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THE EFFECT OF ENVIRONMENTAL PERFORMANCE, COMPANY'S CHARACTERISTICS AND GOOD CORPORATE GOVERNANCE (GCG) ON ENVIRONMENTAL DISCLOSURE

(EMPIRICAL STUDY OF MINING COMPANIES LISTED ON THE INDONESIA STOCK EXCHANGE (IDX) 2015-2019)

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Abstract

The study aims to determine the effect of environmental performance, company's characteristics (company size, company age) and good corporate governance (GCG) (Board of Commissioners, Independent Commissioners and Audit Committee) on environmental disclosure. The population in this study are mining companies published on the Indonesia Stock Exchange (IDX) for the 2015-2019 period. The analysis carried out in this research is descriptive statistical test, panel data testing, classical assumption test and hypothesis testing. The results indicate that the Environmental Performance variable and the Firm Size variable have a positive effect on Environmental Disclosure. The higher the PROPER score, the more components of environmental disclosure information the company discloses. The larger the size of the company as proxied by total assets, the more components of environmental disclosure the company discloses. While the variables of company age, Board of Commissioners, Independent Commissioner and Audit Committee have no effect on Environmental Disclosure.

Keywords: Environmental Disclosure, Environmental Performance, Company's characteristic, Good Corporate Governance (GCG)

INTRODUCTION

The growth of industry often causes companies to face various litigation related to environmental damage, such as natural disasters, the climate changes, and ecosystem damage. Based on Wahana Lingkungan Hidup Indonesia (WALHI), the spread of environmental issues in Indonesia in 2013 shown in table 1 dominates the mining sectors with a ratio of 24,3%, which means the environmental issue caused by the mining industry needs serious attention by all parties.

Table 1 Distribution of Environmental problems

		Frequency	Percent	Valid Percent
Valid	Hutan	10	13.5	13.5
	Pangan	4	5.4	5.4
	Bencana Ekologis	7	9.5	9.5
	Kombinasi	13	17.6	17.6
	Energi	4	5.4	5.4
	Tambang	18	24.3	24.3
	Laut dan Pesisir	4	5.4	5.4
	Limbah	5	6.8	6.8
	Perkebunan	9	12.2	12.2
	Total	74	100.0	100.0

The environmental impacts that occur are caused by the company's activities, so that people expect greater sensitivity and concern. Companies only care about the interest of their shareholders without having any concern of other people's interest. The company's interest in growing the economy cannot be separated from the negative impact caused by the production activities, one of them is to the environmental field, the damage of the ecosystem because of the production activities and production waste. Companies not only have economic and legal obligations to its shareholders, but also have social obligations to its shareholders, and their values are much broader than economic and legal obligations to its shareholders (Friedman 1982). Company's responsibility to public, stakeholders involve many aspects, such as customers, employees, investors, suppliers, creditors, community, governance, and competitors (Yuliana, Purnomosidhi, dan Sukoharsono 2008).

Environmental disclosure is one type of non-financial information which has increased recently. Public also can use it to analyze the corporate governance values, corporate values, strategies and commitment to overcome any environmental problems. The investors will respond positively to good environmental management, which is viewed to be able to reduce some risks. In this case, the annual report can be the preferred tool due to its consideration as effectiveness and reliability (Abdel-Rahim 2012). Currently, the environmental report is also considered inadequate to describe the actual company's activities. If only use one figure to show the company, the activity that is included into the annual report will not be shown as the sustainable activities. Environmental activities are events, not the business inherent in the company's operation. For instance, the company's anniversary. Planting trees or a healthy walks activity is considered as activities that are related to the environment, and the stakeholders expect companies' efforts to reduce waste or emission to the greatest extent.

