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The Impact of Environmental, Social, Governance, and Sustainability Committee Disclosure on Corporate Value and Reputation

Esteti Handayani Hia[1*], Juniati Gunawan[2]
[1]Universitas Trisakti, Jakarta, Indonesia, estetihia99@gmail.com
[2]Universitas Trisakti, Jakarta, Indonesia, juniatigunawan@trisakti.ac.id

[*]Corresponding Author: estetihia99@gmail.com[1]

Abstract: This study aims to analyze the effect of Environmental, Social, and Governance (ESG) disclosure and the Sustainability Committee on company value and reputation. The data used in this study is secondary data sourced from annual reports and the official website of the Bumi Global Karbon (BGK) Foundation for non-financial sector companies during the period 2020-2022. The research sample was selected using purposive sampling, resulting in 69 companies as the sample. The data analysis used for hypothesis testing was panel data regression analysis using the Eviews 12 program. The results of the study indicate that social performance disclosure has a positive effect on company value. The results also show that governance performance disclosure has a positive effect on company reputation. The findings of this study provide information that social performance and governance performance play an important role in enhancing company value and reputation. The level of a company's concern for sustainability is one of the considerations for investors when making investment decisions.

Keywords: ESG Disclosure, Sustainability Committee, Company Value, Company Reputation

INTRODUCTION

In recent years, the implementation of Environmental, Social, and Governance (ESG) in Indonesia has experienced significant growth. Companies in Indonesia are currently increasingly aware of the importance of balancing environmental protection, social concerns, and good corporate governance in their operations (Nareswari et al., 2023; Tamara & Budiman, 2022). In the dynamic landscape of developing countries, where economic development is intertwined with social progress and environmental preservation, the concept of ESG performance has emerged as a driving force shaping the business landscape (Al Amosh & Khatib, 2021). However, several challenges and issues still exist in relation to ESG disclosure, including lack of standardization, low levels of disclosure, and "greenwashing" and "laundering" practices within companies (Zhang et al., 2023).

The implementation of LST certainly requires continuous supervision by responsible management. It is very important for companies to have management that is specifically

focused on initiating, integrating, and implementing this LST concept in the company's business (Michalski, 2024). The management responsible for carrying out this supervision is often referred to as the sustainability committee, chief sustainability officer, corporate sustainability officer, CSR committee, sustainable development committee, chief social officer, ESG committee, or the word committee can also be replaced with a team or division, so that many names have the same meaning (Velte & Stawinoga, 2020). This committee is tasked with leading the sustainability change from the compliant stage to the efficient and innovative stage (Miller & Serafeim, 2014; Fu et al., 2020)

The existence of a sustainability committee is not only a symbolic act, but also produces strategies that strive for corporate sustainability and will be a positive value in the eyes of investors (Velte & Stawinoga, 2020). Previous research using samples from the United States by Peters et al. (2019) found that companies that have sustainability committees that are experts in their fields can improve company performance. Other studies using samples from Germany by Farza et al. (2021) and Thun & Zülch (2023) found that the existence of a sustainability committee has a positive impact on decisions for external assurance of sustainability reports so that it can be an added value for the company and attract investors to invest. Previous studies that directly test the relationship between sustainability committees and company value have been carried out in developed countries (Peters et al., 2019; Farza et al., 2021; Thun & Zülch, 2023). There is still little research literature conducted in Indonesia. Therefore, the sustainability committee is a variable that is still relevant to be tested in this study to analyze whether the sustainability committee formed by companies in Indonesia has an impact on the company's value and reputation.

This study introduces corporate reputation as a dependent variable, while previous studies only focused on one dependent variable, namely corporate value, as conducted by Akhter et al. (2023) and Alareeni & Hamdan (2020). Corporate value and reputation are important as dependent variables in this study because corporate value describes long-term financial performance and investor confidence (Randrianasolo & Semenov, 2024). Meanwhile, reputation reflects positive perceptions from stakeholders that can increase customer loyalty, support investment, and competitiveness in the market (Baruah & Panda, 2020). By making both the focus, this study can provide comprehensive insights into the influence of sustainability on a company's strategic success. Institutional investors, both domestic and international, are increasingly paying attention to ESG Performance before making investment decisions. This phenomenon can be seen from the increasing interest in sustainability-based investment in Indonesia. Various studies have highlighted the importance of ESG disclosure in driving stakeholder trust so that it can increase the value and reputation of the company. This has led to more and more investors using ESG criteria as part of their investment decisions (Gunawan et al., 2024).

