ABSTRACT

This study aims to analyze the effect of Environmental, Social, and Governance (ESG) disclosure on the financial performance of energy sector companies listed on the Indonesia Stock Exchange (IDX) during the 2022–2024 period. In this study, the independent variables consist of environmental disclosure, social disclosure, and governance disclosure, representing each ESG dimension. Meanwhile, the dependent variable, financial performance, is measured using Return on Assets (ROA) and Return on Equity (ROE). This study employed a quantitative approach with secondary data obtained from companies' annual reports and sustainability reports. The sample was selected using a purposive sampling technique. The analytical method used was multiple linear regression, which included descriptive statistical tests, classical assumption tests, and hypothesis testing.

The results showed that environmental, social, and governance disclosures did not significantly impact company financial performance, as proxied by ROA and ROE. This indicates that ESG disclosure in energy sector companies has not yet had a direct impact on increasing company profitability. This condition is suspected to be caused by the still low quality of ESG disclosure and the suboptimal implementation of sustainability practices in company operations. Thus, this study indicates that the relationship between ESG and financial performance remains inconsistent and requires further study, particularly in the energy sector in Indonesia.

Keywords: Environmental Disclosure, Social Disclosure, Governance Disclosure, Financial Performance, ROA, ROE