

ABSTRACT

This study aims to examine the effect of Environmental, Social, and Governance (ESG) disclosures on market reactions, as well as the moderating effect of the audit committee on the relationship between ESG disclosure and market reaction. The independent variables used are Environmental Disclosure Score (EDS), Social Disclosure Score (SDS), and Governance Disclosure Score (GDS), while the dependent variable is abnormal return. The audit committee size is used as a moderating variable. The research sample was determined using purposive sampling from companies listed on the Indonesia Stock Exchange in 2021-2022, resulting in 190 samples. The analysis method used is multiple linear regression, conducted with IBM SPSS 25 software.

The results of this study indicate that governance disclosure has a positive effect on market reaction, whereas environmental and social disclosures have no significant effect on market reaction. Additionally, the audit committee as a moderating variable does not significantly affect the relationship between environmental, social, and governance disclosures on market reaction.

Keywords: environmental disclosure, social disclosure, governance disclosure, market reaction, audit committee