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The Impact of Environmental and Financial Disclosure on the Market Value of Companies Listed on the U.S. Stock Exchange

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ABSTRACT: The research proposal will help in examining how environmental and financial reporting influences the improvement of the market values of the companies that are listed in the US stock market. This research involved a descriptive analytical research in a quantitative measurement. The sample was a sample of US listed companies in the different industries over the past few years and was narrowed down to targeting companies that have reported approved environmental and financial disclosure reports in the 2021, 2022, and 2023 fiscal years.
The variables were assessed with the help of environmental disclosure variables (climate disclosure, water disclosure, and forest disclosure) and the financial one (assets). They were done based on the market capitalization of these companies in the 31st December of every financial year. To check the association between the variables, the level of significance of the variables using the correlation and regression models was tested by the use of the SPSS statistical package.
The findings indicated that disclosure of climate had the highest impact in the growth of market value of the company and this proves the growing awareness of the investor about the need to concentrate on climate change as a part of sustainable performance. The water disclosure as compared to the forest disclosure which had a negative effect was not of significance and financial (asset) disclosure was important in enhancing the market value.
On the findings of these results, the research suggests the enhancement of climate disclosure which forms the largest contributor of investor confidence and enhancing the company worth in overseas financial markets.

KEYWORDS: Disclosure, Climate, Water, Forests, Assets, market Value.

CHAPTER ONE: RESEARCH METHODOLOGY AND PREVIOUS STUDIES

First: Research Problem

The financial markets are targeted at giving a fair estimation of the companies regarding their financial and non-financial performance. With the world still exerting pressure on sustainability, the aspect of environmental disclosure (environmental impacts, resource usage and emissions) has become of significant importance in the decision making of investors, besides the conventional financial disclosure.
However, the extent to which such disclosure affects the market value of the companies is a controversial issue particularly in the developed markets like the US market. The conclusion is the question below:
What is the effectiveness of the environmental and financial disclosures in valuing the company listed in the stock exchange of the USA?

Second: Research Hypotheses

1. Environmental disclosure regarding climate has a statistically significant positive impact on the market value of companies.
2. Environmental disclosure regarding water has a statistically significant positive impact on the market value of companies.
3. Environmental disclosure regarding forests has a statistically significant impact on the market value of companies.
4. Financial disclosure regarding assets has a statistically significant positive impact on the market value of companies.

Third: Research Objectives

1. To define the concepts of environmental and financial disclosure, their importance, and market value.
2. To study the impact of environmental and financial disclosure on the market value of companies through financial reports listed on the US stock market.

Fourth: Significance of the Research

The significance of the study is that it indicates the significance of environmental and financial disclosure in enhancing market worth of firms, considering the current global sustainability trend. It can be used to understand the relationship between disclosure transparency and the impact of this aspect on investor decision-making in the US stock market and enables companies to make their reporting more efficient and makes the market more confident in their performance.

Fifth: Research Methodology

The methodological approach taken in the study is descriptive-analytical because it is the most appropriate when considering the study and analysis of relationship between environmental and financial disclosure variables and market value of companies. The secondary data that the researcher used are annual reports, published financial and environmental reports, and the market data on the market value of shares of the US stock market listed companies. It is under the support of the corresponding statistical means, including multiple regressions analysis, that the impacts of the environmental and financial disclosure on the market value and the statistical significance of the relations are quantified. Literature and past research review are also the basis of the research since the research aims to frame the theoretical framework and be capable of explaining the findings.

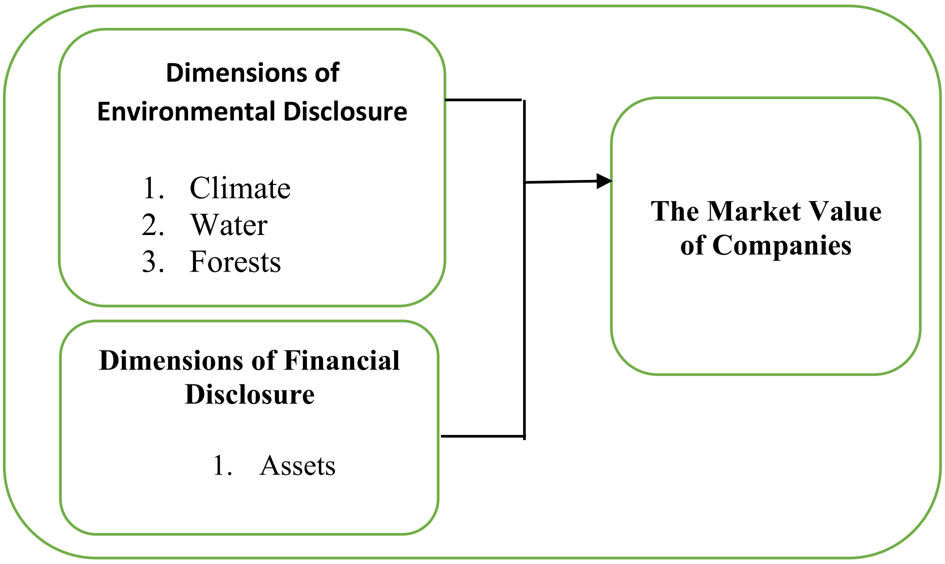
Sixth: Research Population and Sample:

