



**The Effect of SDGs 7 And 13 Disclosure on Firm Value in the SRI-KEHATI
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Abstract

This study examines the effect of Sustainable Development Goals (SDGs) 7 (Affordable and Clean Energy) and SDGs 13 (Climate Action) disclosures on firm value among companies listed in the SRI-KEHATI Index during 2020–2024. The population comprised all companies included in the SRI-KEHATI Index, with purposive sampling producing 42 companies and 123 observations in an unbalanced panel dataset. Firm value was measured using Tobin's Q, while SDGs 7 disclosure was assessed based on GRI 302 and SDGs 13 disclosure based on GRI 305. The analysis employed panel data regression uses the Fixed Effect Model (FEM), with firm size (SIZE), profitability (ROA), and leverage (DER) as control variables. The results show that SDGs 7 disclosure has a negative and significant effect on Tobin's Q, whereas SDGs 13 disclosure has no significant effect. These findings indicate that the Indonesian capital market may perceive clean energy disclosure and investment as short-term costs that reduce firm value, while climate action disclosure may have limited valuation effects because sustainability characteristics among SRI-KEHATI companies are relatively homogeneous. This study implies that regulators and capital market authorities should improve the quality and depth of SDGs disclosures and encourage communication strategies that highlight the long-term economic benefits of sustainable investments.

Keywords: SDGs 7, SDGs 13, Sustainability Reporting, Firm Value, SRI-KEHATI



INTRODUCTION

The era of sustainable development has brought a paradigm shift in the business world. Companies are no longer judged solely on their ability to generate profits, but also on their contributions to environmental, social, and governance aspects. This change aligns with the growing global focus on the Sustainable Development Goals (SDGs), established by the United Nations through Resolution 70/1 in 2015 as a sustainable development agenda until 2030. This agenda differs from previous developments, where the SDGs are universal and apply to all countries without exception, with the principle of "leave no one behind (United Nations, 2015)."

Among the 17 SDGs, SDG 7 on Affordable and Clean Energy and SDG 13 on Climate Change are the two most strategic goals for the corporate sector. These two goals are directly related to operational efficiency, climate regulatory risks, and energy transition costs that impact long-term business performance. The urgency of these two goals is increasing as global environmental conditions worsen. The World Meteorological Organization (WMO) recorded 2023 as the hottest year on record, with a global average temperature anomaly of 1.4°C, a figure that nearly reached the threshold agreed upon in the Paris Agreement (World Meteorological Organization, 2024). The goal of the Paris Agreement is to limit global temperature increases to a maximum of 1.5°C with a secondary target of below 2°C above pre-industrial levels (Hulu et al., 2024). This condition emphasizes that corporate pressure to implement sustainable business practices will increase, especially related to energy efficiency and carbon emission reduction.

In the business context, transparency in SDG disclosure is a crucial factor in providing information about a company's preparedness to address the risks of energy transition and climate change. SDG disclosure not only reflects a company's commitment to sustainability but also serves as a source of non-financial information that can influence investors' perceptions of the company's future prospects. Information on energy use, energy efficiency, and carbon emission reduction strategies is seen as providing a positive signal regarding a company's ability to maintain long-term business sustainability. The quality of SDG disclosure also reflects the extent to which a company discloses sustainability programs and activities to support the achievement of the SDGs, which are disclosed through sustainability reports and are seen as increasing added value for the company (Arifianti & Widianingsih, 2023).

In Indonesia, attention to sustainability issues continues to increase, as evidenced by the growth of managed funds in Environmental, Social, and



Governance (ESG)-based mutual funds. Heriyanto (2024) Data from the Financial Services Authority (OJK) shows that the total managed funds in ESG-based mutual funds in Indonesia grew from IDR 2.3 trillion in 2023 to IDR 8.21 trillion as of June 2024 (www.antaranews.com). This growth is reinforced by regulation through POJK No. 51/POJK.03/2017, which requires issuers or public companies to publish sustainability reports as a form of transparency regarding the company's economic, social, and environmental performance (Otoritas Jasa Keuangan, 2017). This condition indicates that sustainability information is increasingly a concern for investors in making investment decisions in Indonesia.

