

## **ABSTRACT**

*Increasing attention to sustainability issues has encouraged companies to adopt Environmental, Social, and Governance (ESG) practices as part of their sustainable business strategies. However, the implementation of green innovation among manufacturing companies in Indonesia remains relatively low and uneven. This study aims to examine the effect of Environmental, Social, and Governance (ESG) performance on corporate green innovation and to investigate the moderating roles of government regulations and ESG committees in manufacturing companies listed on the Indonesia Stock Exchange (IDX) during the period of 2021–2024.*

*This study employs a quantitative research approach using a purposive sampling technique. Data were collected from annual reports, sustainability reports, and financial reports. ESG performance serves as the independent variable, while green innovation, proxied by Green Product Innovation (GPI) and Green Process Innovation (GPR), serves as the dependent variable. Data were analyzed using panel data regression and Moderated Regression Analysis (MRA).*

*The results indicate that ESG performance has a positive and significant effect on corporate green innovation, suggesting that better ESG practices lead to higher levels of sustainability-oriented innovation. Furthermore, corporate compliance with government regulations is found to negatively moderate the relationship between ESG performance and green innovation. In contrast, the ESG committee does not moderate this relationship. These findings imply that ESG implementation can promote corporate green innovation; however, the effectiveness of corporate compliance with government regulations and ESG committees in strengthening this relationship remains suboptimal.*

*Keywords: Environmental, Social, and Governance (ESG) Score, Green Innovation (GI), Green Product Innovation (GPI), Green Process Innovation (GPR), Government Regulation, and ESG Committee.*