The research participants are industrial companies that are listed on the US stock market and specifically, the New York Stock Exchange (NYSE) and the Nasdaq that is in the industrial industry. The sampling of this population was purposely done in the sense that the companies that published and reported on the financial and environmental information at the time of the study were considered. This was to determine the effect of environmental and financial disclosure on market value. The criteria were listed by which the sample was selected and the most important ones were compliance with sustainability reporting or environmental disclosure, availability of the clear financial information, and the quantifiability of the share market value of the company. It is the industrial sector that is most influenced by the environmental variables and that is why it can be regarded as suitable in terms of the research objectives.

Seventh: The Research Model

In the next figure, the variables in the research are denoted, and the independent variables are environmental and financial disclosure, and the dependent variable is the market value of the company on the end of each year.

Figure (1): The Research Model



Source: Figure prepared by the researcher

Second: Previous Studies

1. Gholami, Sands and Rahman (2022) Environmental, social and governance disclosure and value creation: is the financial industry different?

ESG Disclosure and Value Creation: Are Financial Sector any Different? The paper has discussed the relationship between the corporate ESG disclosure and profitability in terms of variance between the non-financial and financial sector. The study was carried out based on a massive sample of Australian companies within the period 2007-2017 using the Bloomberg database. In order to assess the connection between the ESG disclosure and the profitability, the tablet regression model was used, as well as the industry-specific analysis. In order to address the methodological issue, sample selection, internal subjectivity, and causality in ESG disclosure, a series of tests refuted the strength of the findings.

The findings showed that the improved ESG reporting is related to the improved company profitability. Nonetheless, cross-industry analysis indicated that the difference between the financial and non-financial was massive. The correlation between the ESG performance and profitability of the firms in the non-financial industry, except corporate governance was not very strong. The findings suggest that better performance reporting on ESG is more effective to the shareholder and other stakeholders in the long-term and that the application of the responsible environmental and social practices can only supplement the financial sector profitability. The paper advises that an optimal corporate climate should be created to improve the effectiveness of ESG in the financial industry and subsequently raise the awareness of borrowers and achieve economic development.

1. **Gao et al. (2023) – Promote or Crowd Out? Effects of Enterprise Value Disclosure of Modes of Environmental Information.**

   Improvement or Degradation? The Effect of Environmental Disclosure method on Corporate ValueThe relationship between various environmental disclosure methods and corporate value has been discussed in this paper in connection to the Ecomark certification and the ESG performance. The authors concentrated on the list of the Japanese producers of electrical equipment, which are listed since 2008 to 2021 and used a linear regression model with fixed effects to establish the impact of Ecomark and ESG on corporate value. They also tested the offsetting effect of ESG performance on the effects of Ecomark by using a moderate-effects model. The results showed that the corporate value is also contributed by the acquisition of Ecomark certification and good performance on ESG. The disparity in environmental disclosure strategies however comes with a disparity in the cost in time and resources and this renders ESG more attractive to investors and the impact of Ecomark on market value less. The paper presents useful information with regards to the impacts of diversity of environmental disclosure strategies on investors and corporate strategies that could be utilized to improve environmental disclosure.

The study recommends that companies need to harmonize their disclosure policy in order to avoid overlapping or omission of certain strategies and target integrated disclosure that will enhance investor trust and value.

1. **1. Frontiers (2023) The Impact of Environmental disclosure and the quality of financial disclosure and IT adoption on firm performance:** Does Corporate Governance ensure Sustainability?The article is related to the relationship between corporate sustainability (19902019) and the environmental and financial disclosure and information technology adoption and corporate governance. On the one hand, it tries to examine the correlation between the environmental and financial disclosure, information technology adoption and good governance and sustainability of corporate performance, on the other hand, in the framework of financial institutions listed in Bangladesh Stock Exchange. The study was founded on the secondary data, including annual reports of the financial institutions, periodical economic reports and the central bank publications. Other econometric methods other than the System-GMM method were used to measure the empirical relationship and the elasticities of the explanatory variables with the corporate performance. The sample included 75 listed financial institutions in Bangladesh Stock Exchange since 1990 - 2019. The study was statistically significant and positively correlated corporate sustainability and financial and environmental disclosure, use of information technology and good governance. They also discovered that uniformity of information, security of investors as well as greater access to financial services makes the corporate performance to be more stable. The study proposed to improve on integrity and disclosure of information to the people and initiating enforcement action in a way that will ensure the implementation of good governance by the financial policymakers becomes a reality.

2. Altarawneh, A. (2023) The Impact of environmental disclosure on the value relevance: Environmental performance via the mediating.

