

ABSTRACT

This Paper Examines the Influence of Environmental Performance on The Financial Performance. Executing business processes can have both positive and negative consequences, including impacts on the environment and society. Climate change, air pollution, and resource depletion are just a few of the negative consequences that have turned into environmental concerns. Meanwhile, the concept of sustainability has shifted to maximizing and supporting economic and non-economic factors to maximize corporate profits while simultaneously creating social, economic, and environmental value for the community. The existence of a Corporate Social Responsibility program by requiring companies to disclose their social activities can assess their weaknesses and improve CSR practices to impact financial performance positively. Society demands that companies demonstrate a greater concern for the environment, and the Indonesian government and companies are becoming increasingly aware of the responsibility for the impact of their operations. Eventually, the company's economic performance will improve its image and public trust, affecting its future business sustainability.

The study's primary objective is to provide empirical evidence regarding the effect of Environmental Performance Rating, Environmental Management System, and Corporate Social Responsibility Disclosure towards a company's financial performance. The research sample consists of 141 manufacturing companies listed on the Indonesia Stock Exchange (IDX) for Period 2017-2019, manufacturing companies that participated in the PROPER program during 2017-2019, and manufacturing companies that provided complete data using complete data Rupiah to measure research variables. Panel Regression with Panel Pooled Data was used to analyze the data with statistical application EViews-10. The regression result shows (1) Environmental Performance Rating positively effect and significant on company's financial performance, (2) Environmental Management System certification positively effect and non-significant on company's financial performance, (3) Corporate Social Responsibility Disclosure negatively effect and non-significant on company's financial performance.

Keywords: Return on Assets, Environmental Performance Rating, Environmental Management System, and Corporate Social Responsibility Disclosure