The sustainable development of a company does not only depend on the company's profit, but also on the company's employee's real action, as well as the society and company's external environment. Industrialization has got into Indonesia and the environmental pollution caused by the mining has got its risky phases, as there is no reclamation of the ex-mining but the more concern is because the environmental pollution does not only occur at the industrial area but has a negative impact on the community's environment. Regardless of Indonesia's environmental problems, there are no specific compulsory reporting guidelines for Indonesian companies on producing environmental information for their stakeholders (Suhardjanto, Tower, & Brown, 2008). Other problems occur as the decline of environmental qualities (soil pollution, water hydrology, air pollution) as a result of minings companies' massive exploitation. The decrease of environmental qualities of mining sites are some examples, including coal mining in East Kalimantan, there are eleven companies that are considered not to carry out the mining management and monitoring properly. These companies do not carry out reclamation and revegetation of the mining areas properly (https://kaltimprov.go.id/, 2015). Furthermore, the case of PT Lapindo Brantas that has responsibility for the hot mudflow in Porong, Sidoarjo. This case has not found its best solution until today in order to control the flow of the mud.

Various studies have been conducted in order to disclose the corporate's environmental information. As research by Bambang Sudaryono (2007) concerning The Study of Factors Affecting Environmental Disclosure, shows the most influential factor is the company's age, while the company's size is a factor that has no effect on environmental disclosure. Contrary to the research conducted by Agung Suaryana (2012) and Rochman Effendi, Yosefa Sayekti (2012), that shows the most dominant factor is the company's size, while the level of leverage and the level of company's profitability both have no significant effect on the environmental disclosure. The research about the effect of company's characteristics toward the environmental and social disclosure is conducted by Hermansyah Sembiring (2012) shows the size and age of the company negatively affected, contradict to the research by Linda Agustina (2012), Dendi Purnama (2018) which result shows that the company;s size variable positively affected, and the research by Bunga Widia Paramita, Abdul Rohman (2014) only the company's size variable positively affected while the age of the company variable has no affected to the environmental disclosure.

There is research on the effect of environmental performance toward environmental disclosure and Dedi Putra, Indah Lutfia Utama (2017) shows that environmental performance has a significant positive effect on environmental disclosure. Research conducted by Indra Suyoto (2019) included the GCG factor as a factor that influences environmental disclosure and the result shows that good corporate governance affects environmental disclosure. Research by Wiwi Hawin Sari, Henri Agustin, Erly Mulayni (2019) combines environmental performance factor and good corporate governance on environmental disclosure, the result shows that only environmental performance and proportion of the audit committee have a significant effect on environmental disclosure. Based on the explanation above, the difference between the previous research and this research is that previous research used environmental performance research variables, company's characteristics, and good corporate governance (GCG) in several different research, while this research combines the environmental performance variables, company's characteristics with company's size and company's age as proxy variables, and good corporate governance (GCG) with the commissioner boards, independent commissioners, audit committee as proxy variables. The purpose of the research is to empirically prove the effect of the environmental performance, company's characteristics (company's size, company's age), and GCG (commissioner boards, independent commissioners, audit committee) on environmental disclosure.

Legitimacy Theory

Deegan and Blomkvist (2006) in Sha May Lim (2008:4) "Legitimacy theory suggests that organizations are constantly trying to establish a congruence between the social values associated or implicit in their organizational behavior and the norms and boundaries set by the society of which they belong" (Lim & Wilmshurst, 2008). Legitimacy is a status which is the result of a community's collective perception of how an organization function. This is a social assessment or business behavior assessment that is considered as acceptable as desired (Zimmerman & Zeitz, 2002). The focus of legitimacy theory is the need to prove that a company acts socially responsible. Companies involved in social and environmental events that could undermine legality must adopt disclosure strategies to explain and condone the negative impact of their performance, or to take action to maintain their concern in order to guide public recognition of their activities.

Stakeholder Theory

Freeman (1984) defines the stakeholders in (Miles, 2017) as groups or individuals who can influence the achievements or the goals of a company's organization, the goals or results of a company. Its performances are complex and dynamic. Applicable for both versions of the stakeholders' theories, the first option is directly related to the accountability model. Stakeholders and organizations influence one another, which is reflected in social relation between responsibility and accountability. As a result, organizations are responsible to relevant parties. It defines the nature of stakeholders' systems, the relationship between stakeholders and organization, and stakeholders' theory relates to accountability experience.