The environmental performance role in mediating effect of Environmental Disclosure in Value Relevance. The article analyzed the effects of environmental disclosure on value relevance, and the moderating effects of environmental performance in a sample of industrial firms in the Amman Stock Exchange (20182021). The objectives of the study were to determine the direct influence of the environmental disclosure on the value relevance concerning the fair value of the ordinary equity as well as to determine the moderating influence of the environmental performance on the same. The secondary data research based on annual reports of the listed Jordanian industrial companies at the Amman Stock Exchange in the period (2018-2021). Relevancy value was measured in terms of Ohlson model.

The study concluded that environmental disclosure has a positive and significant impact on enhancing the relevance value of industrial companies that are listed on the Amman Stock Exchange during the period (2018-2021). The results also revealed that having higher environmental performance reinforces this impact, in other words, companies with better environmental performance gain more advantages from environmental disclosure in terms of increasing value. The study suggested that company managers should use environmental disclosure as a tool to enhance the relevance value of companies and incorporate it in future strategies by improving the environmental and financial performance of companies.

First: Difference Between the Current Study and Previous Studies

The current study is not comparable to the previous study as it focuses its interest on the determination of the difference between the impact of environmental and financial disclosure on the market worth of the industrial companies listed on the US stock exchange, specifically. Most of the older literature either focused on other areas (as in the case with the financial sector in the study by Gholami), or the impacts of environmental disclosure (as in the study by Altarawneh), or it focused on a theoretical bibliometric review which was not tested on a field (as in the study by Bosi et al.). Moreover, the current study offers a twofold and comparative analysis of the environmental and financial disclosure with reference to the actual data in the US market and therefore can be more specific and relevant to the US capital market.

Second: Distinguishing Features of the Current Study:

The current study is unique since it explicitly examines the impact of both environmental and financial disclosure on the market capitalization where the sample of the US companies involved in both the NYSE and NASDAQ stock markets were used. Its methodology that is based on the methodology of the multiple regression analysis and is highly sensitive to the sample variables makes its results pragmatic and decision making in nature. Besides, the paper is distinctive because it focuses on the differences between the two types of disclosure in terms of its impact, but not necessarily, in terms of relation to value. It is a distinction that the majority of the previous studies lacked since they either combined the three dimensions into one index (ESG) or they operated them in settings and markets that are not in the US market.

CHAPTER TWO: THE THEORETICAL FRAMEWORK OF ENVIRONMENTAL AND FINANCIAL DISCLOSURE AND THEIR RELATIONSHIP WITH MARKET VALUE

Transparency improvement and investor and stakeholders trust in business are grounded on financial disclosure. It is further categorized into two general types which include mandatory and voluntary. Mandatory disclosure addresses the level of compliance of the firms to the accounting standards and financial regulations imposed as compared to voluntary disclosure which addresses the quality of disclosure besides the capacity of the company to disclose beyond the legal requirement. Since the mandatory disclosure has certain limitations as the means of curbing the corporate malpractices, the voluntary disclosure is the increasingly popular research topic that can eradicate the information asymmetry between the principals and the agents, reduce the agency costs, and provide a host of other benefits to the companies, managers, shareholders, and any other interested parties. One of the brightest types of voluntary disclosure that adds to the quality of accounting information is the environmental disclosure and is concentrated on the effectiveness of corporate governance. Complete publicity of the environmental policies and procedures helps firms to present the stakeholders with a clear picture of the environmental responsibility of the companies and helps to eliminate the barriers that may hinder the accessibility of companies to the capital markets. To enjoy the full benefits of the same, the shareholders insist on making environmental disclosure a mandatory, audited, and disclosed part of the annual report of the company and on its web page. Despite the significance of the issue of environmental commitments, it has been found that the environmental disclosures might be interpreted differently by the shareholders and the customers. There is therefore an urgent need to make tangible steps towards enhancing and developing the environmental disclosure to show efficiency and concern of the firms to the environmental standards. Thus, the importance of researching the environmental disclosure as the method to help transparency and responsibility and integrate financial performance and corporate social and environmental responsibility is evident. Other benefits that have been achieved are environmental disclosure. According to a research study conducted in Jordan, it was found that the environmental disclosure of companies and its earnings management had negative relationships as both social and environmental disclosure are relevant in enhancing transparency through reducing the information asymmetry in the stock market (Altarawneh, 2023: 70-71).

First: Environmental Disclosure

Corporate environmental disclosure may be said to be the disclosure of different types of environmental information like internal environmental management, monitoring information on pollution, and environmental practices that have a significant effect on the masses and investors or may be risky to the market or may affect the interest of the masses and investors. (Ye et al., 2023: 2)

Such a disclosure of environmental effects of corporate activities can be termed as environmental disclosure whether it is a financial disclosure or non-financial disclosure. This is to provide such information to the stakeholders in order to make informed decisions.

UNEP (1992) explains that the process of environmental disclosure as a database is used to study environmental impacts at the industry level in order to establish the origin of wastes and corporate responsibilities establishment.

