Exploring the Impact of ESG Disclosure on Corporate Sustainability: A Comprehensive Review of the Literature

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ABSTRACT

Environmental, Social, and Governance (ESG) represents a company's dedication to fulfilling its responsibilities and striving to achieve corporate goals. ESG disclosure also influences the company's perception among stakeholders, either positively or negatively. In recent years, ESG has emerged as a societal trend, reflecting the company's investmentworthiness and ability to compete. This study explores the expanding role of ESG in company performance, encompassing both financial and non-financial aspects, serving as a benchmark for business or company aspirations. The study employs a literature review methodology, examining articles on ESG Disclosure in Companies. The findings indicate that ESG significantly influences company performance, impacting corporate sustainability.

Keywords: *ESG Disclosure, Corporate Sustainability, Company Performance*

INTRODUCTION

Environmental, Social, and Governance (ESG) is a company standard in implementing and integrating company operations, (Aditama, 2022). In recent years, ESG has become a significant concern for companies and stakeholders. This is due to the many negative impacts of company activities on the environment and surrounding society and the lack of company awareness in disclosing sustainability reports. The lack of awareness is partly because ESG disclosure can not only positively impact the company but can also cause negative impacts, such as a decline in the company's reputation, which can result in a reduction in investors, thus affecting the company's sustainability. (Wulf et al., 2014) convey that financial accounting is insufficient to meet shareholder needs and suggests further reporting, such as sustainability reports (e.g., ESG disclosure). This is supported by sustainable investing, which considers ESG aspects before investing in a business entity (Sarnisa et al., 2022).

In addition, ESG is one of the crucial things in achieving sustainable financial planning (Wahdan Arum Inawati & Rahmawati, 2023). Sustainable finance aims to minimize negative economic, environmental and social impacts by shifting the focus from maximizing profits to strengthening social, economic, ecological and corporate governance values for long-term sustainability (Zarkasih et al., 2024). The Indonesian government also provides support in the form of Financial Services Authority Regulation Number 51/POJK.03/2017 concerning implementing Sustainable Finance for Financial Services Institutions, Issuers, and Companies. The regulation explains that active companies must prepare and disclose their sustainability reports without exception. Therefore, companies must disclose ESG aspects per the regulation to realize corporate sustainability (Antwi-Adjei et al., 2020).

In this study, researchers used company performance and investment decisions to assess the company's sustainability, as stated by (Durlista & Wahyudi, 2023), that disclosure of non-financial information from ESG disclosure is done to improve company performance. Company performance is defined as the company's ability to achieve its goals through the effective and efficient use of resources (Nisa et al., 2023). Then explained further by (Triyani et al., 2021) that investment can be influenced by the level of investment risk and the company's overall performance. Therefore, if ESG disclosure affects the company's performance, it will affect investment interest and ultimately impact its sustainability (Wiyana Putri et al., 2023).

The theories used in this study are signalling theory and stakeholder theory. According to (Aditama, 2022), signalling theory is a sign or signal from a company, for example, in the form of a sustainability report containing ESG and an annual report containing the company's prospects, which is expected to benefit investors in making investment decisions. While stakeholder theory, according to (Signori et al., 2021) convey that ESG aims to meet stakeholder needs and reduce conflict. When companies do not implement ESG, they get a bad reputation in front of employees, customers, suppliers, or investors. A bad reputation makes companies fail to retain productive employees, maintain customer loyalty, make good deals with suppliers, and raise funds from investors (Yudhanto & Simamora, 2023).

Previous research found inconsistent results, such as in research by (Safriani & Utomo, 2020) shows that ESG disclosure positively affects company performance, including operational, market, and financial performance. Then, on (Hardiningsih et al., 2020; Zahroh & Hersugondo, 2021) explained that ESG disclosure significantly impacts financial and market performance as proxied by ROA, ROE, and P/E ratio. Supported by the results of (Samina Rooh et al., 2021; Wahdan Arum Inawati & Rahmawati, 2023) this shows that ESG disclosure has a positive influence on financial performance. In addition, in the study (El Khoury et al., 2023; Wiyana Putri et al., 2023) research on applying ESG to influence investment decisions in Gen Z shows positive results. This is proven by the results of research from respondents, which show that respondents are interested in being able to invest in stocks that are or are listed on the IDX ESG Leaders.

