

ABSTRACT

Environmental, Social, and Governance (ESG) is an aspect that is receiving increasing attention in assessing corporate sustainability. ESG performance reflects a company's ability to manage these three aspects responsibly. This Study aims to analyze the impact of ESG performance on firm value measured by Tobin's Q and profitability measured by return on assets (ROA).

The study population consists of companies in the basic materials sector listed on Indonesia Stock Exchange for the period 2022-2024. Through a sampling technique based on specific criteria, a sample of 13 companies was obtained, with a total of 37 observations in the firm value model and 39 in the profitability model. The analysis was conducted using panel data regression with Random Effect Model (REM) for the firm value model and Fixed Effect Model (FEM) for the profitability model.

The results of this study indicate that ESG performance has a positive and significant effect on firm value. Conversely, ESG performance has a negative and insignificant effect on profitability. These results suggest that improvements in ESG performance can enhance the market's assessment of a company but have not yet had a significant impact on the company's ability to generate profits during the observation period.

Keywords: *ESG performance, firm value, profitability, basic materials*

