

ABSTRACT

This study examines the effect of Environmental, Social, and Governance (ESG) performance on cost of capital (COC), moderated by financial performance, before and during the COVID-19 pandemic. This study analyzes 15 public companies in Indonesia listed on the SRI-KEHATI index during the period 2017-2022. The years 2017-2019 were chosen as the pre-COVID-19 period, while 2020-2022 represented the period during COVID-19. Data analysis techniques used include descriptive statistics, classical assumption tests, and panel data regression analysis using Eviews version 14. The results of the study indicate that ESG performance has a significant effect on reducing COC before the COVID-19 pandemic. Different results were shown during the COVID-19 period, where ESG was ineffective in reducing the negative impact of the pandemic on COC. In addition, this study shows that financial performance is unable to moderate the relationship between ESG in influencing COC, both before and during the COVID-19 period. Overall, these findings indicate that strong ESG practices can reduce risk and lower cost of capital. The robustness check of the results of this study supports this conclusion, while reinforcing the importance of ESG supported by healthy financial performance in investment decisions.

Keywords: *Cost of Capital, ESG, Financial Performance, COVID-19 Pandemic.*