However, this is different from research from(Husada & Handayani, 2021) this shows that ESG disclosure only has a simultaneous effect on ROA. Then, in the study (Durlista & Wahyudi, 2023)the disclosure of social aspects does not affect company performance, but environmental and governance aspects positively affect company performance, as proxied by ROA and ROE. The research also finds differences. (Rahayu, 2024) Which states that social aspects have a significant influence on ROA and ROE.

From these differences, this study aims to explore the impact of ESG disclosure on corporate sustainability through a comprehensive literature review. By comparing findings from previous studies and reviewing current literature, this study seeks to identify existing gaps and provide new contributions to the knowledge of ESG. This study also aims to define the research problem to be solved, namely how ESG disclosure significantly affects corporate performance, investment decisions and corporate sustainability. This study's results are expected to guide companies and stakeholders in understanding the importance of ESG and implementing responsible practices for long-term sustainability.

LITERATURE REVIEW

ESG

Environmental, Social, and Governance (ESG) is a performance benchmark companies apply to address investment risk issues. ESG includes measuring the company's overall sustainability information so investors can use it as a more comprehensive evaluation tool for its sustainability performance. (Zuraida et al., 2018)ESG measurement adds dimensions of company performance that are not disclosed in accounting data. This is due to the financial reports' inability to inform stakeholders regarding reputation, brand image, quality, security, organisational culture, strategy, knowledge, and several other significant assets in the global economy (Tarmuji et al., 2016). ESG is divided into 3 (three) parts: environmental, which includes the interaction between the company and its environment; social, which is the company's social responsibility towards society; and governance, which includes how the company is managed (Aristiningtyas, 2023). ESG is also a practice of measuring, disclosing and being accountable to all stakeholders and even becoming part of a company's competitive strategy.(Almeyda & Darmansya, 2019) ESG disclosure is one of the company's strategies to create a good, environmentally friendly corporate image and can show the company's risks to stakeholders.(Lagasio & Cucari, 2019; Sadiq et al., 2020) ESG is essential in achieving corporate and financial goals because it can affect the company's long-term performance (Wiyana Putri et al., 2023).

Company performance

Company performance is a metric used by companies to determine the success of their profitability. Company performance is the company's ability to show its business activities and the results of implementing activities carried out by all elements in the company as a process of achieving goals, which can be seen from the productivity, effectiveness, and efficiency levels.(Ladyve et al., 2020; Riwukore, 2022)Company performance assessments can be based on the company's operational, financial, and market performance (Safriani & Utomo, 2020). The purpose of measuring performance is to obtain information about efficiency in using capital, which can be used as a management tool to make the best decisions for the company (Almajali et al., 2012). In addition, according to (Durlista & Wahyudi, 2023) Measuring performance from a financial perspective becomes an important issue when assessing a company's success, whether the company is meeting its goals or not. ESG information can help predict analysis to be more accurate and realistic (Khan, 2019). In this case, ESG is considered a factor that can influence company performance and provide long-term benefits for investors (Wiyana Putri et al., 2023).

Investment

According to(Karya & Syamsuddin, 2016), investment is a form of sacrifice of wealth in the present to gain profit in the future with a certain level of risk. The parties who carry out the investment are called investors. Usually, investors constantly check the proportion of risk and return on several assets or securities that are investment tools (Sari et al., 2023). When companies sell some or all of the shares owned by their company publicly, they aim to seek additional funds for their company.(Alfarauq & Yusup, 2020), so that it can help companies develop their businesses.

Every investor aims to gain profit. By investing in a company, the investor will gain profit, including dividends, capital gains, final taxes, and voting rights in the General Meeting of Shareholders. The investment decision process is continuous and consists of five stages: determining investment objectives, determining investment policies, selecting portfolio strategies, selecting assets and forming portfolios, and measuring and evaluating portfolio performance. This measurement determines how well the portfolio performs to achieve optimal investment decisions. One consideration is a portfolio that integrates ESG factors because it offers a better balance between risk and return. Companies implementing strong ESG practices can reduce potential investment risks and generate competitive returns.(Cruz & Matos, 2023; Farhan, 2024).