Second: The Importance of Environmental Disclosure and Its Impact on Firm Value

Financial reporting incorporates an aspect of environmental disclosure, which proceeds (Gao et al., 2023: 6:(

1. Value addition to the Corporation: It is conceived that Good environmental disclosure is closely associated with the enhancement of the corporate value (e.g., Q of Tobin) due to its image and attractiveness to investors.
2. Improving Financial Performance and Profitability: ESG and environmental management practices disclosure may increase the corporate profitability (ROA), as well as share prices.
3. Enhancing Investor Confidence and Reducing risk: Open reporting on ESG information enhances the ability of the investors to assess the risk and hence has a diminishing effect on the general and the specific risk of the firm.
4. Achievement of a Sustainable Competitive Advantage: Environmentally committed firms as a result of disclosure have a long term competitive advantage and intangible value which helps to drive green innovation and increase the efficiency of operations.
5. Assuring Standards and Social Responsibility: Environmental disclosure helps companies to report on their compliance with the environment laws and other international standards that enhance their reputation to the consumers and investors.
6. Favorable impact on consumer behavior: Eco-labeled products cause the consumers to be ready to pay higher money on the environmentally friendly products and this impacts positively on revenue and has a positive impact on the market value of the company.
7. Stronger financial performance during crisis periods: Good ESG disclosure reduces financial risks and increases the ability of businesses to survive economic shocks like it was during the COVID-19 pandemic.

Third: Financial Disclosure

It may be said as the information that is covered in annual reports and enhances the confidence of the user (including investors) on the informational content hence adding to the quality of the financial decision-making. It is also the economic worth of the information contained in the financial statements of a business which is important as far as the stakeholders are involved in making economic decisions that involve the organization. These decisions include the decisions that investors make about where they will invest their funds on the company, the decisions made by lenders about whether they would offer banking facilities to the organization or not. (Al-Taweel, 2023: 131)

Fourth: The Carbon Disclosure Project (CDP)

Carbon Disclosure Project (CDP) is a non-governmental, non-profit, voluntary venture that aims at improving the level of transparency between companies and shareholders as well as assist in making corporations better in their handling of green house gases. The capital markets and the purchasing organizations rely on the huge and comprehensive environment database that is provided by CDP to make informed decisions, to compensate the companies with high performance, and to drive the climate action. CDP is the biggest institutional investor in the globe (it includes more than 680 institutional investors with over US $17 trillion of assets, nearly 19,000 businesses report on their environmental performance through the CDP platform, which implies half of the world market capitals are covered by it; De Sanctis, 2023: 5-6)

The biggest institutional investors coalition globally is the CDP that has in excess of 680 institutional investors that manage over USD 17 trillion in assets. The number of companies that report their environmental information to the CDP is estimated to be about 19,000 half of the world market capitalization (De Sanctis, 2023: 56).

Fifth: What Companies Disclose Through CDP

Businesses report on the environmental risks and impacts of their activities or operations, in three key areas: https://www.cdp.net/en.

1. Climate Change

a. Their production, services or supply chain causes carbon emission (Scope 1, 2, 3)

b. Climate change dangers that may affect their business such as floods, drought, rise of temperatures and changes in environmental policies.

c. How the company has done to reduce these emissions or manage risks of climate.

2. Water Security

a. The quantity of industrial water used.

b. Water shortage, water contamination, or unsuitable drainage hazards and the implication on business sustainability.

c. The water management of the company is sustainable.

3. Forests

a. The influence of the company activities on the deforestation or the degradation of natural land and forests.

b. The degree to which the company depends on forest resources (as timber or agricultural products).

c. Its measures to minimize the adverse effects on forests.

Sixth: The Importance of Financial Disclosure and Its Impact on Firm Value

1. The rationale of the inclusion of financial disclosure as one of the core components is that it directly influences the company value as it leads to (Lawrence, 2013: 132):
2. Empower the investors to make superior decisions: The precise and transparent financial disclosure will provide investors with superior information about the financial performance of a company which will assist them in evaluating risks and anticipated returns better and enhance their trust in a company. It is this trust which is normally passed in to an elevated demand in the company shares thus raising its market value.
3. Reducing information asymmetry: high quality financial reporting reduces the information asymmetry between personal and professional investors, protecting the company against inefficient trading, and reducing capital expenditure, hence, facilitating the stability and value of the company shares.
4. Enhancing the efficiency of financial markets:Through transparent and succinct disclosures, investors can process information more efficiently and quickly which leads to market liquidity and efficiency, competitiveness in the company and lastly, value.
5. Protecting the company against fraud and misunderstanding: Complex or lengthy disclosures may be disorienting the investors and plain and concise words may assist in ensuring that the required information of the key financial data to be well construed and consequently reduce the risks of price change through misunderstanding.
6. Regulatory objectives and reputation enhancement: The adherence to the transparent and credible financial reporting makes the company more reputable in the markets, attracts new investors to invest in the company and signifies that the company observes healthy corporate governance, which are all good to the market value of the company.

