# ABSTRACT

*Sustainability issues have become a growing global concern as greenhouse gas emissions have increased since the pre-industrial era. Companies are required not only to focus on financial profits, but also to pay attention to environmental, social, and governance aspects. To respond to these demands, the Indonesian government, through POJK No. 51/POJK.03/2017, requires the publication of sustainability reporting as a form of transparency and accountability. These reports are expected to strengthen legitimacy and send positive signals to stakeholders. Thus, sustainability reporting is seen as having the potential to influence a company's financial performance.*

*This study uses a quantitative approach with secondary data from the annual reports and sustainability reports of family-owned companies listed on the IDX for the period 2019–2023. The research sample consisted of 34 companies with a total of 170 observations. The independent variable was the dimension of sustainability reporting (environment, social, governance), while the dependent variable was financial performance proxied by ROA and ROE.  was used as a control variable. The analysis was performed using multiple linear regression using SPSS and classical assumption tests.*

*The results show that the three dimensions of sustainability reporting do not have a significant effect on financial performance, either with ROA or ROE proxies. This indicates that sustainability reporting practices have not been able to provide direct economic benefits for family businesses in Indonesia. Instead, environmental, social, and governance aspects function more as long-term legitimacy strategies. The control variable of  was found to have an effect on ROA, although it was not the main focus of the study. This finding confirms that the contribution of sustainability reporting to financial performance still requires time and consistent implementation.*

*Keywords: ESG, Corporate Financial Performance, Sustainability reporting, Family Businesses*