## *ABSTRACT*

*Climate change and rising carbon emissions have encouraged companies to adopt various strategies that support sustainability, one of which is digital transformation. Although digital transformation is widely recognized for improving operational efficiency and enhancing environmental performance, prior studies have reported inconsistent findings regarding its effect on corporate carbon emissions. Furthermore, studies examining corporate governance as a mechanism underlying this relationship remain limited, particularly in the context of developing countries such as Indonesia. Therefore, this study aims to examine the effect of digital transformation on corporate carbon emissions with corporate governance serving as a mediating variable.This study employed a quantitative approach using secondary data obtained from the annual reports and sustainability reports of companies in the energy, basic materials, industrials, consumer cyclical, and consumer non-cyclical sectors listed on the Indonesia Stock Exchange during the 2021–2024 period. The sample was selected using purposive sampling. Data were analyzed using* ***Partial Least Squares–Structural Equation Modeling (PLS-SEM)*** *while controlling for firm size, leverage, and profitability (ROA).The results indicate that digital transformation has no significant effect on corporate carbon emissions but has a positive and significant effect on corporate governance. Furthermore, corporate governance has no significant effect on corporate carbon emissions and does not mediate the relationship between digital transformation and corporate carbon emissions. These findings suggest that the implementation of digital transformation among Indonesian companies has not yet been optimally directed toward achieving decarbonization targets. In addition, corporate governance mechanisms remain primarily focused on oversight, regulatory compliance, and organizational performance rather than strengthening environmental performance. This study contributes to the literature on digital transformation, corporate governance, and corporate carbon emissions, while providing practical insights for companies and policymakers in designing digital transformation strategies that are aligned with sound corporate governance and environmental sustainability objectives.*



***Keywords:*** *digital transformation, corporate governance, corporate carbon emissions, PLS-SEM, sustainability*



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