

ABSTRACT

This study aims to examine the effect of Environmental, Social, and Governance (ESG) scores on the financial performance of mining companies in Indonesia and to test firm size as a moderating variable. The research is motivated by the growing importance of sustainability practices in business, particularly in the mining sector, which has a significant environmental and social impact. ESG is employed as an indicator of a firm's sustainability commitment, and financial performance is measured using the Return on Assets (ROA) ratio.

This study uses a quantitative approach by applying linear regression and moderated regression analysis (MRA). The sample consists of 19 mining companies listed on the Indonesia Stock Exchange with available ESG scores from Bloomberg during the 2021–2023 period. The ESG score serves as the independent variable, ROA as the dependent variable, and firm size as the moderating variable, which is calculated using the total assets.

The results reveal that ESG scores have a significant positive effect on financial performance. However, firm size does not significantly moderate this relationship. This finding implies that implementing ESG practices can enhance a company's financial performance regardless of its size. These results offer valuable insights into sustainability-related literature and practical implications for companies and investors considering ESG in their strategic decision-making.

Keywords: Sustainability, ESG Score, Financial Performance, Firm Size, Return on Assets (ROA), Total Assets, Mining Sector.