

## ABSTRACT

This study examines the impact of Environmental, Social, and Governance (ESG) performance on financial distress, with political connection as a moderating variable. The sample consists of mining sector listed on the Indonesia Stock Exchange (IDX) during 2021–2023. Financial distress was measured using the Altman Z-Score and classified as a binary variable. Logistic regression results indicate a significant negative relationship between ESG performance and financial distress, suggesting that higher ESG scores reduce the likelihood of financial difficulty. Subgroup analysis revealed that ESG performance had no significant effect in non-politically connected firms, but had a strong negative effect in politically connected firms. The Smith-Satterthwaite test confirmed that political connections significantly moderate this relationship. These findings suggest that ESG performance serves as a protective mechanism against financial distress, particularly in politically connected mining companies facing greater legitimacy and stakeholder pressure.

Keywords: ESG, Financial Distress, Political Connection, Z-Score, Mining Sector