However, the quality of corporate sustainability disclosure still faces various challenges. The KPMG Survey of Sustainability Reporting (2022) global survey of 5,800 companies in 58 countries found that sustainability disclosures are predominantly narrative in nature and lack adequate quantitative indicators related to energy efficiency, renewable energy, and emissions reduction targets. Furthermore, although 96% of global companies have published sustainability reports, only 64% explicitly recognize climate change as a business risk that could impact the company's sustainability (KPMG, 2022). This situation indicates that available sustainability information has not fully reduced the information asymmetry faced by investors in assessing company performance and prospects.

In the capital market, investor response to sustainability information can be reflected through company value. Company value is a relevant variable for analysis because it can describe the market response to sustainability information while also reflecting historical performance and investor expectations regarding the company's growth prospects. Brigham & Houston (2007) states that the primary objective of financial management is to maximize company value, which is reflected through increased stock prices in the capital market. Therefore, company value is understood not only as an accounting measure, but also as a form of market confidence in the company's ability to create sustainable value.

Company value in this study is measured using Tobin's Q as a proxy, because this indicator is able to capture market perceptions of a company's tangible and intangible assets, including its sustainability reputation and long-term growth prospects. The Tobin's Q ratio reflects how the market values the company's overall resources compared to its book value. (Chung & Pruitt, 1994). A Tobin's Q value greater than one indicates the market is giving a higher valuation to the company, indicating positive expectations about the company's ability to create value in the future, including through sustainability commitments. Conversely, a Tobin's Q value below one indicates that the market has not fully



appreciated the company's growth prospects. Thus, the Tobin's Q ratio is a relevant proxy to capture the impact of SDG disclosure on market perception, where this ratio is able to reflect the extent to which investors value a company's sustainability commitments.

An interesting phenomenon is observed in companies included in the SRI-KEHATI Index. The SRI-KEHATI Index is one of Indonesia's sustainability-based stock indices that selects companies based on ESG criteria, thus companies included in it are considered to have a relatively high commitment to sustainability practices. This characteristic makes companies in the index relevant objects for examining the relationship between SDG disclosure and firm value (Elazar et al., 2025). However, increased sustainability disclosure is not always followed by increased firm value. For example, PT Unilever Indonesia Tbk (UNVR) increased its SDG 7 disclosure score from 0.60 in 2020 to 1.00 in 2024 and its SDG 13 score from 0.80 to 1.00, but its firm value, as proxied by Tobin's Q, actually decreased from 14.37 to 5.35. A similar phenomenon also occurred at Semen Indonesia Tbk (SMGR), which maintained a high level of SDG disclosure, but its Tobin's Q value decreased from 1.46 in 2020 to 0.63 in 2024. On the other hand, there were companies that showed relatively stable changes in company value despite increasing levels of SDG disclosure. Overall, the descriptive statistics of this study show that the Tobin's Q value has a fairly wide range, namely between 0.10 and 14.37 with a standard deviation of 2.021. This condition indicates that even though companies are in the same sustainability index, market responses to companies still vary widely. This phenomenon raises fundamental questions: if all sample companies have passed the strict ESG selection to enter the SRI-KEHATI Index, why does the market response to company value show quite high variations even though all sample companies have met the sustainability criteria in the SRI-KEHATI Index, and whether the disclosure of SDGs 7 and SDGs 13 is truly able to explain these variations.

From a signaling theory perspective, disclosing non-financial information such as the SDGs serves as a positive signal sent by companies to investors to minimize information asymmetry. Through disclosing the SDGs, companies can demonstrate their commitment to sustainability and readiness to face energy and climate change risks, thus positively impacting confidence in the company's prospects (Meiryani et al., 2023). Parties with more information (companies) can send a credible signal to external parties (investors) through the disclosure of sustainability reports, which is expected to increase investor confidence and ultimately increase company value. However, the phenomena at UNVR and



SMGR show that this signaling mechanism does not always operate as predicted by theory, requiring further empirical testing.