The Indonesian government has committed to supporting the transition to a low-carbon economy (circular economy) as part of its long-term growth plan, namely in 2005-2025, and a roadmap for the sustainability journey phase I (2015-2019) has been launched with a focus on raising awareness, increasing capacity, and laying the foundation for sustainable finance regulations. Several achievements have been made, which are expected to change the mindset of business actors by introducing sustainability principles (OJK, 2014). To report the sustainable finance action plan following the green taxonomy for the journey phase II (2021-2025), which will focus on building a corporate sustainability system in Indonesia (OJK, 2021).

Several previous studies have found that disclosure of environmental, social, and governance performance has a positive impact on firm value and corporate reputation (Alareeni & Hamdan, 2020; Abdi et al., 2022; Tahmid et al., 2022; Matthews et al., 2024; Chen et al., 2023). This relationship occurs because the information conveyed comprehensively can increase the trust of stakeholders, especially investors, so that it can encourage higher

investment interest (Aydoğmuş et al., 2022; Melinda & Wardhani, 2020; Nisa et al., 2023; Thahira & Mita, 2021). The results of the partial test state that companies that disclose environmental performance have a negative impact on firm value, while disclosure of social performance has no effect on firm value. Conversely, disclosure of governance aspects has a positive impact on firm value (Xaviera & Rahman, 2023). Another study conducted in Indonesia revealed that corporate governance affects firm value, while firm value is not affected by environmental and social performance disclosure (Xaviera & Rahman, 2023). Furthermore, Mahajan et al. (2023) found different results, namely that firm value is affected by environmental and social disclosures, while governance disclosures have a negative effect.

Based on these findings, there are inconsistent results between researchers. These inconsistent results are usually caused by differences in industry samples and variable measurements used by each researcher. The measurements commonly used to measure ESG disclosure are based on Refinitiv and Bloomberg scores (Aydoğmuş et al., 2022; Maaloul et al., 2023). These measurements may not be relevant in Indonesia. Therefore, this study measures ESG disclosure using scores issued by the Bumi Global Karbon (BGK) Foundation. This measurement is considered more relevant to the local context, namely in Indonesia. In addition, ESG disclosure scores from Refinitiv and Bloomberg usually directly combine the overall ESG disclosure score, while the ESG disclosure score issued by BGK is detailed for each environmental, social, and governance performance. With these differences, there are still many research gaps, so the potential for further research is still possible.

The control variables used in this study are company size and profit growth. According to Diantimala et al. (2021) and Desiyanti et al. (2020), company value is greatly influenced by the size and profit growth of the company. Company size as measured by total assets is used as a control variable because total assets reflect the economic capacity, scale of operations, and resources of the company, which can affect the perception of investors and stakeholders towards the value and reputation of the company. Meanwhile, profit growth reflects the financial performance and prospects of the company, which are often used as an index of managerial success and attractiveness to investors (Anggraini et al., 2022).

Based on the importance of ESG measurement using different references, as well as making the value and reputation of the company simultaneously the focus of the research, this research is very possible to be carried out further. Therefore, this study is entitled "The Effect of Environmental, Social, Governance, and Sustainability Committee Disclosure on Corporate Value and Reputation".

METHODS

This study uses a quantitative approach to explore the relationship between variables by utilizing numerical data that is analyzed statistically. The data used is secondary in the form of a panel, covering company observations over several time periods, allowing for cross-sectional analysis as well as time-series analysis. The main research data sources were obtained from Annual Reports, Sustainability Reports, and the official website of the Bumi Global Karbon Foundation (BGK). The analysis was conducted to explore the relationship between variables in a real-world context, with the unit of analysis being non-financial sector companies in Indonesia during the period 2020-2021.

Data analysis was conducted using a panel data regression approach. The model selection in this study used a random effect, fixed effect or common effect model selected based on the results of the Chow, Hausman, and LM Tests. With this design, the study can provide empirical contributions to the accounting and corporate governance literature, especially regarding the impact of ESG performance disclosure and the Sustainability Committee on Corporate Value and Reputation in Indonesia.

The population and research samples used in this study were companies in the non-financial sector, operating in Indonesia, which had data related to ESG disclosure scores for the 2020-2022 period available on the official website of the Bumi Global Karbon (BGK) Foundation.