Corporate Sustainability

Sustainability is an essential concept in today’s global economic context. With worsening environmental issues and increasing economic instability, individuals and businesses must consider financial behaviours supporting sustainability (Permana, 2021). Corporate sustainability helps companies create long-term consumer and employee value and consider how the business operates in a social and environmental context (Ai Lilis et al., 2023; V. Ongsakul, 2019). Efforts to increase productivity and efficiency often result in a decrease in environmental quality, such as air pollution, air, and land degradation. However, preserving the environment not only brings benefits to the surrounding community, but also provides long-term benefits for the company (Kusumaningtias, 2013). Companies Sustainability efforts attract the attention of their stakeholders, thereby creating greater demand and development for the company (Buallay, 2019). A sustainable business can ensure cash flow and availability of income in the future (Lys et al., 2015). In addition, an increase in asset value, a good company reputation, and a positive contribution to society and the environment can positively impact the company in the long term, reflecting the company's ability to compete with its competitors (Susanto & Sirnawati, 2023).

Signaling theory

Signals can be interpreted as signals given to external parties or investors. Signal theory is rooted in pragmatic accounting theory, which focuses on the influence of information on changes in information users' behaviour. Companies try to send signals to users of their financial reports, including potential investors (Apriada, 2016). The main focus of signalling theory is to prevent or reduce the occurrence of differences in information between the sender and the recipient. ESG disclosure is a signal shown by the company to investors. The company also tries to present the best information regarding its condition to provide a positive signal to investors and not be easily imitated by low-quality companies (Yu et al., 2018). Therefore, the company's signals must have information power capable of changing outsiders' opinions about the company's valuation (Martha & Khomsiyah, 2023).

Stakeholder theory

Stakeholder theory states that companies must be responsible and beneficial to stakeholders because their existence depends on their support (Ningwati et al., 2022). The support and attention given by these stakeholders are expected to positively affect the company's performance, namely through investment support or capital participation that can improve the company's operations or through other stakeholders' support for the use of the company's products. This means that the company's commitment to sustainability issues becomes a stakeholder assessment that will later influence stakeholder decisions in contributing to the company (Dian Pramitya Khairunnisa & -, 2023). Then, it is also explained by (Azmi et al., 2021) that If maximizing shareholder interests is considered a corporate goal, increased involvement in ESG activities will increase shareholder value (Azmi et al., 2021). This encourages companies to compete in implementing corporate social responsibility, including by following ESG reporting that indicates its sustainability. The more intensively the company carries out social responsibility, the better its image in the eyes of stakeholders, so it can increase its value and impact the company's performance (Aristiningtyas, 2023; Xaviera & Rahman, 2023).

METHODS

This study uses a literature study method. Literature study is library research that involves reading books, journals, and other sources relevant to the topic to produce scientific papers. This method is carried out because knowledge continues to develop, and previous researchers may have studied the topics discussed (Sarnisa et al., 2022). This method aims to summarize existing knowledge and understand certain phenomena in depth (Sari et al., 2023). Appropriate data is needed to facilitate systematic pattern searching (Zarkasih et al., 2024).

This study aims to understand the relationship between ESG disclosure and corporate sustainability. The first step is identifying the problem and finding answers through relevant and credible literature. Then, the problem and literature are analyzed for an accurate and objective discussion. Case studies on companies implementing and disclosing ESG practices or investors who have integrated ESG will provide in-depth insights into this practice's challenges, successes, and impacts. The author believes that this topic is essential because it is known that ESG is currently an exciting issue that attracts the public and investors.

