ABSTRACT

This study aims to examine the effect of environmental costs and audit committee meeting frequency on firm value, with environmental performance serving as a mediating variable. Firm value is proxied by Tobin's Q, while environmental performance is evaluated using the PROPER rating system. Environmental costs are measured by the ratio of environmental expenditures to total revenue, and the frequency of audit committee meetings is determined by the total number of meetings held annually.

The research population comprises companies within the basic materials sector listed on the Indonesia Stock Exchange (IDX) from 2022 to 2024. Utilizing a purposive sampling method, a final sample of 94 observations met the predefined criteria. Data analysis was conducted using multiple linear regression, path analysis, and the Sobel test to evaluate the mediating roles.

The empirical findings reveal that environmental costs and audit committee meeting frequency do not exert a direct impact on firm value. Conversely, both environmental costs and audit committee meeting frequency exhibit a positive effect on environmental performance. Furthermore, environmental performance is demonstrated to have a positive influence on firm value. The mediation analysis indicates that environmental performance successfully mediates the relationship between environmental costs and firm value, as well as the path between audit committee meeting frequency and firm value. These findings imply that enhancements in firm value are not directly driven by the magnitude of environmental spending or the intensity of audit committee meetings, but are instead realized through the company's capacity to achieve superior environmental performance.

Keywords: *environmental cost, audit committee meeting frequency, environmental performance, firm value, PROPER, Tobin's Q.*