Seventh: Theories Supporting the Relationship Between Disclosure and Market Value

1. **Agency Theory**

The most important explanatory models that are relevant in the explanation of the relationship between financial and environmental disclosure and company value are the theory of agency. This theory states that there is an information asymmetry between the owner (the principal) and the managers (the agent) and in most instances, the managers are better informed of the financial and environmental state of the company than the investors are. This can cause them to make decisions that can be detrimental to the interest of shareholders. Financial and environmental disclosure, therefore, are central instruments to reduce the information asymmetry, decrease the agency cost and enhance the level of trustworthiness of the investor in the company. Financially, providing accurate and transparency information about the financial position of the firm will assist in establishing a superior investor confidence and will lead to equitable share pricing subsequently the market value. Environmental disclosure is however a committed practice of the company to ensure sustainability and minimize environmental degradation and the message is relayed to the market that the management is serious and socially responsible. This disclosure is useful in improving the image of the company, attracting the interest of the investors who are interested in investing in a sustainable way and reducing the risk of regulations which ultimately leads to the rise in the market value of the company. Therefore, the financial and environmental disclosure is an effective technique to reduce risks, enhance the level of transparency, and align the interests of the managers with the owners, which has a positive impact on the market value of the companies and leads to the long-term financial stability. (Hamdouni, 2025: 3)

Signaling Theory

Signaling theory is the theory that states that firms issue information in order to communicate their quality or their characteristics to their external stakeholders such as investors. The companies that disclose more information about their sustainability and responsible practices will send signals as to the interest in ESG issues. This will reduce the information asymmetry and uncertainties within the market since the investors will be in a position to differentiate between good and bad companies. However, not all ESG disclosures are equal in credibility and utility, some of them are more specific and reliable than others and can provide a more perfect insight into the impact of environmental effects and risk management of a company. One of them is a carbon disclosure, in which the companies willingly disclose their greenhouse gas emissions (Elmarzouky, 2024: 4 & Moussa).

Stakeholder Theory

It is based on the stakeholder theory that assumes that there should be a good relationship. This theory believes that the more the companies satisfy the stakeholders and the good relationship between the two, the more the company is likely to rise in terms of profitability. The ESG performance of the company is a non-material asset which assists in ensuring the better use of organizational resources. The competence to control the relationship with the stakeholders enables companies to build a valuable reputation, which gives them a competitive advantage and guaranteed them during the crisis, which is not possible to companies with poor performance. When a company has a good corporate ESG performance, reputational moral capital is realized that links ESG activities to the stakeholder values. The stakeholder theory states that the satisfaction of different stakeholders groups is controlled towards the improvement of improved financial performance. In this light, it is recommended that companies ought to perform better in ESG to amplify their reputation and make sure that the degree of accountability is elevated, and in effect, produces value to the company. In that regard, the effect of the disclosure of socially responsible corporate performance is beneficial to financial and market value. Moreover, the more socially responsible the company the more transparent it is, and the less it is involved in speculation about bad news, the fewer risks the company has of losing its market value in the future. The enhanced reporting of the corporate social performance also reduces the adverse effects of the ESG issues on the corporate performance in the eyes of the investor (Gholami et al., 2022:3). According to this theory, despite the firms continuing to act with the aim of creating benefits to the firms, they should create benefits to the other stakeholders. The communities are regarded as stakeholders through the environmental issues and their interests are closely interconnected with the interests of the company. That is, businesses exist within the society and are somehow responsible in achieving sustainable development by ensuring that good is maximized, and bad minimized. The higher the demands and the pressure on the stakeholders, the more companies are compelled to compete to be better in terms of their performance on the climate change without reducing their financial performances (Al-Mari and Mardini, 2024: 294).

Eighth: Firm Value

The value of companies is one of the issues that have become of high concern to all the stakeholders, especially shareholders, creditors and investors as it is a critical factor of financial health of a firm and its sustainability and expansion capability. This is particularly important in long-term investment because investors will apply basic analysis tools that will prioritize the market indicators, share prices, returns rates, and dividend payouts to evaluate companies. The owners are interested in maximizing the value of their shares by pressurizing the management to act in their best interest. This is achieved by ensuring that there is a greater efficiency in resource utilization, minimization of wastes and unjustified costs and reducing the cost of financing with the available funds invested in such a way that would give adequate liquidity and capacity to meet the commitments. This will give the lenders confidence that the company will be in a position of repaying, and this will have an influence on the capability of the company to finance at reasonable rates and thus attain a good market value. Any decrease in the value of the publicly traded companies on the other hand, is a vice since the companies are unable to raise any finance at all or are borrowed at high interest rates that consequently impacts negatively on their investment and production decisions. Thus, the value of the publicly listed companies is regarded as the integration of administrative and financial decisions on the one hand, and responsiveness of the financial markets to the decisions on the other hand, which is why it is a significant instrument of determining the effectiveness of the performance and improving the credibility of the stakeholders. (Mahmood, 2025: 471)

