ABSTRACT

This study aims to determine the effect of Environmental, Social, and Governance (ESG) Performance Disclosure on Company Financial Performance and whether Firm Size moderates ESG Performance Disclosure on Company Financial Performance. The results of recent studies still vary regarding the development of Environmental, Social, and Government Disclosure (ESG) with firm size moderation. There are studies that show a positive trend in ESG in recent years. On the other hand, there are also studies that show that ESG performance has an impact on the financial performance of companies in the basic materials sector. These conflicting findings are the basis for the author to examine the effect of ESG disclosure on the financial performance of Basic Materials Sector Companies listed on the Indonesia Stock Exchange (IDX) during the 2021-2023 period. The number of research samples was 102 companies in this sector. This study uses a multiple linear regression analysis model with the company's financial performance in the form of Tobin's Q as the dependent variable, ESG value as the independent variable, and firm size as the moderating variable. The results of the study indicate that ESG disclosure has a positive effect on the company's financial performance and firm size moderates the effect of ESG disclosure on financial performance. This finding is consistent with Stakeholder theory that companies that disclose ESG tend to perform better because this disclosure strengthens relationships with key stakeholders, such as investors, customers, and the community, which in turn increases market trust and firm value.

Keywords : *ESG, Sustainability Reporting, Environmental Performance, Firm Size, Basic Material*