

ABSTRACT

This study investigates the influence of sustainability reporting quality on market capitalization, with Return on Assets (ROA) and Return on Equity (ROE) acting as moderating variables. The research sample comprises 33 companies from the industrial, energy, and transportation/logistics sectors listed on the Indonesia Stock Exchange from 2021 to 2023, totaling 99 observations. Utilizing the SR Index, based on the GRI 2021 guidelines, as the independent variable, the study employs a multiple linear regression model to analyze its impact on market capitalization, moderated by ROA and ROE.

Findings reveal a significant positive relationship between the SR Index and market capitalization, with both ROA and ROE moderating this effect. The results suggest that increased transparency in sustainability disclosures positively influences stakeholders' perceptions, thereby enhancing firm value. The research focuses on sectors with high carbon emissions, necessitating broader industry analysis for generalization. This study highlights the importance of integrating sustainability considerations into corporate strategies, promoting sustainable finance, and enhancing corporate governance practices in Indonesia.

Keywords: Firm Value, Sustainability Report, Market Capitalization, GRI Index, ROA, and ROE.