RESULTS

Table 1. Results

	Title	Authors	Year	Results
1	The Influence of Environmental, Social, And Governance (ESG) Disclosure on Firm Financial Performance	Raisa Almeyda and Asep Darmansyah	2019	The results indicate a statistically significant positive relationship between the ESG disclosure and the firm's ROA and ROC but no significant relationship with Stock Price and P/E.
2	The Influence of Environmental, Social, and Governance (ESG) Disclosure on Company Performance	Maulida Nur Safriani, Dwi Cahyo Utomo	2020	The results of this study indicate that ESG disclosure has a positive and significant effect on operational and financial performance. In contrast, it does not positively and significantly affect market performance.
3	The Effect Of Sustainability Information Disclosure On Financial And Market Performance: Empirical Evidence From Indonesia And Malaysia	Hardiningsih, Pancawati, Januarti, Indira Yuyetta, Etna Nur Afri	2020	The results show that environmental and social disclosure significantly affects return on assets, return on equity, price-earnings ratio, and Tobin'Q in Indonesia and Malaysia.

4	The Impact of ESG Disclosure on Financial Performance Companies (Empirical Study on Financial Sector Companies Listed on the IDX for the 2017-2019 Period)	Era Vivianti Husada, Susi Handayani	2021	The results showed that ESG disclosure only affected Return on Assets simultaneously; further analysis showed that none of the economic performance variables were partially affected by ESG disclosure.
5	The Effect Of ESG Performance On The Financial Performance Of Manufacturing Companies Listed In The Indonesian	Barraq Mellina Zahroh, Hersugondo	2021	The results of this study indicate that social performance, governance performance, and ESG performance have a positive and significant effect on a company's financial performance, while environmental performance has a negative and insignificant effect.
6	Corporate Governance Characteristics and Environmental, Social & Governance (ESG) Performance: Evidence From The Banking Sector Of Pakistan	Samina Rooh, Muhammad Zahid, Muhammad Farooq Malik, Muhammad Tahir	2021	The results show that gender diversity, board independence, and return on assets (ROA) positively affect ESG performance. Board size and firm size have an insignificant impact on ESG performance. Furthermore, firm age and previous year ESG practices (lag of ESG) have a significant positive role in improving ESG performance.
7	The Effect of Non-Financial Performance (Environmental et al.) on the Company's Investment Risk	Agus Triyani, Suhita Whini Setyahuni & Fiki Durrotul Makwuna	2021	ESG information affects a company's investment risk
8	The Influence of Sustainability Report Disclosure, Leverage and Activity on Company Performance	Annabelle, Anitaria Siregar	2022	The results show that the social aspect of sustainability report disclosures and activity influences the firm's performance. The economic and environmental aspects of sustainability report disclosures and leverage do not influence the firm's performance.
9	The Environment, Social And Governance (ESG) Activities and Profitability Under COVID-19: Evidence From The Global Banking Sector	Mui Kuen Yuen, Thanh Ngo, Tu DQ Le and Tin H. Ho	2022	The findings generally found that ESG activities may reduce bank profitability. In addition, there is a U-shaped relationship between ESG and bank profitability, suggesting that ESG activities can help improve bank performance in the long term. Such an effect is the first time observed in the global banking sector.
10	Impact of Environmental, Social, and Governance (ESG) on Financial Performance Wahdan	Wahdan Arum Inawati, Rahmawati	2023	This study's findings show that social, environmental, and governance factors positively influence the financial performance of non-financial sector companies.
11	The Influence of Environmental, Social and Governance (ESG) Disclosure on Company Performance in Coal Mining	Machillah Afany Durlista, Ickhsanto Wahyudi	2023	The findings of this research indicate that the disclosure of environmental aspects favours both ROA and ROE. However, it does not exert any impact on Tobin's Q. On the other hand, the disclosure of social aspects demonstrates a positive