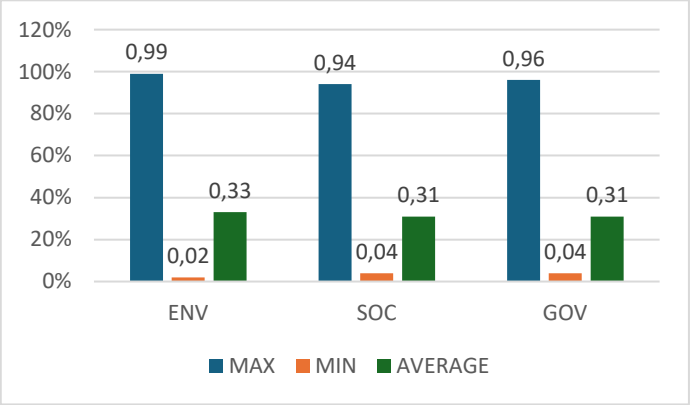
This study uses a secondary data collection method, namely through information available from the company. The data is in the form of documentation of company activities that have been published and can be accessed by the public. The data sources used include:

1. Annual reports from each company's website.
2. The official website of the BGK Foundation via https://bgkfoundation.org/id/LST

RESULTS AND DISCUSSION

Descriptive Statistical Analysis

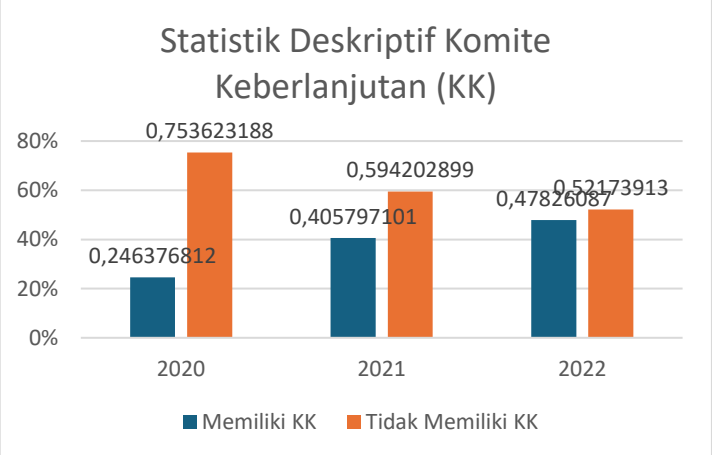
Figure 1. Descriptive Statistics of ESG Disclosure



Source: Processed by the Author

Based on Figure 1 above, it can be seen that the level of environmental performance disclosure varies greatly, with a minimum value of 2% and a maximum of 99%. Most companies still have a low level of environmental disclosure (average 33%). This shows that there is still a need for improvement in the management and disclosure of information related to environmental performance.

Figure 2 Descriptive Statistics of the Sustainability Committee



Source: Processed by the Author

Based on the descriptive statistics related to the existence of sustainability committees shown in the diagram, it can be concluded that there is an increasing trend in the number of companies that have sustainability committees from 2020 to 2022.

2020: Of the total 69 company samples, only 17 companies (25%) have sustainability committees, while 75% do not.

2021: The number of companies that have sustainability committees increased to 28 companies (41%), indicating a growing awareness or compliance with sustainability aspects.

2022: The increasing trend continues with 33 companies (48%) having formed sustainability committees.

From this data, it can be concluded that more and more companies are realizing the importance of sustainability committees. This may be influenced by increasing regulations, pressure from stakeholders, or internal company awareness of the importance of sustainable business practices. However, more than half of the companies still do not have a sustainability committee, indicating room for improvement in the future.

Chow Test

Table 3 Chow Test

Redundant Fixed Effects Tests Equation: Untitled Test cross-section fixed effects			
Effects Test	Statistic	d.f.	Prob.
Cross-section F	6,632776	(68,131)	0,0000
Cross-section Chi-square	308,703760	68	0,0000

Source: summary results of Eview version 12 output

From Table 3, it is known that the Cross-section Chi-square Statistic value is 308.703 with a Probability value of 0.0000. This means that it is less than 0.05 (0.0000 <0.05) so statistically H1 is accepted and H0 is rejected. Therefore, in this Chow Test, the selected model is the Fixed Effect Model (FEM). Therefore, the next test is carried out, namely the Hausman Test. The Hausman Test is carried out to determine the right regression model to use between the Fixed Effect Model or the Random Effect Model.

