

## ***ABSTRACT***

This study aims to analyze the relationship between *Environmental, Social, and Governance* (ESG) and corporate financial performance, as well as to examine the moderating role of financial constraints. The research focuses on energy sector companies listed in ASEAN-5 during the 2021–2024 period. A quantitative approach is employed using secondary data obtained from financial statements and sustainability reports accessed through Bloomberg. The sample consists of 22 companies with a total of 88 observations selected through purposive sampling.

The analysis is conducted using panel data regression with the *Random Effect Model* (REM), along with moderation testing through *Moderated Regression Analysis* (MRA). The results indicate that ESG does not have a significant effect on financial performance. This finding suggests that ESG implementation in energy sector companies within ASEAN-5 has not yet translated into direct improvements in financial performance.

Furthermore, financial constraints are found to negatively moderate the relationship between ESG and financial performance. This implies that higher levels of financial limitations weaken the impact of ESG on financial outcomes. Therefore, a firm's financial condition plays a crucial role in determining the effectiveness of ESG implementation.

In conclusion, although ESG is an important element of sustainable business practices, its impact on financial performance is not always immediate and largely depends on the firm's financial capacity to support its implementation.

**Keywords:** ESG, financial performance, financial constraints, energy sector, ASEAN-5

