ABSTRACT

Industrial activity has played a major role in accelerating climate change, leading to increased global concern over carbon emission transparency and sustainable business practices. In Indonesia, this issue is gaining urgency due to the country's significant emission levels and rising pressure from regulations and stakeholders alike. Although previous studies have indicated that ESG initiatives and carbon emission disclosures can enhance a company's value, the evidence remains inconsistent—especially within developing countries.

This research aims to explore whether financial performance acts as a mediating factor in the link between carbon emission disclosure and firm value, as well as between ESG ratings and firm value. Using a quantitative method, this study applies path analysis to data from 100 non-financial companies listed on the Indonesia Stock Exchange (IDX), all of which received ESG scores from Refinitiv between 2019 and 2023. The goal is to shed more light on how sustainability efforts impact corporate performance and valuation in emerging markets like Indonesia.

Keyword: ESG Rating, Csrbon Emission Dislcosure, Financial Performance