CHAPTER THREE: THE EMPIRICAL STUDY

Independent Variable: Environmental and Financial Disclosure: The Carbon Disclosure Project (CDP) turns out to be one of the most popular world-wide models of environmental disclosure measurement of companies. It assesses the levels of their compliance and goodwill in disclosing environmental information concerned with carbon emissions, environmental risk management and climate change mitigation plans. The model is widely used by investors and scholars to assess the degree of disclosure in the stock exchange listed companies by an index numerical measure by which the degree of environmentally friendly companies are gauged. The model is based on the rating system on a scale of A, which is excellent performance in environmental disclosure, and F, or "none", which is total absence of disclosure. This model was used in the research to estimate the degree of environmental disclosure of the listed companies in the US stock exchange by converting descriptive measures in standardized numerical values of 1 to 5. This is measurable and the exact comparisons of the companies in terms of their level of commitment to environmental disclosure are as follows:

Table (1): Mode, for Measuring Environmental, Disclosure

CDP Rating	Interpretation	Proposed Numeric Value
A	Excellent Performance	5
A−	Excellent Performance	4.5
B	Good	4
B−	Good	3.5

C	Limited Disclosure	3
C−	Limited Disclosure	2.5
D	Weak Disclosure	2
D−	Weak Disclosure	1.5
F / None	No Disclosure	1

Financially, it was evaluated by evaluating the disclosure of the total assets by sample companies in their financial statements .

Dependent variable:

The dependent variable: Company value was measured by market capitalization at the end of each year of the year as of December 31st that was computed as the product of share price and number of shares as reported in financial report of each company as indicated in Appendix A.

The information of the dimensions of independent variable is presented in the table.

NO	Company	Evaluation			Asset Value	Market Value	Year
		Climate	Water	Forest			
1.	25none	5	5	4.5	44,490,000,000	43,222,144,566	2021
2.	52M	4	3	3	56,136,000,000	37,812,600,000	2021
3.	Sn5m	4	3	3	31,272,000,000	20,533,793,088	2021
4.	Whirlpool	4	3	3	20,285,000,000	14,254,000,000	2021
5.	3M	4	3	3	47,072,000,000	60,379,000,000	2021
6.	Spe3tris	4	3	3	2,393,000,000	5,494,898,146	2021
7.	Oerlikon	4	3	3	5,340,000,000	3,250,000,000	2021
8.	Imerys	4	3	3	8,538,000,000	2,890,000,000	2021
9.	Hei2el4erg M5teri5ls	5	3	4.5	38,813,000,000	13,587,000,000	2021
10.	Gl5xoSmithKline P5kist5n Limite2	4	3	3	107,048,000,000	43,470,000,000	2021
11.	2i5geo pl3	5	3	4.5	44,142,000,000	93,909,000,000	2021
12.	Rolls-Roy3e Hol2ings pl3	4	3	3	28,670,000,000	13,949,000,000	2021
13.	W5ste M5n5gement (WM)	4	4	1	29,097,000,000	69,817,000,000	2021
14.	25none	4.5	4	4.5	45,280,000,000	38,306,941,896	2022
15.	52M	4	3	3	59,774,000,000	51,005,684,000	2022
16.	Sn5m	4	3	3	37,295,000,000	17,517,243,027	2022
17.	Whirlpool	4	3	3	17,124,000,000	7,706,508,000	2022
18.	3M	4	3	3	46,455,000,000	66,285,000,000	2022
19.	Spe3tris	4	3	3	2,636,000,000	3,868,144,342	2022
20.	Oerlikon	4	3	3	4,843,000,000	2,250,000,000	2022
21.	Imerys	4	3	3	9,062,000,000	2,680,000,000	2022
22.	Hei2el4erg M5teri5ls	5	3	4.5	38,289,000,000	11,995,000,000	2022
23.	Gl5xoSmithKline P5kist5n Limite2	4	3	3	81,394,000,000	27,950,000,000	2022
24.	2i5geo pl3	5	3	4.5	44,183,000,000	82,821,000,000	2022
25.	Rolls-Roy3e Hol2ings pl3	4	3	3	29,450,000,000	10,580,000,000	2022
26.	W5ste M5n5gement (WM)	4	4	1	31,367,000,000	64,396,000,000	2022
27.	25none	5	5	4.5	45,420,000,000	45,790,939,251	2023
28.	52M	4	3	3	54,631,000,000	38,520,793,000	2023
29.	Sn5m	4	3	3	38,599,000,000	18,050,187,500	2023

30	Whirlpool	4	3	3	17,312,000,000	6,679,451,000	2023
31	3M	4	3	3	50,580,000,000	101,577,000,000	2023
32	Spe3tris	4	3	3	2,460,000,000	4,570,796,396	2023
33	Oerlikon	4	3	3	5,042,000,000	1,630,000,000	2023
34	Imerys	5	3	3.5	8,234,000,000	2,640,000,000	2023
35	Hei2el4erg M5teri5ls	5	3	4.5	40,840,000,000	16,600,000,000	2023
36	Gl5xoSmithKline P5kist5n Limite2	4	3	3	79,850,000,000	26,430,000,000	2023
37	2i5geo pl3	5	3	4.5	44,883,000,000	63,888,000,000	2023
38	Rolls-Roy3e Hol2ings pl3	4	3	3	31,510,000,000	34,220,000,000	2023
39	W5ste M5n5gement (WM)	4	4	1	32,823,000,000	72,137,000,000	2023

Second: Descriptive Statistics

The table presents the results of the descriptive statistics of the included companies in the research sample for the years 2021-2022-2023, which are 13 companies and 39 observations.