	Sub-Sector Companies for the Period 2017-2022			correlation with Tobin's Q, yet it does not display any significant influence on ROA and ROE. Meanwhile, the revelation of governance aspects establishes a positive connection with ROE and Tobin's Q while leaving no discernible imprint on ROA.
12	The Influence of Environmental, Social, and Governance Disclosure on Company Value With Company Size as a Moderating Variable (Empirical Study of Non-Financial Companies on the Indonesia Stock Exchange 2019-2021)	Ryan Edriansyah, Adhi Nur Cahyonowati	2023	The results of this study show that environmental, social, and governance disclosure has a significant positive effect on firm value.
13	The Influence of Environmental, Social, and Governance Disclosure on Company Performance	Azka Zahrotun Nisa, Kartika Hendra Titisari, Endang Masitoh	2023	Environmental, social, and governance (ESG) disclosures affect companies' operational and market performance but have no effect on their financial performance.
14	Environmental, Social and Governance (ESG) Performance and Firm Performance in India	Santi Gopal Maji and Prachi Lohia	2023	The results indicate that ESG performance and its components are positively associated with firm performance.
15	Environmental, Social and Governance (ESG) and Financial Performance of Public Companies in Indonesia	Angela Merici Minggu, Jusuf Aboladaka, Godlief Fredrik Neonufa	2023	The research results show that environmental, social, and government variables affect the company's financial performance.
16	Impact Investment Intentions Of Generation Z: Exploring The Factors That Drive Young Private Investors To Decide For Environmental, Social, and Governance (ESG) Funds	Hannah Lea Weinbrenner	2023	ESG disclosure influences investment decisions among Gen Z
17	The Existence of Environmental, Social, and Governance (ESG) in Investor Portfolios as a Manifestation of Sustainable Investment	Vanisa Ratna Sari, Oktoviani Adira Pratiwi, Friska Amelia Putri, Umi Hanifah	2023	The discussion results show that ESG implementation can significantly support sustainable investment.
18	The Influence of ESG Implementation as an Index in Investment Decisions on Gen Z	Anggie Wiyana Putri, Azzamahdy Ahmad Rafikri, and Meiwindriya Mutya Gading	2023	The results of this study show the influence of the ESG Index on investment decisions among Gen Z.
19	Environmental, Social, and Governance (ESG) Disclosure of Company	Mery Shinta Serafim Sitepu, Dwi Cahyo Utomo	2024	The findings of this study indicate that ESG disclosure has a non-significant and adverse determination on financial performance.

	Financial Performance & Non-Financial Performance			
20	The Influence of Environmental, Social, and Governance Disclosure on the Performance of Banking Sector Companies	Kamila Rahayu	2024	The environment significantly influences all company performance variables, namely ROE, ROA, and Tobin's Q. Disclosure of social information does not significantly affect the market value described by Tobin's Q. On the contrary, social disclosure significantly affects ROE and ROA values. Governance variables show a significant effect on ROE and ROA values. Tobin's Q governance values do not show significant values.
21	ESG Vs Company Performance, Empirical Test of Lq45 Companies	Siti Rahmi Nurannisa, Bandi	2024	These results prove that ESG disclosures can provide relevant information about a firm's financial performance, with ROA being a more responsive indicator of ESG factors. This study implies that firms should improve their ESG disclosures to gain investor confidence and improve their financial performance.
22	The Influence of Environmental, Social, and Governance (ESG) Disclosure on Company Value	Dani Bagus Hariyanto, Imam Ghazali	2024	The results of this study indicate that the social disclosure score has had a positive and significant effect on firm value. Meanwhile, the environment and governance disclosure scores do not affect firm value.
23	Balance of Risk and Return on Investment Strategy Sustainability: An Integrative Approach to Environmental, Social, and Corporate Governance (ESG) Factors	Moh. Farhan	2024	Research shows that incorporating ESG elements into investment decision-making can help achieve the ideal balance between return and risk while benefiting society and the environment.

DISCUSSION

The Relationship between ESG Disclosure and Company Performance

ESG disclosure is one of the indicators used to assess and evaluate the company's performance results during its activities and explore the impacts that will arise from these three aspects (Sarnisa et al., 2022). Company performance can be measured by market, financial, and operational performance. However, this study focuses on market and financial performance to assess company performance because previous studies are limited to these only.