However, the relationship between sustainability disclosure and firm value still shows inconsistencies across various empirical studies. Sahetapy (2023) found that sustainability reports have a positive effect on firm value because sustainability information is viewed as a positive signal by the market. Minanari & Rohman (2020) also proved that CSR disclosure has a positive effect on firm value in SRI-KEHATI Index issuers. Conversely, Tjun et al. (2024) found that ESG partially has no significant effect on firm value in companies included in the SRI-KEHATI Index, while Rossalina et al. (2025) found that ESG performance is negatively associated with firm value. These differences in results indicate that the influence of ESG on firm value is contextual and influenced by disclosure quality, firm size, and market characteristics, thus requiring further testing, including the phenomenon found in the SRI-KEHATI sample in this study.

This study offers several new aspects based on previous research findings that showed no consistent correlation between sustainability disclosure and firm value. First, the study focused specifically on disclosure of SDGs 7 and 13, rather than on aggregate ESG or CSR measures as in most previous studies. Second, this study uses Tobin's Q as a proxy for firm value, which is considered capable of reflecting market valuations of intangible assets. Third, this study uses the 2020–2024 observation period, reflecting the post-COVID-19 pandemic recovery and the increased global attention to sustainability issues following COP26 and COP28.

Thus, this study aims to analyze the effect of SDGs 7 and SDGs 13 disclosure on firm value, as proxied by Tobin's Q, in companies included in the SRI-KEHATI Index for the 2020–2024 period. This study is expected to provide an empirical contribution to enriching the literature on the effect of specific SDG disclosures on firm value in Indonesia, while also expanding the development of signaling theory in explaining market responses to sustainability disclosures in developing countries.

RESEARCH METHOD

This study used a population of companies listed in the SRI-KEHATI Index on the Indonesia Stock Exchange (IDX) during the 2020–2024 period. The SRI-KEHATI Index was selected because its members are companies assessed for their environmental, social, and governance (ESG) performance and their implementation of sustainability practices. The sample was determined using a



purposive sampling technique, which selects samples based on specific criteria in accordance with the research objectives (Sugiyono, 2013). The sample criteria included companies listed in the SRI-KEHATI Index during the 2020–2024 period and published annual reports and sustainability reports containing disclosure information on SDGs 7 and SDGs 13. Based on these criteria, 42 companies with 123 firm-year observations were obtained. The study used unbalanced panel data because index membership changes during the observation period. The use of unbalanced panel data can still produce valid estimates when analyzed using appropriate methods (Gujarati & Porter, 2009).

The dependent variable is firm value, proxied by Tobin's Q , which is the ratio of a company's market value to its assets (Chung & Pruitt, 1994). The independent variables consist of disclosure of SDGs 7 (Affordable and Clean Energy) and SDGs 13 (Addressing Climate Change). Both are measured through content analysis with a dummy scoring method based on the five GRI 302 and GRI 305 indicators. A score of 1 is given if the indicator is disclosed and a score of 0 if it is not (GRI, 2016; Fitriana et al., 2024). Control variables include firm size (SIZE) as measured by Ln Total Assets, profitability (ROA), and leverage (DER). SIZE is used because large companies tend to have higher resources and exposure in sustainability disclosure (Deharlie & Aminah, 2024), while ROA and DER are controlled to reduce potential bias in firm value estimation (Triana & Simatupang, 2025).

The research data consists of secondary data obtained through annual reports, sustainability reports, and IDX publications. Data collection was carried out using the documentation method, then tabulated using Microsoft Excel and analyzed using EViews 12. The analysis used panel data regression with model selection through the Chow, Hausman, and Lagrange Multiplier tests. The selected model is the Fixed Effect Model (FEM). Hypothesis testing was carried out through the coefficient of determination (R^2), F test, and t test at a significance level of 5% ($\alpha = 0.05$).

