firm-year observations), the analysis demonstrates that the consistent publication of sustainability reports and favorable environmental ratings—particularly those measured through the PROPER program—exert a significant impact on investor perceptions and financial outcomes.

The findings underscore the increasing salience of Environmental, Social, and Governance (ESG) dimensions in corporate reporting and financial decision-making. Firms that actively disclose sustainability information and perform strongly in environmental assessments are more likely to achieve superior financial performance, foster stakeholder trust, and sustain long-term value creation. This evidence aligns with

the broader global shift toward sustainable business practices, while also signaling that Indonesian capital market participants are progressively incorporating transparency and environmental responsibility into their investment considerations.

Accordingly, the integration of sustainability reporting and environmental performance evaluations into corporate strategy should be viewed not as a voluntary practice but as a strategic necessity for enhancing competitiveness and ensuring financial resilience in the contemporary economic landscape.

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