According to research (Yuen et al., 2022) there is a U-shaped relationship between ESG and bank profitability in the banking sector, indicating that ESG can help bank performance in the long term. The study conducted on companies in India by (Maji & Lohia, 2023) also indicates that ESG components positively affect company performance. Then, the study (Almeyda & Darmansya, 2019) found a positive relationship between ESG disclosure and company financial performance; the higher the ESG transparency, the better the financial performance. Slightly different from the research (Minggu et al., 2023; Sitepu & Utomo, 2024), it is explained that environmental disclosure hurts the company's financial performance. This is due to the lack of stakeholder interest in matters related to the environment. This affects investors' decisions to invest in the company; the negative influence of environmental disclosure on the company's financial performance can be described by the company's investment activities in projects related to environmental and social aspects. Companies that focus on these aspects face the consequences of increasing costs and decreasing company profitability so that they can experience a decline in financial performance. However, social disclosure positively affected the company's financial performance. This shows that social activities will increase public trust, improving company performance (Anabella & Siregar, 2022; Siti Rahmi Nurannisa & Bandi, 2024). Furthermore, corporate governance was found to positively and significantly affect the company's financial performance. This shows that the company implements good corporate governance. Governance aims to ensure that the business run by management does not deviate and reports regularly. The information presented by the company in the annual report and financial report can be used by stakeholders to make decisions related to the business run by the company. Thus, good corporate governance will produce relevant information so that business decisions are right in meeting the company's financial performance targets (Minggu et al., 2023).

Financial performance research (Adhi & Cahyonowati, 2023) shows a positive relationship between ESG disclosure and company market performance as proxied by company value. Then, the study (Nisa et al., 2023) revealed that social aspects do not affect market performance, but environmental and governance aspects do. The results of this study indicate that increasing a company's market performance can be influenced by the disclosure of non-financial information related to energy use, waste management, pollution levels, efforts to preserve natural resources, and treatment of flora and fauna. Likewise, about governance, companies gain stakeholder trust from compliance with ethics in corporate governance. This shows that companies and market players in Indonesia focus more on governance issues, such as the company's commitment and effectiveness to corporate governance principles and shareholder treatment and environmental issues than on social issues. (Xaviera & Rahman, 2023). This contrasts the findings of (Hariyanto & Ghozali, 2024), which convey that environmental and governance aspects have no influence, while social aspects significantly influence company value because paying attention to social issues in the community will increase the company's reputation and public trust.

The Relationship between ESG Disclosure and Investment Interests and Decisions

The current ESG implementation conditions are increasingly influencing investors in making decisions. Many companies are developing their performance using ESG benchmarks because stakeholders have observed companies committed to their environment and society. Using ESG benchmarks can increase investor confidence in investing in a company. Companies can attract investors if they have first gained a good image from the public because it can reduce investment risk. This is in line with research from (Triyani et al., 2021) This shows that ESG information impacts a company's investment risk. (Lea et al., 2023) Found that there are investors who tend to consider the social and environmental impacts of their investments. Even Gen Z, who are starting to enter the investment market, believe that their investment actions will have a significant impact in the future, so they tend to make decisions to invest in companies that care about the surrounding environment. Thus, companies must realize the importance of easy access to company information, especially in terms of ESG, to create sustainable investments. Moreover, investors consider that the company's sustainability can be realized if they feel confident in the strategy implemented by the company to support investor interests. However, behind these advantages, their experience is still lacking in investing. Therefore, companies must also be able to provide clear information about the returns expected by investors and eliminate misunderstandings about the risks associated with ESG investments.

Investing in companies that disclose ESG attracts investors' main interest because it supports ethical investment. Ethical investment is socially responsible because it meets specific moral values and ethical norms based on certain criteria, such as not operating in the alcohol, pornography, and cigarette industries and others requiring high environmental concerns (Azhar et al., 2023). Companies that apply ethical criteria in business activities, relationships with stakeholders and the company's environment are considered more valuable than companies that ignore ethical aspects. ESG investment is considered a way to improve the performance of managed portfolios, increase returns, and reduce portfolio risk. Shareholders expect companies to have better economic and sustainability performance in the future, with sustainable companies tending to have a greater chance of providing stable dividend payments. In addition, sustainable companies also have better long-term relationships with other stakeholders besides shareholders (Farhan, 2024).