Hausman Test

Table 4. Hausman Test

Correlated Random Effects - Hausman Test Equation: Untitled Test cross-section random effects			
Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	15,009000	7	0,0359

Source: summary results of Eview version 12 output

The Chi Square Statistic value based on Table 4 is 15.009 with a Probability value of 0.0359. This means that it is less than 0.05 (0.0359 <0.05) so statistically H0 is rejected and H1 is accepted. So the selected model is the Fixed Effect Model (FEM) which is the best model

to be used as a regression model. Based on the Chow test and the Hausman test, the selected model is the Fixed Effect Model (FEM), so there is no need to do the Lagrange Multiplier Test.

Multicollinearity Test

Table 5 Multicollinearity Test

Variable	Coefficient Variance	Uncentered VIF	Centered VIF
C	0,135648	82,12266	NA
ENV	0,148906	15,10210	5,482139
SOC	0,259439	22,42751	7,632894
GOV	0,029950	37,80574	5,897486
KK	0,008703	1,985273	1,237199
REP	7,66E-06	1,458822	1,116271
TA	6,47E-05	1,482023	1,134516
LABA	9,40E-06	1,023778	1,022384

Source: summary results of Eview version 12 output

From the Eviews output results in Table 5, it can be seen that the Variance Inflation Factor (VIF) values for all variables are in the range of 1.02 to 7.6. The VIF value is below 10, so it can be concluded that the regression model is free from multicollinearity problems.

Heteroscedasticity Test

Table 6. Heteroscedasticity Test

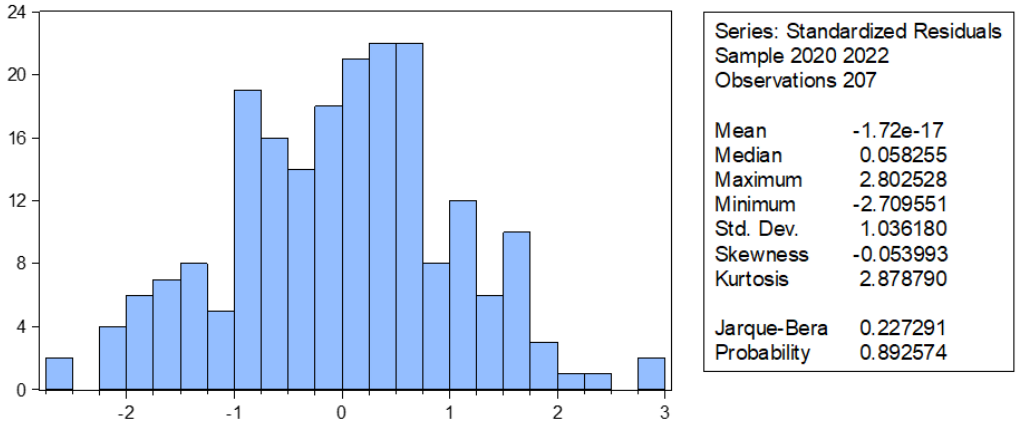
Heteroskedasticity Test: Breusch-Pagan-Godfrey Null hypothesis: Homoskedasticity			
F-statistic	0,596168	Prob. F(4,202)	0,6658
Obs*R-squared	2,415186	Prob. Chi-Square(4)	0,6599

Source: summary results of Eview version 12 output

Based on the results of the eviews output in Table 6, it can be seen that the probability seen from Obs*R-squared is 0.659, which is > 0.05, so it can be concluded that the data does not show symptoms of heteroscedasticity or the heteroscedasticity assumption test has been met.

Normality Test

Figure 4. Normality Test



Source: Processed by the Author

Based on Figure 4, it can be seen that the probability value is 0.892 which is greater than the significance level that has been set, which is 0.05 (0.892 > 0.05), so it can be concluded that the data is normally distributed.