RESULTS AND DISCUSSION

Research Data Description

This study uses unbalanced panel data from member companies of the SRI-KEHATI Index for the period 2020–2024. The data are organized by company code and observation year, with each row representing one company in a given year. Based on the established purposive sampling criteria, 42 companies were obtained with a total of 123 firm-year observations. The research variables consist of firm value, proxied by Tobin's Q , as the dependent variable, disclosure of SDGs



7 and SDGs 13 as the independent variable, and firm size (SIZE), profitability (ROA), and leverage (DER) as the control variables. This data structure allows the study to observe changes in sustainability disclosure and firm value over time. Prior to inferential analysis, the data were analyzed using descriptive statistics.

Descriptive statistics show that Tobin's Q has a mean value of 1.748, a median of 1.040, a standard deviation of 2.021, a minimum value of 0.100, and a maximum of 14.370. The wide range and difference between the mean and median indicate a fairly high variation in market valuations between companies and a distribution that tends to be skewed to the right. An average Tobin's Q value above 1 indicates that the market generally gives a positive assessment of the company's assets and prospects.

Disclosure of SDGs 7 had a mean of 0.666, a median of 0.600, and a standard deviation of 0.174, with a minimum value of 0.400 and a maximum of 1.000. Meanwhile, SDGs 13 had a mean of 0.814, a median of 0.800, a standard deviation of 0.208, and a range of 0.000–1.000. This indicates that disclosure of SDGs 13 is generally higher than that of SDGs 7, although there are still differences between companies.

The SIZE variable has an average of 32.117, ROA of 0.0671, and DER of 2.5903. ROA indicates that most companies have positive profitability, while DER shows significant variations in capital structure. Overall, the data shows heterogeneity, especially in Tobin's Q, SDGs 13, and DER, so a panel data regression approach is relevant to capture inter-firm and inter-temporal variations.

Instrument Test Results

Instrument testing in quantitative research is generally conducted in survey-based studies that use questionnaires to measure research variables, through testing the validity and reliability of the questionnaire items. In this context, instrument testing is necessary to ensure that the instrument has the ability to accurately and consistently measure the constructs being studied over time. Unlike survey-based research, this study did not use questionnaires as a data collection tool, but instead relied entirely on secondary data obtained from the sustainability reports and annual reports of the companies included in the study sample.

All data in this study are sourced from quantitative and narrative information officially published by the company and compiled according to standard reporting standards. Sustainability disclosures refer to Global Reporting Initiative (GRI) indicators relevant to SDGs 7 and 13, while company value data



and control variables are sourced from audited annual financial reports. Given these characteristics, there are no questionnaire instruments or question items that require validity and reliability testing, so testing of these instruments was not conducted in this study. This is in line with the general practice of secondary data-based quantitative research, where the focus of data quality is directed more towards the accuracy of data source selection and the thoroughness of the processing process, rather than on testing the measurement instruments.

However, in lieu of not conducting instrument testing, this study focused on the feasibility and suitability of the analytical model used for the characteristics of the panel data. The steps involved selecting a panel data regression model through specification tests, namely the Chow and Hausman tests, and evaluating relevant assumptions to ensure that the estimated regression coefficients can be interpreted validly. The results of this series of model tests, along with panel data regression analysis and hypothesis testing, will be presented and discussed in the following subchapters.

Analysis Results

Panel Data Regression Model Selection

Panel data regression model selection is carried out to determine the model form that best fits the characteristics of the research data. The model selection process is carried out in stages by comparing the Common Effects Model (CEM), Fixed Effects Model (FEM), or Random Effects Model (REM). The decision is made after conducting the Chow and Hausman tests at the 5% significance level.

The Chow Test (Redundant Fixed Effect Test) was conducted to compare CEM with FEM by testing the existence of Cross-section fixed effects. The test results show that the Cross-section F and Cross-section Chi-square values are both significant at the 5% level (probability 0.0000), so it can be stated that the FEM model is more suitable for use than the CEM model. Seeing the results of the FEM model that is suitable for use, a Hausman test is needed to determine the most suitable model for use.