Social and environmental investment has a positive impact on the environment and sustainability. By engaging in environmental protection programs and sustainable natural resource management, companies can help preserve the environment and prevent environmental damage that can endanger human life. Social and environmental investment positively impacts society, corporate reputation, and sustainability. By engaging in social and environmental investment programs, companies can significantly contribute to developing a more sustainable society and creating long-term value for the company itself. Therefore, companies must prioritize social and environmental investment in their business strategy (Susanto & Sirnawati, 2023). This shows that the company's ESG disclosure causes investor reactions reflected in stock trading. The application of ESG in financial investment strategies recognize the complexity and interconnectedness of economic, environmental and social well-being and strengthens the commitment to achieving sustainable and inclusive growth (Rismanto, 2024).

Therefore, companies need to disclose information, in this case, ESG, as a signal. This is in line with the signalling theory, which states that disclosure of information is a company signal to investors, who are external parties and very important because they can influence their investment decisions. With the disclosure of ESG, investors, as external parties of the company, will pay more attention to the related company, leading to investors' funding.

Impact on Corporate Sustainability

The company's integration of ESG principles into the renewable energy business can create long-term value (Hendro & Pranogyo, 2023). Disclosure of environmental aspects can maximize the company's brand image so that investors can be more interested in the company to provide business capital for more advanced business continuity. In addition to providing business capital, investors help build a positive corporate and brand image, increasing consumer loyalty and company revenue. Disclosure of environmental issues and the company's commitment to the environment can strengthen the attention and trust of stakeholders, thereby increasing their support for the company's operations. This shows that disclosure of environmental information can make the company grow sustainably.

High social aspect disclosure can improve the company's financial performance by building public and consumer trust and increasing public loyalty. Companies that carry out their social responsibilities tend to reduce legitimacy tensions, increase credibility, and obtain financial support and investment. Thus, good social performance disclosure contributes to business growth and optimal profit achievement (Zahroh & Hersugondo, 2021).

Governance aspects include the management and regulation of the company to ensure accountability, transparency and sustainability in decision-making. This builds trust with shareholders, investors and business partners, improves operational efficiency and risk management, and strengthens the company's financial performance. Good governance disclosure also maximizes the impact of environmental and social factors on company performance and increases transparency that attracts investors and facilitates stock trading. For companies listed on the stock exchange, the company's value is reflected in its stock price. The higher the stock price, the higher the company's value, increasing shareholder welfare and encouraging further investment. High company value also strengthens market confidence in the company's current performance and prospects.

Understanding ESG factors helps investors manage risk more effectively and design sustainable investment strategies. ESG is about meeting ethical standards or social responsibility and an intelligent approach to identifying investment opportunities with long-term positive impacts. A deep understanding of ESG allows investors to evaluate a company's performance more comprehensively. Therefore, companies need to make ESG disclosures to improve performance and attract investor interest, which can ultimately be helpful for the company's sustainability(Sari et al., 2023).

CONCLUSION

This study has provided insight into the relationship between ESG disclosure and corporate performance and its impact on investor decision-making. Although there is a partial positive or negative relationship between the three ESG aspects, it can be concluded from various studies that each aspect contributes to influencing corporate performance and investment interest and, of course, impacts corporate sustainability. Although this study's results align with expectations, measuring ESG initiatives' impact is not easy. Clear and transparent reporting standards are needed, so ESG assessments can be more consistent and easily compared.

Future research could explore the long-term effects of ESG strategies across industries and regions, particularly how these strategies evolve as regulations and stakeholder expectations change.

The limitations of this study include the possibility of bias in the selection of data sources and the challenge of separating ESG factors from other variables that influence corporate performance and investment decisions. Therefore, the findings should be interpreted cautiously and further validated to ensure accuracy and relevance. Overall, the implications of this study are significant for policymakers, companies, and investors, emphasising the importance of integrating ESG considerations into corporate strategies and investment portfolios to achieve long-term sustainability.

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