Partial Test (T-Test)

Table 7. Hypothesis Test Results (NIL)

Variable	Coefficient	Std. Error	t-Statistic	Prob.	Kesimpulan
ENV	0,4388	1,9842	0,2211	0,8253	H^1 is rejected
SOC	4,2121	2,6104	1,6136	0,0165	H_2 accepted
GOV	-5,0042	2,7843	-1,7972	0,0746	H_3 rejected
KK	0,7978	0,4740	1,6831	0,0947	H_4 rejected
Adjusted R-squared					**0.8493**
Prob(F-statistic)					**0.0000**

Source: summary results of Eview version 12 output

From Table 7, it is known that:

1. Environmental performance disclosure does not affect company value with a Prob value of 0.8253 > 0.05, meaning H1 is rejected
2. Social performance disclosure affects company value with a Prob value of 0.0165 < 0.05, meaning H2 is accepted
3. Disclosure of governance performance does not have a positive effect on company value with a Prob value of 0.074 > 0.05, meaning H3 is rejected
4. Disclosure of sustainability committee does not affect company value with a Prob value of 0.0947 > 0.05, meaning H4 is rejected

Table 8. Hypothesis Testing Results (REP)

Variable	Coefficient	Std. Error	t-Statistic	Prob.	Kesimpulan
ENV	-1,4970	3,5152	-0,4259	0,6709	H_5 ditolak
SOC	-9,6035	4,5966	-2,0893	0,0386	H_6 ditolak
GOV	10,9079	4,9039	2,2243	0,0278	H_7 diterima
KK	-1,8421	0,8338	-2,2093	0,0289	H_8 ditolak
Adjusted R-squared					**0.8517**
Prob(F-statistic)					**0.0000**

Source: summary results of Eview version 12 output

From Table 8, it can be seen that:

1. Environmental performance disclosure does not affect the company's reputation with a Prob value of 0.6709 > 0.05, meaning H5 is rejected
2. Social performance disclosure has a Prob of 0.0386 < 0.05 with a coefficient of -9.6035 (negative), so it can be concluded that H6 is rejected because social performance does not have a positive effect on the company's reputation.
3. Disclosure of governance performance affects the company's reputation with a Prob of 0.0289 < 0.05, meaning H7 is accepted
4. Disclosure of the sustainability committee does not affect the company's reputation with a coefficient value of -1.8421 and Prob 0.0289> 0.05, meaning H8 is rejected because the sustainability committee does not have a positive effect on the company's reputation.

Discussion

Research Results The Effect of Environmental Performance Disclosure on Company Value

The results of the study indicate that the effect of environmental performance disclosure on company value, as measured by Tobin's Q, is not significant with a probability level of 0.8253. From the perspective of legitimacy theory, companies disclose environmental performance as an effort to gain legitimacy from stakeholders. However, in this study, environmental disclosure did not have an effect on company value, indicating that the legitimacy obtained from this disclosure is not strong enough to increase the company's value in the market. Several factors that may explain this result include:

1. Environmental actions may take longer to yield results for the company. In fact, some environmental projects may take years to complete before the results can impact the company's value (Aydoğmuş et al., 2022).
2. Regulation and Minimal Compliance: In Indonesia, regulations related to environmental disclosure, although they exist, often do not provide significant incentives or sanctions. In addition, environmental performance disclosure is a voluntary disclosure, so it is often considered only as a form of minimum compliance with the rules without providing clear added value to the company in the eyes of investors (Kurnia et al., 2020)
3. The research sample covers various industrial sectors dominated by the Energy sector (14 companies), Primary Consumer Goods (13 companies), and Raw Materials (12 companies). The diversity of industries shows different levels of concern and exposure to environmental issues. The Energy and Raw Materials sectors tend to have a greater environmental impact than sectors such as Technology or Health.
4. The collected research sample data shows that environmental performance disclosure is still relatively low, with an average of 33%, so it has not been able to influence the company's value. Low environmental disclosure can be caused by the difficulty of calculating the environmental disclosure score, as well as because there is no person specifically appointed to be responsible for environmental performance (Thun & Zülch, 2023).

Research Results The Effect of Social Performance Disclosure on Company Value

The results of the study indicate that social performance disclosure has a significant effect on company value as measured by Tobin's Q, with a probability level of 0.0165. This finding indicates that non-financial public companies in Indonesia that actively disclose their social performance tend to have higher company values. This confirms the importance of the social aspect in increasing investor perception and trust in the company.

1. Increasing Investor Confidence. In recent years, awareness of the importance of corporate social responsibility (CSR) has increased, both among the public and investors. The implementation of CSR initiatives can strengthen investor confidence and foster good perceptions among stakeholders (Abdi et al., 2022). By integrating socially responsible practices into their operations, companies can not only reduce risks and improve their reputation, but also attract investment and strengthen their competitive position in the market (Wahdah et al., 2024).
2. Supporting Stakeholder Theory. The findings of this study have implications for stakeholder theory, which states that companies should not focus on their own interests, but need to include the interests of stakeholders (Handayati et al., 2022). Therefore, prioritizing CSR initiatives is a strategic imperative for companies that want to achieve long-term success while making meaningful contributions to society (Wahdah et al., 2024).