Table (3): Results of Descriptive Statistics for the Study Variables

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Climate	**39**	**4**	**5**	**4.26**	**.442**
Water	**39**	**3**	**5**	**3.23**	**.583**
Forests	**39**	**1**	**5**	**3.21**	**.901**
Assets	**39**	**2393000000**	**107048000000**	**34939282051**	**23458849871**
Market Value	**39**	**1630000000**	**101577000000**	**31863182672**	**28383537645**
Valid N (listwise)	**39**				

The table was prepared by the researcher based on SPSS outputs.

1. Climate:

The mean of climate-related disclosure was 4.26, and it is the highest among all the environmental variables in the sample, which shows the interest of the companies in the specified dimension of the environment.

The standard deviation of 0.442 suggests that the level of opinion or disclosure of the companies is not very spread out, there is a relative agreement among them regarding the importance of the climate disclosure, which could be due to the general policies or uniform disclosure policies.

2. Water:

The average score of water-related disclosure is 3.23, and this is less than the average score of climate, meaning that there are greater variations in the perceptions of companies on the significance of water disclosure or the exposure of the companies to water-related risk.

The standard deviation of 0.583 shows that there is a moderate difference in the levels of disclosure between the companies and it might be attributed to the difference between the sectors or the areas in which the companies are operating.

3. Forests:

The minimum mean score (3.21) of the environmental dimensions was that of forest-related disclosures and the highest standard deviation (0.901). It indicates that the companies pay attention to this aspect of the environment not very well, and the policies on environmental disclosure of forests are different.

This may be justified by the fact that not all the companies are directly engaged in the work with the forest resources, or they do not have to uncover them.

4. Assets:

The asset values were ranging between 2.39 billion and 107.05 billion Iraqi dinars average asset values of 34.94 billion dinars with a standard deviation of 23.46 billion dinars. This shows that there is a significant disparity between the size of companies.

This, according to accounting, means that the sample is heterogeneous and that it comprises both large and small companies and necessitates the use of the standard financial indicators such as the assets-to-sales ratio to make a comprehensive analysis of the performance.

5. Market Capitalization:

The market capitalization ranges between 1.63 billion to 101.58 billion dinars with the mean of 31.86 billion dinars and the standard deviation of 28.38 billion dinars implies that the market significantly differs in its company value. It may be due to the fact that there is a variation in profitability, reputation of the company, company issuing policies, or transparency of the accounting disclosures.

Table (4) on the other hand suggests the relationship among the independent variables (environmental disclosure and financial disclosure) and the dependent variable (company value).

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.655[a]	.429	.362	22670678888.4824
a. Predictors: (Constant), Assets, Water, Forests, Climate				

The analysis of the model summary revealed that the level of explanatory power of the regression model under use is good. The multiple correlation coefficient (R) value was about 0.655, which is the quite satisfactory level of co-ordination between the independent variables (climate, water, forests, and assets) and dependent one (market capitalization). The given value means that the correlation is high, and the model becomes more credible since it could be applied to explain the phenomenon that is investigated.

This value of coefficient of determination (R-squared) was 0.429 and it indicated that the environment and financial variables included in the model can be used to explain the change in the market capitalization of firms (approximately 42.9 %). This is a healthy percentage of the model that can be used to explain a considerable percentage of the accounting phenomenon under study particularly in a dynamic economic environment of firms of different sizes and of varying levels of performance.

Besides, the adjusted R-squared is 0.362 and indicates that the model is fit and the number of variables did not adversely impact the model. It means that the quality of input variables chosen is good and no unnecessary and irrelevant variable. The fact that the standard error of estimation (22.67 billion dinars) is numerically significant may seem relevant, but it is said to be applicable in the framework of large financial data, including assets and market value, and, thus, does not influence the validity of the model.

On the basis of the above, we can say that the model has sufficient level of statistical validity and explanatory power and a useful tool in terms of analysis and prediction use in the accounting research. The table below depicts the outcome of analysis of variance of the research variables.

