

## **ABSTRACT**

*This study aims to examine the influence of Environmental Management System (ISO 14001) on Financial Performance (Economic Value Added), with a focus on the mediating role of Environmental Performance (PROPER). Quantitative methods were employed, utilizing secondary data from companies in the basic material and energy sectors listed on the Indonesia Stock Exchange during the period of 2019-2021. The sample consisted of 41 companies that participated in the PROPER program and had complete data. Logistic regression techniques, ordinal logistic regression, and the Sobel test were performed using the SPSS 26 statistical application. The regression results indicate the following: (1) Environmental Management System certification does not have a significant impact on company financial performance; (2) Environmental Management System certification exhibits a positive and significant influence on Environmental Performance; (3) Environmental Performance Rating has a positive and significant effect on company financial performance; (4) However, the study did not find evidence supporting the mediating role of Environmental Performance Rating in the relationship between the environmental management system and financial performance. Overall, these findings provide insights into the complex dynamics between environmental management systems, environmental performance, and financial performance. The results suggest that while ISO 14001 certification may contribute to improving environmental performance, its direct impact on financial performance may be limited. Thus, organizations should consider additional factors beyond the implementation of environmental management systems to enhance their Economic Value Added.*

*Keywords: Economic Value Added, Financial Performance, Environmental Management System. Environmental Performance*