The Hausman test was conducted to compare the superiority of the FEM and REM models. Based on the test results, the Chi-square statistic value was 33.733 with a probability of 0.0000, thus stating that the FEM model is indeed suitable for use in this study. The FEM model was chosen because it is able to control for unobserved characteristics that are fixed per company, including heterogeneity between sectors and can be automatically controlled through individual fixed effects so that the estimated coefficients of SDGs 7 and SDGs 13 reflect a purer within-firm influence. A summary of the model selection results is presented in the following table.



Table 1
Model Specification Test Results

Testing	Prob. Result	Decision	Selected Model
Chow Test	0.0000	Reject H_0 (FEM > CEM)	FEM
Hausman test	0.0000	Reject H_0 (FEM > REM)	FEM

Classical Assumption Test

Before estimating a panel data regression model, a classical assumption test is first performed to ensure that the model meets the requirements for valid estimation. The assumption tests performed include multicollinearity and heteroscedasticity tests.

a. Multicollinearity Test

A multicollinearity test was conducted to detect the presence or absence of a high correlation between independent variables using a correlation matrix. The criterion used was that if the correlation value between independent variables was <0.8 , then multicollinearity did not occur. The results of the multicollinearity test are presented in the following table: Table of correlation matrix between independent variables

Table 2
Multicollinearity Test Results

Variables	X1_SDGs 7	X2_SDGs 13	SIZE	ROA	DER
X1 SDGs 7	1.0000	0.4678	0.2294	0.0088	0.2519
X2 SDGs 13	0.4678	1.0000	0.0458	0.0846	0.0022
SIZE	0.2294	0.0458	1.0000	-0.4598	0.5289
ROA	0.0088	0.0846	-0.4598	1.0000	-0.3316
DER	0.2519	0.0022	0.5289	-0.3316	1.0000

Based on the table, all correlation values between independent variables are below 0.8, so it can be concluded that there is no multicollinearity problem in the regression model.

b. Heteroscedasticity Test

The heteroscedasticity test was performed to detect whether there was inequality in residual variance between observations. The test was performed using the Glejser test by regressing the absolute value of the residuals against all independent variables. The criterion used was that if the probability value of all independent variables was >0.05 , heteroscedasticity did not occur. The results of the heteroscedasticity test are presented in the following table.



Table 3
Heteroscedasticity Test Results

Variables	Coefficient	Prob.
X1_SDGs 7	-0.2362	0.6625
X2_SDGs 13	-0.1697	0.5832
SIZE	0.0278	0.9500
ROA	-1.1576	0.5546
DER	-0.0080	0.9176

Based on the table, all independent variables have probability values >0.05 , indicating that there is no heteroscedasticity problem in the regression model. Therefore, the estimated model meets the homoscedasticity assumption.

1. Model Estimation Results

Based on a series of model specification tests, this study uses a Fixed Effect Model (FEM) with Panel Least Square and Cross-section effects methods to examine the effect of SDGs 7 and SDGs 13 disclosure on firm value (Tobin's Q) with firm size (SIZE), profitability (ROA), and leverage (DER) as control variables. Before estimating the model, a classical assumption test was conducted to ensure model validity. The results of the multicollinearity test showed no high correlation between the independent variables, and the heteroscedasticity test using the Glejser method indicated that the model did not experience heteroscedasticity problems. The following are the panel data regression results of the FEM model:

Table 4
Panel Data Regression Results of the FEM Model

Variables	Coefficient	t-Stat	Prob.
C	51.40410	2.009520	0.0480
X1_SDGs7	-2.897481	-2.968660	0.0040
X2_SDGs13	0.028398	0.050942	0.9595
C1_SIZE	-1.454532	-1.818718	0.0729
C2_ROA	4.869380	1.378912	0.1720
C3_DER	-0.524677	-3.747486	0.0003
Statistics			Mark
R-squared			0.927968
Adjusted R-squared			0.884370
F-statistic			21.28449
Prob (F-statistic)			0.000000