Table (5): ANOVA Table for the Study Variables

ANOVA[a]						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	13139128789206200000000.000	4	3284782197301550000000.000	6.391	.001[b]
	Residual	17474629162999233000000.000	34	513959681264683300000.000		
	Total	30613757952205433000000.000	38			
a. Dependent Variable: Market Value						
b. Predictors: (Constant), Assets, Water, Forests, Climate						

Analysis of variance of results reveals that the regression model used is highly significant in its statistical value and can be helpful to explain the change in the dependent variable, market value. The F-value obtained shows clearly that the model is differentiated compared to the F-value or rather, the randomness on the other hand, the level of significance (Sig. 0.001) implies that the relationship between the independent variable (climate, water, forests and assets) and the dependent variable is at the level of significance (99 %). Such findings affirm the statistics in the model summary when it was found out that the coefficient of determination (R-squared) was approximately 42.9 % and this shows that the model accounted almost half of the fluctuation in the market value using the input variables.

This is considered as good and acceptable percentage in applied research in accounting field especially when dealing with multi-source financial data. Therefore, it is possible to say that the model has high degree of statistical validity and explanatory efficiency, and that it is the efficient analytical tool that can be relied on to approximate the effect of the environmental disclosure and the size of the assets on the market value of the companies. The table below shows the regression analysis results to test the research hypotheses, which is the effect of the independent variables on the dependent variable.

Table (6): Results of Hypothesis Testing

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-99169461554.316-	43258892182.249		-2.292-	.028
	المناخ	38634811549.240	16091729450.740	.602	2.401	.022
	المياه	1722326056.005	7544078937.788	.035	.228	.821
	الغابات	-19107067230.324-	7377179864.833	-.607-	-2.590-	.014
	الاصول	.637	.159	.527	3.999	.000
a. Dependent Variable: Market Value						

The researcher created the table using SPSS outputs.

The coefficient table illustrates the impact of the independent variables on the dependent variable, which is the market capitalization as follows:

1. **Climate:**

The effect of climate is positive (B = 38.63 billion, Sig. = 0.022). This implies that an increase in the degree of climate disclosure by one unit is accompanied by a large rise in market capitalization because the market values companies that place a high priority on climate disclosure. The initial research hypothesis which states that the positive effect of climate disclosure on the market capitalization of companies is statistically significant can be accepted.

2. Water:

This is not a significant effect (Sig. = 0.821) but its positive effect is extremely low (B = 1.72 billion). This implies that the revelation of water does not present a definite influence in the market capitalization using this model. The latter can be explained by the fact that the disclosure of water may not be as effective as other variables such as climate, assets, or forests, or the high amount of variation of the disclosure levels between companies reduces the visibility of the statistical correlation. It should be mentioned that it does not mean that water disclosure is completely insignificant but rather, it did not show a difference. Significantly, within the framework of this sample and the duration of time under analysis. Hence, the second hypothesis that states the presence of statistically significant positive effect of the environmental disclosure on the market value of the companies on water is rejected.

3. Forests:

The forest variable is of significant and substantial negative result (B = -19.1 billion, Sig. = 0.014), thus, an increased level of disclosure of forest has a negative effect on the change of market value. This can be considered by the fact that disclosure relating to forest suggests the potential environmental risks or expenses that are of interest to investors. In this way, the third hypothesis of the research, that is, the statistically significant effect on the market value of the companies, can be accepted.

4. Assets:

The market value had a great and positive impact on the variable assets (B = 0.637, Sig. = 0.000) where a unit change in size of assets corresponds to a significant change in the market value of the company. This observation indicates that the size of the companies can be viewed as one of the strongest factors that can affect the valuation of investors and the increase in the value and competitiveness of the company within the market. Through this, the research hypothesis can be accepted: The statistically significant positive impact of financial asset disclosure on the market value of companies is possible.

RESULTS AND RECOMMENDATIONS

Results

1. Climate Disclosure: it showed a significant positive impact on increasing the market value of the companies, which is consistent with the findings of Gholami et al. (2022) and Altarawneh (2023), which confirmed the positive impact of environmental disclosure. This is contrary to some of the results of Gholami in matters of non-financial sectors where no significant influence of ESG factors was observed.
2. Disclosure of water: There is no significant impact on the market value, which is opposite to the

findings of Frontiers (2023), who found out that environmental disclosure, in general, has a positive relation to the performance of companies. It implies what the sample and the market as such are.

3. Forest Disclosure: Left a significant negative impression on the market value, the contrary of the findings of Altarawneh (2023) who found that any form of environmental disclosure has a positive impact on the market value. This can be explained by the different nature of the market and the perception of the investors to the environmental risks.
4. Assets (Financial Disclosure): The study results showed that assets had a strong and significant positive impact on the market value. This is in contrast to Frontiers (2023) which emphasized the significance of financial disclosure in the sustenance of performance, and in comparison to those studies that have focused on the environmental disclosure only, such as Gao et al. (2023) without referring to the strength of the financial dimension.

Second: Recommendations

1. Enhance climate disclosure, since it is the most effective variable in increasing the market value, and investor confidence.
2. . Make water disclosure more operational risks and future strategies-related to emphasize on the significance of water disclosure among investors.
3. Repackage the disclosure of forests to show it as a sustainability opportunity and competitive advantage, rather than focusing on it as purely on costs and risks.
4. Integrate the reporting of the financial and environmental issues into the general report which shows the general image of the financial success and environmental sustainability of the companies.

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