UNIVERSITAS ANDALAS

FACULTY OF ECONOMICS AND BUSINESS

ACCOUNTING DEPARTEMENT

UNDERGRADUATED THESIS

THE IMPACT OF ESG PERFORMANCE AND ESG CONTROVERSIES ON FIRM VALUE AND RISK

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Submitted in partial fulfilment of the requirements for the degree of Bachelor of Science in Accounting

PADANG

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<table>
<tr><td rowspan="2"></td><td>Alumna's University Number:</td><td>RINI NURZAYNI</td><td>Alumna's Faculty Number</td></tr>
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THE IMPACT OF ESG PERFORMANCE AND ESG CONTROVERSIES ON FIRM VALUE AND RISK

Thesis by: Rini Nurzayni

Thesis Supervisor: Rita Rahayu, S.E., M.Si., Ph.D., Ak., CA.

ABSTRACT

This research investigates the impact of ESG Performance and ESG Controversies on firm value and firm risk among non-financial companies listed on the Indonesia Stock Exchange during the 2020–2024 period. A quantitative approach was employed using panel data regression analysis with purposive sampling, resulting in a sample of 44 non-financial companies. The findings reveal that ESG Performance does not significantly affect firm value but has a significant negative effect on firm risk. In contrast, ESG Controversies have a negative but insignificant effect on firm value and a significant negative effect on firm risk. These results indicate that ESG Performance contributes to reducing corporate risk, whereas ESG-related information has yet to become a significant determinant of firm value in the Indonesian capital market. This study contributes to the growing body of ESG literature by providing empirical evidence on the relationship between ESG Performance, ESG Controversies, firm value, and firm risk within the context of an emerging market.

Keywords: *ESG Performance; ESG Controversies; Firm Value; Firm Risk; Emerging Market*

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