ABSTRACT

This study aims to analyze the moderating role of sustainability report quality on the influence of ESG disclosure on the financial performance of ASEAN-5 banks. This study is a quantitative descriptive study using secondary data from the financial reports of all ASEAN-5 banks listed on the stock exchange in 2020-2023. The sampling technique used is the purposive sampling technique. The samples that meet the criteria are 40 banks with 3 years of observation, so that 120 ready-to-process data are obtained. The data analysis technique used is Moderated Regression Analysis SPSS 26 application program.

The research findings show that ESG disclosure has a positive effect on financial performance (CAR). Companies with good ESG practices tend to have better financial performance because they are able to build a positive reputation, improve stakeholder relationships, and reduce long-term risks. However, the quality of sustainability reports acts as a moderator that weakens this relationship. High-quality sustainability reports can increase stakeholder expectations, which can trigger a more critical evaluation of the company's ESG practices, in addition to the quality of quality sustainability reports requiring significant costs that can reduce profitability and CAR in the short term. This may reduce the direct positive impact of ESG disclosure on financial performance. This finding indicates that while ESG disclosure is important, the quality of the information provided is also crucial to building stakeholder trust and achieving corporate sustainability goals.

Keywords: *Environmental, Social, and Governance Disclosure; Financial Performance; Sustainability Report Quality*.