

ABSTRACT

The rapid development of business activities has led to intense competition among companies to optimize their value in order to enhance shareholder welfare. ESG disclosure becomes an opportunity for companies to demonstrate their responsibility in the realms of environment, social, and governance, which is expected to increase public trust. As a result, companies are anticipated to sell more products to the public, thereby improving financial performance and increasing company value. This study was conducted to examine the impact of ESG disclosure on company value with financial performance as a mediating variable.

This study uses secondary data obtained from the financial statements and sustainability reports of manufacturing companies listed on the Indonesia Stock Exchange (IDX) from 2018-2022. The sampling method used in this study is purposive sampling, with criteria including companies that published financial reports and disclosed ESG performance during this period, resulting in 215 samples. The analytical method used is multiple regression analysis using IBM SPSS 25 software.

The results of the study show that ESG disclosure has a positive effect on company value. ESG disclosure does not have a positive effect on financial performance. Financial performance does not have a positive effect on company value. However, financial performance is proven to mediate the relationship between ESG disclosure and company value. The findings of this study provide empirical evidence that ESG disclosure directly affects company value and indirectly through the company's financial performance. Therefore, it is recommended for relevant parties to implement ESG disclosure to achieve the company's goal of optimizing company value.

Keywords: ESG Disclosure, Company Value, Financial Performance.