# ***ABSTRACT***

*A growing awareness among investors of sustainability issues is driving a shift in investment preferences towards companies that demonstrate a commitment to environmental, social and governance (ESG) principles. The IDXESGLeader and FTSE4Good Emerging indices are now used as benchmarks as they reflect a commitment to sustainability and solid financial performance in the Southeast Asian region. However, the current situation shows signs of stress and declining financial performance among companies in these indices. In this context, environmental disclosure and firm size are important factors that may affect financial performance, particularly when comparing emerging economies such as Indonesia and Malaysia.*

*This study aims to analyse the partial influence of environmental disclosure and firm size on financial performance and to compare the differences in implementation between companies included in the IDXESGLeader and FTSE4Good Emerging indices in 2020-2023.*

*This study uses a quantitative approach with secondary data obtained from annual reports, Bloomberg, and company websites. The research sample consists of 79 observations after outlier data were removed, resulting in 43 IDXESGLeader companies and 36 FTSE4Good Emerging companies. The analysis methods used are panel data regression and difference tests with Eviews 13 and SPSS 27 software.*

*The results indicate that environmental disclosure has a significant negative effect on financial performance in Indonesia but no effect in Malaysia. Firm size has a significant positive effect on financial performance in Malaysia but no effect in Indonesia. Additionally, the difference test results show that there are significant differences in the application of environmental disclosure and firm size in the two countries.*

*This study provides empirical contributions to understanding how environmental disclosure and firm size affect financial performance differently in each country. These results are expected to provide input for companies to develop sustainability strategies that align with each country's regulatory conditions, resources, and stakeholder expectations.*



*Keywords: Environmental Disclosure; Financial Performance; Firm Size; FTSE4Good Emerging; IDXESGLeader*