Variables	Coefficient	t-Stat	Prob.
Number of Observations (N)			123

In general, the estimation results show that the coefficient of SDGs 7 (X1_SDGs7) is negative and significant, while SDGs 13 (X2_SDGs13) is positive but not significant. The control variable DER (C3_DER) has a negative and significant coefficient, while SIZE (C1_SIZE) and ROA (C2_ROA) are not statistically significant. The Prob value (F-statistic) of 0.00000 less than 0.05 indicates that the overall model is significant and suitable for testing the research hypothesis. The R-squared value of 0.927968 (92.80%) and Adjusted R-squared of 0.884370 (88.40%) indicate that the model has high explanatory power towards variations in company value. In the FEM model, high R-squared values often occur because the model not only includes independent variables and control variables, but also captures the specific characteristics of each company that are fixed during the observation period. Therefore, the high R-squared value cannot be interpreted as meaning that the disclosure of SDGs 7 and SDGs 13 directly explains almost all variations in company value, but rather indicates that the combination of research variables, control variables, and company fixed effects is relatively good at explaining these variations.

2. Hypothesis Testing

In this study, hypothesis testing is based on the estimation results of the Fixed Effect Model (FEM). Testing is conducted partially using a t-test to examine the influence of each independent variable on firm value. The t-test results indicate that the SDGs 7 disclosure variable has a negative coefficient and is significant at the 5% significance level. However, because the H1 hypothesis in this study was formulated as a positive influence while the results obtained showed a negative direction, H1 is declared rejected. In other words, the hypothesis stating that SDGs 7 disclosure has a positive effect on firm value is not supported by empirical evidence. Conversely, an increase in the level of SDGs 7 disclosure is actually followed by a decrease in the Tobin's Q value, which is interpreted as the market viewing disclosure and activities related to clean energy more as a cost burden than a signal of short-term added value.

Meanwhile, for the SDG 13 disclosure variable, the t-test results show that the regression coefficient is also positive but not statistically significant at the 5% significance level. This condition results in the hypothesis stating that SDG 13 influences company value being rejected. Empirically, these results indicate that the level of climate change disclosure reflected in SDG 13 is not yet strong enough



to influence investor decisions in assessing companies, so it is not clearly reflected in the movement of Tobin's Q values during the observation period. Thus, information related to emissions disclosure and climate change mitigation has not become a major determinant in the formation of company value in the study sample.

Furthermore, the control variables were also tested partially. The test results showed that the control variable DER (Debt to Equity Ratio) had a significant negative coefficient. This indicates that the higher a company's debt level, the lower its value, which aligns with the theory that high financial risk due to debt burdens can reduce investment attractiveness and market valuation. Meanwhile, the control variables SIZE and ROA each had probability values greater than 0.05, thus not being proven to have a significant effect on company value.

Overall, the combined results of the F-test and T-test indicate that the model's conclusions are generally significant. However, the structure of the inter-variable influences also shows a pattern that does not fully align with initial theoretical expectations. This requires further discussion regarding the market context, investor perceptions, and the characteristics of sustainability disclosure in Indonesia.

Discussion

Theoretically, this research is based on signaling theory, which states that disclosure of sustainability information can provide a positive signal to investors and increase company value. However, empirical research results indicate that this mechanism has not yet worked optimally in the context of the Indonesian capital market. Compared to the benefits of sustainability, investors may still be more sensitive to the short-term impacts on profitability, cost implications, leverage levels, and energy transition risks.

These findings indicate that the market does not always perceive sustainability information as a signal of increased economic value. Therefore, the research findings that do not support the initial hypothesis do not indicate a weakness in the theory. Rather, they indicate that the effectiveness of sustainability signals is significantly influenced by market characteristics, investor literacy levels, and economic conditions during the study period. They also enhance understanding of the conditionality of signaling theory in developing countries.