3. The research sample is dominated by the energy, raw materials, and primary consumer goods sectors which tend to have high social exposure because they are often involved in social issues, such as community relations, occupational safety, and compliance with labor standards. Therefore, companies in these sectors that have higher levels of social disclosure can gain appreciation from the market, which is reflected in the increase in company value.

Research Results The Effect of Disclosure of Governance Performance on Company Value

The results of the study indicate that disclosure of governance performance does not affect company value as measured by Tobin's Q, with a probability level of 0.0746. This finding indicates that although governance is an important aspect in company management, disclosure of its performance has not been directly translated into an increase in company value in the Indonesian capital market, especially in sample companies. Several factors that can explain this result include:

1. Lack of investor awareness of the importance of governance in Indonesia. Although companies have claimed that they have fulfilled the implementation of corporate governance, investors consider that these claims are only made unilaterally and do not reduce asymmetric information (Firmansyah et al., 2021). This statement is supported by Suhartini et al. (2024), who stated that investors seem to prioritize financial factors that are proven to be strong.
2. Based on legitimacy theory, governance disclosure should function as a mechanism for companies to maintain legitimacy in the eyes of stakeholders, especially investors. However, perhaps the disclosure of governance performance in Indonesia is often still normative and limited to fulfilling existing regulations, such as the OJK and the Indonesia Stock Exchange (Yang, 2024). Many companies only report basic aspects of governance without providing details regarding the actual implementation or its impact on company performance. This low-quality disclosure can reduce its attractiveness in the eyes of investors. This is evident from the research sample data which shows that the average corporate governance disclosure of the sample is 31.35%. So the disclosure is not strong enough to influence the company's value in the eyes of investors.
3. The research sample consists of companies in various sectors with different levels of governance importance. For example, the Energy and Infrastructure sectors often have stricter regulations regarding governance, while sectors such as Technology and Transportation & Logistics may have more flexible standards. Thus, the influence of governance on firm value may be more pronounced in certain sectors, but not significant enough overall.

Research Results the Influence of Sustainability Committee on Company Value

The results of the study show that the existence of a Sustainability Committee does not affect the company value as measured using Tobin's Q, with a probability level of 0.0947. This finding provides an illustration that the existence of a sustainability committee or sustainability structure in an organization has not been able to directly increase the company's value in the Indonesian capital market, especially in non-financial sector companies.

The existence of a sustainability committee in the sample companies is not yet strong enough to influence the company's value. This result is supported by research by Peters et al. (2019) which states that the influence of the sustainability committee is only limited to companies that have strong sustainability performance and have been in the sustainability committee position for a long time. This may be because the formation of a sustainability committee has only just begun to be formed and popular in Indonesia around 2019.

From the perspective of legitimacy theory, companies form sustainability committees as an effort to gain legitimacy from stakeholders, such as investors, government, and society, by demonstrating a commitment to sustainable business practices. However, the suboptimal role of sustainability committees may also be one of the reasons why the existence of sustainability committees has not been fully integrated into the main business strategy. Sustainability committees in some companies may be more focused on compliance with sustainability regulations or CSR reporting (Sulistyowati & Tumirin, 2023), rather than as the main driver of sustainability strategies that can create long-term economic value. Or the existence of sustainability committees is often seen as part of a global trend to demonstrate compliance with sustainability standards, such as sustainability reports.

Research Results the Effect of Environmental Performance Disclosure on Corporate Reputation

The results of the study indicate that environmental performance disclosure does not have a significant effect on corporate reputation, as measured using Market-to-Book Value (MTBV), with a probability level of 0.6709. This finding indicates that the capital market in Indonesia has not given sufficient appreciation to environmental performance disclosure as a major factor in improving corporate reputation. Several factors that can explain this result include:

1. Perhaps the quality of environmental performance disclosure is still considered less than optimal. Environmental performance disclosure in Indonesia is often narrative and not standardized, making it difficult for investors to use it as a basis for decision making. Therefore, the quality and quantity of environmental disclosure in Indonesian companies are often seen as inconsistent and unstructured, making it difficult to attract investors (Sagala & Aprilia, 2019).
2. Lack of corporate compliance and sanctions from the government. In Indonesia, many companies only report environmental disclosure as a form of regulatory compliance without emphasizing its impact on company performance. Although Indonesia has regulations related to environmental disclosure, they often do not provide significant incentives or sanctions. In addition, environmental performance disclosure is a voluntary disclosure, so it is often considered only as a form of minimum compliance with the rules without providing clear added value to the company in the eyes of investors (Kurnia et al., 2020).
3. The research sample covers various industrial sectors dominated by the energy sector, primary consumer goods, and raw materials. The diversity of industries shows different levels of concern and exposure to environmental issues. The energy and raw materials sectors tend to have a greater environmental impact than sectors such as technology or health.
4. The collected research sample data shows that environmental performance disclosure is still relatively low, with an average of 33%, so it has not been able to influence the company's reputation. Low environmental disclosure can be caused by the difficulty of calculating the environmental disclosure score, and because there is no person specifically appointed to be responsible for the environment.

Based on legitimacy theory, environmental disclosure should be one way for companies to gain legitimacy by showing concern for sustainability. However, the low average environmental disclosure and the varying levels of concern and exposure to environmental issues in the sample companies mean that environmental disclosure is not strong enough to gain significant legitimacy in the eyes of investors in this study.

Research Results the Effect of Social Performance Disclosure on Corporate Reputation

The results of the study show that social performance disclosure with an average of 30% has a negative effect on corporate reputation as measured by Market to Book Value, with a probability level of 0.0386 with a coefficient of -9.6035. This finding indicates that when social performance disclosure is low, increasing social performance has the opposite effect on corporate reputation. This reflects the unreliability and low signal strength of social disclosure. Therefore, low environmental performance disclosure has not been able to prove that social performance affects corporate reputation, so the hypothesis is not accepted.

This means that environmental performance disclosure does not have an impact on improving corporate reputation. The low and lack of quality of social aspect disclosure causes this study to be inconsistent with previous studies, such as those conducted by Tahmid et al. (2022); Shah et al. (2023); Chen et al. (2023) who found that companies that integrate social disclosure into annual reports show a significant increase in corporate reputation.

This finding contradicts the legitimacy theory, which states that companies disclose social information to gain legitimacy from the community and stakeholders. If social disclosure is made but not accompanied by real actions that have an impact on the community, stakeholders may consider it as an image strategy. As a result, the company's reputation can decline because it is considered not serious about its social responsibility. Disclosure of social performance is expected to explain that the company is truly committed to corporate concern and responsibility towards society. Stakeholders such as the community, investors, and government will be convinced of the company's integrity and credibility in achieving social sustainability goals.

Research Results the Effect of Disclosure of Governance Performance on Corporate Reputation

The results of this study indicate that disclosure of governance has an effect on corporate reputation as measured using Market-to-Book Value, with a probability level of 0.0278. This shows that good governance can improve market perception of the company, thus having a positive impact on its reputation.

Market-to-Book Value reflects market perception of the company's reputation and quality of intangible assets. Disclosure of good governance increases investor confidence in the credibility and reliability of the company, which strengthens its reputation. Companies with good governance will disclose their non-financial performance information so that investors can compare and analyze (Sharma et al., 2024). Therefore, the relationship between governance and reputation is more directly visible.

When compared with the results of the previous hypothesis, namely that disclosure of governance performance has no effect on company value, it can be concluded that the sample companies see the reputation aspect (which is more related to governance) as being of concern to the market because it provides a signal about the company's reliability in managing non-financial risks. However, on the value side (Tobin's Q), the market may focus more on elements such as profitability or growth prospects that are not always visible from governance.

From the perspective of legitimacy theory, companies gain a better reputation when they demonstrate a commitment to transparent and accountable governance practices. Clear governance disclosure signals that the company has a good management system, which can increase public and regulatory trust. Therefore, the results of this study are in line with previous studies conducted by Kurnia et al. (2020); Nasir et al. (2024); Gavalas (2024) which stated that governance disclosure has a positive effect on company performance as measured using Market-to-Book Value.