The Impact of SDGs 7 Disclosure on Company Value

The results of the study indicate that SDGs 7 disclosure has a negative and significant effect on company value for issuers in the SRI-KEHATI Index, with a



coefficient of -2.897 and a probability of 0.0040. This means that every one-unit increase in the SDGs 7 disclosure score is predicted to reduce the average Tobin's Q by 2.897 points. Therefore, H1, which states that SDGs 7 disclosure has a positive effect on company value, is not supported. This finding indicates that the market has not fully viewed clean energy and energy efficiency disclosure as creating short-term value. Instead, such disclosure may be perceived as an indication of the need for additional investment and energy transition costs that could potentially reduce profitability. The benefits of clean energy investment, such as operational efficiency, reduced energy risk, and increased competitiveness, tend to be long-term and therefore have not been fully reflected in market valuations.

From a signaling theory perspective, disclosure only serves as a positive signal if it is deemed credible, relevant, and has beneficial economic consequences (Ross, 1977; Spence, 1973). Connelly et al. (2011) emphasize that effective signals must be observable, credible, and difficult to imitate. However, disclosure of SDG 7 is not sufficient to convince investors that clean energy investments can immediately improve a company's efficiency and prospects. The legitimacy theory perspective also explains that investments in clean energy technologies, such as solar panels, fuel conversion, and energy audits, can be viewed as a capital cost burden that depresses short-term profitability (Dowling & Pfeffer, 1975; Suchman, 1995).

Furthermore, the complexity of the technical information in GRI 302-1 to GRI 302-5 has the potential to lead to information overload. Molnár et al. (2024) demonstrated a relationship between GRI compliance and SDG 7 disclosure. Information that is too granular can be difficult for investors, particularly retail investors, to understand. From a stakeholder theory perspective, the benefits of disclosure on valuation take time to be realized, especially when market ESG literacy is still developing (Freeman, 1984; Mitchell et al., 1997).

These results align with those of Rahmawati and Suhatini (2024), Setiawan and Madyakusumawati (2023), Rossalina et al. (2025), and Tjun et al. (2024), but differ from those of Minanari and Rohman (2020) and Sahetapy (2023). These differences indicate that market response to sustainability disclosure is contextual and influenced by company characteristics, disclosure quality, ESG literacy, and perceptions of sustainability costs and benefits. Therefore, management needs to communicate the long-term economic benefits of clean energy investments more effectively so that SDG 7 disclosure is perceived as a source of value, not simply a cost burden.



The Impact of SDGs 13 Disclosure on Company Value

Disclosure of SDG 13, which focuses on climate change and greenhouse gas emissions, could theoretically be a positive signal for investors because it reflects a company's commitment to managing climate risk. However, the test results show a coefficient of 0.0283 with a probability of 0.9595, indicating that disclosure of SDG 13 has no significant effect on company value. Therefore, H2, which states that disclosure of SDG 13 has a positive effect on company value, is not supported. This condition indicates that climate change information has not become a primary factor in market assessments of companies included in the SRI-KEHATI Index.

The average disclosure value for SDG 13 was 0.814 with a standard deviation of 0.208, indicating a relatively high and homogeneous level of disclosure. This similarity makes SDG 13 information less effective in differentiating company quality in the eyes of investors. Based on signaling theory, carbon emissions information is not yet strongly perceived as a relevant economic signal because investors tend to prioritize financial performance, profit prospects, and industry risk (Spence, 1973). Meanwhile, legitimacy theory explains that the strict ESG selection in the SRI-KEHATI Index creates a ceiling effect, so that SDG 13 disclosure functions more to maintain legitimacy than competitive advantage (Suchman, 1995). This finding is consistent with Ladista et al. (2023), Nurdin et al. (2023), and Asyari and Hernawati (2023), but differs from Fitriana et al. (2024) and Kurnia et al. (2021). Companies need to improve the depth, quality, and credibility of climate disclosures to make them more relevant for investment decisions.