Research Results the Influence of Sustainability Committee on Corporate Reputation

The results of the study show that the existence of a sustainability committee has a probability level of 0.0289 with a coefficient of -1.8421. This finding indicates that the sustainability committee has a negative and significant influence on corporate reputation as measured using Market-to-Book Value (MTBV). Although the existence of a sustainability committee plays an important role in a company's sustainability strategy, it has not been able to improve the company's reputation. Several factors that can explain this result include:

1. The formation and operation of a sustainability committee require skilled and experienced personnel Velte & Stawinoga (2020), thus requiring additional costs both in the form of direct costs (committee member salaries, training, and sustainability management) and indirect costs (management time and effort). If investors see that the existence of a sustainability committee does not directly contribute to increasing profitability or company value, then they may give a lower valuation to the company.
2. Non-financial sector companies may face lower market expectations regarding sustainability implementation compared to financial sectors or industries that have greater ESG exposure. If the market views the existence of a sustainability committee as something that has not had a direct impact on improving financial performance, this could lead to a decrease in MTBV.

Based on legitimacy theory, governance disclosure should function as a mechanism for companies to maintain legitimacy in the eyes of stakeholders, especially investors. However, investors may consider the existence of a sustainability committee to be merely symbolic (greenwashing) without any real implementation that has a positive impact on business sustainability (Yang, 2024), so the existence of the committee can actually reduce investor confidence. The existence of a sustainability committee is often seen as merely complying with regulations, but not as the main factor used to make investment decisions (Anggraini, 2024). This can lead to lower market valuations of the company. This study is in line with previous studies which state that the existence of a sustainability committee has not been able to affect the company's reputation (Khan et al., 2024), because it is often considered only a formality (Huang, 2024).

CONCLUSION

This study aims to examine the effect of Environmental, Social, Governance (ESG) disclosure and Sustainability Committee on value and reputation in non-financial sector companies listed on the Indonesia Stock Exchange. Based on data analysis, the research hypothesis can be answered as follows:

1. This study found that environmental disclosure does not have a positive effect on company value, so H1 is rejected. This is due to the low quality and level of disclosure, lack of compliance with regulations, and the long-term nature of environmental initiatives that have not provided direct results on company value.
2. This study found that social performance disclosure has a positive effect on company value, so H2 is accepted. This indicates that social initiatives disclosed by companies increase investor confidence and company value, in accordance with stakeholder theory which emphasizes the importance of considering the interests of various parties.
3. This study found that corporate governance disclosure does not have a positive effect on company value, so H3 is rejected. This is due to the low quality of corporate governance disclosure which is often normative and lacks detail so that it does not attract investors' attention.

4. This study found that the sustainability committee does not have a positive effect on company value, so H4 is rejected. The position of the sustainability committee is not strong enough to influence company value.
5. This study found that environmental performance disclosure does not have a significant effect on company reputation, so H5 is rejected. This can happen because environmental performance disclosure is often narrative and not standardized, making it difficult for investors to use it as a basis for decision making.
6. This study found that social performance disclosure does not have a positive effect on company reputation, so H6 is rejected. This can happen because it is possible that the signal from social performance disclosure is not strong enough and is not accompanied by real actions that have an impact on society, so that stakeholders can consider it as an image strategy.
7. This study found that governance disclosure has a positive effect on corporate reputation, so H7 is accepted. This shows that the market pays more attention to governance in the context of corporate reputation than to corporate value. Good governance increases trust and positive perceptions of corporate credibility.
8. This study found that the sustainability committee does not have a positive effect on corporate reputation, so H8 is rejected. This is because the role of the committee is often considered symbolic and the market's main focus is more on traditional financial performance.

The general conclusion of the study confirms that disclosure of social and governance performance plays an important role in increasing the value and reputation of a company, because it can strengthen investor trust and foster good perceptions among stakeholders (Abdi et al., 2022). On the other hand, disclosure of environmental performance and the existence of a sustainability committee have not been able to provide a significant impact, either on the value or reputation of the company. The low quality of disclosure, lack of strict sanctions, and investor focus on short-term financial results are the main challenges that need to be overcome to improve the effectiveness of sustainability disclosure in Indonesia.

Suggestions

This study has revealed several findings that can be the basis for further research to deepen understanding of the topic discussed. Here are some suggestions that can be used as references in future research:

1. Findings regarding the positive relationship between corporate governance and reputation can be the basis for further research in exploring specific mechanisms that influence the relationship, such as the role of transparency, sustainability policies, or stakeholder involvement.
2. Further research is advised to use a broader approach in identifying the term committee that plays a role in sustainability so that the research results are more accurate and representative.

By considering the suggestions above, it is hoped that further research can provide deeper and more comprehensive insights.

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