The Influence of Control Variables on Firm Value

In addition to the main variable of sustainability disclosure, this study includes three control variables, namely company size (SIZE), profitability (ROA), and leverage (DER), to ensure that the influence of SDGs 7 and SDGs 13 on company value is not distorted by other factors.

The test results show that SIZE has a coefficient of -1.454 and a probability of 0.0729, so it does not have a significant effect on Tobin's Q. The negative coefficient indicates a tendency for companies with larger assets to have lower Tobin's Q values, but the relationship is not statistically strong enough. Theoretically, larger companies have better resources, access to funding, and capabilities in implementing sustainability programs. However, large size is also accompanied by operational complexity and bureaucracy that can reduce efficiency. For companies in the SRI-KEHATI Index that have relatively good



reputations, governance, and sustainability commitments, differences in asset size become less relevant for investors in determining valuations.

The ROA variable has a coefficient of 4.869 with a probability of 0.1720, so it does not significantly influence Tobin's Q. Although the positive direction indicates that increasing profitability tends to increase company value, this result is not statistically strong enough. Investors in SRI-KEHATI companies are suspected to consider sustainability reputation, governance, and long-term prospects more than short-term profit performance. Furthermore, companies that meet strict ESG criteria tend to have relatively stable profitability, so variations in ROA are less informative as a valuation differentiator.

Leverage (DER) has a coefficient of -0.524 with a probability of 0.0003, thus proving to have a negative and significant effect on Tobin's Q. This means that the higher the company's leverage level, the lower the company's value. This condition indicates that increasing the use of debt can increase interest expenses, the risk of financial distress, and reduce the company's flexibility in managing resources. In the context of companies included in the SRI-KEHATI Index, high debt levels can be perceived by investors as increasing financial risk and the potential for default, especially in conditions of economic uncertainty. This finding is in line with the trade-off theory, which explains that the use of debt can increase company value until it reaches an optimal level. However, if debt has exceeded the optimal level, increased financial risk and the potential for financial distress will reduce the company's value. Thus, leverage is a control factor that has a significant influence in reducing the company's market valuation. Based on the following hypothesis summary;

Table 5
Summary Results of Hypothesis

Hypothesis	Direction of Allegation	Coefficient	Probability	Decision
H1	Positive	-2.897	0.0040	Rejected
H2	Positive	0.0283	0.9595	Rejected

CONCLUSION

This study aims to examine the effect of SDGs 7 and 13 disclosure on firm value, using the Tobin's Q ratio as a proxy for SRI-KEHATI index companies for the 2020-2024 period. Based on the results of the Fixed Effect Model (FEM) analysis with SIZE, ROA, and DER as control variables, three main conclusions were obtained.



1. Disclosure of SDG 7 has a significant negative effect on firm value. Therefore, H1 is rejected because the direction of the effect is opposite to the initial hypothesis, which predicted a positive relationship. This finding indicates that the market has not yet fully appreciated the long-term economic benefits of clean energy and energy efficiency investments, so energy transition costs are still perceived as pressure on short-term financial performance.
2. Disclosure of SDG 13 did not significantly impact company value, thus H2 was rejected. This finding indicates that information related to climate change and carbon emissions has not yet become a key differentiating factor in market assessments of companies included in the SRI-KEHATI Index. This condition may be due to the relatively high level of SDG 13 disclosure and the tendency for homogeneity among companies in the index, so that SDG 13 information has not been able to generate a significantly different market response.
3. The research model is simultaneously significant with a Prob. F value of 0.000000 with an R-squared of 92.80% and an Adjusted R-squared of 88.44% indicating that the model has good explanatory power towards variations in company value, which is supported by the use of the Fixed Effect Model (FEM). The control variable DER has a significant negative effect, while SIZE and ROA are not proven to have a significant effect.

Theoretically, these findings indicate that the effectiveness of signaling theory in the context of sustainability disclosure is still influenced by the characteristics of the Indonesian capital market, where investors tend to be more sensitive to short-term financial considerations than the long-term economic benefits of sustainability.

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