Environmental Performance

Environmental performance is the company's performance which focuses on the company's activities to protect its environment and to reduce the impact of the company's activities toward the environment. One form of the company's social and environmental responsibility is to meet environmental performance. Good environmental performance usually leads to environmental disclosure. This is to ensure that the company's stakeholders know that the company has properly fulfilled its environmental commitments. These political parties, for instance, communities, investors, governance, and so on (Sari, Agustin, and Mulyani, 2019). The research conducted by (Julianto, 2016) proves that environmental performance has a positive effect on environmental disclosure. This is because the company views environmental performance as the achievement or award given by the government. Based on the explanation above, the hypothesis is proposed as follows:

H_1: The company's performance affects the environmental disclosure.

Company's Characteristics

Every company has different characteristics which differ from one another. Company's characteristics are the major research challenge since they can be the starting point for reflecting on the extent to which the companies can participate voluntarily. In this research, a company's characteristics with proxy variables is the company's size and company's age.

Company's Size

Company's size is the measure to determine the size of a company. Generally, large companies disclose much more information than small ones because they are the most visible business entities compared to small companies. By using financial information to express the environmental concerns, a company in its long run is able to avoid high costs. Research conducted by (Purnama, 2018) and (Paramitha & Rohman, 2014) state that the company's size has a positive effect on environmental disclosure. Related to agency theory, in which large companies disclose large amounts of information in order to reduce conflict between institutions. It is because large companies often have greater public information needs than small companies. Based on the explanation above, the hypothesis is proposed as follows:

H_2: The company's size affects environmental disclosure.

The company's Age

The age of the company is the length of time one company lasts. This shows that the company still exists, is able to compete in a business world and keeps its business continuity, is also a part of documents which show the company's goals. This can be related to legitimacy theory. In legitimacy theory, organization can be seen as what the society gives to the company and what the company receives from the society. Research by (Sudaryano, 2007) shows that a company's age has an effect on environmental disclosure. Based on the description above, the hypothesis is proposed as follows:

H_3: Company's age affects the environmental disclosure.

Good Corporate Governance (GCG)

Good corporate governance (GCG) is a system used to control and monitor companies that provide added value for all stakeholders (monks, 2003) in (Kaihatu, 2006). The national committee on governance policy (KNKG) announced that Indonesian companies must adopt the accepted GCG standard internationally. Although many groups realize the importance of GCG, they report that only few companies have adopted these principles. Compared to companies that consider these principles as their corporate culture, many companies still adopt the GCG principles because of the incentive regulations and avoiding existing sanctions.

Board of Commissioners

Board of Commissioners are monitoring mechanisms and providing guidance and instruction to management or company's management. The major factor which determines the commissioner board's size is the size of the board of directors. The reason is because if the commissioner boards are fewer in number and hold a meeting with the board of directors, i.e. they will disagree, the commissioner boards will be under psychological pressure. The higher the proportion of the commissioner boards, the more objective the board's ability to decide to protect all stakeholders. The higher the proportion of the commissioner boards, the more the environmental information will be disclosed, as the stakeholders are encouraged to disclose more complete environmental information. Research by (Sun, Salama, Hussainey, & Habbash, 2010) found the significant positive effect between the commissioner boards size and the environmental disclosure. Based on the explanation above, the hypothesis is proposed as follows:

H_4: The board commissioners affect the environmental disclosure.

Independent Commissioners

The general principles of Good Corporate Governance in Indonesia commissioner boards can consist of related parties or usually referred to as Independent Commissioners. The related parties are parties that do not have business relation or family relation with the controlling shareholders, Commissioner Boards and other members of the Board of Directors or the company itself in accordance with the GCG principles. The result of the research (Aminu Isa & Muhammad, 2014) shows that the board of independent commissioners has an effect on the social and environmental disclosure. It means, the independent commissioners usually have more control over management. The more competent the supervisory boards, the less fraud probability occurs in environmental disclosure. From the explanation above, the hypothesis is proposed as follows:

H_5: Independent commissioners affect the environmental disclosure.

Audit Committee

Audit Committee is a committee that is formed by Commissioner boards in order to assist in carrying out its duties. Therefore, the audit committee must report to the Commissioner boards. This is due to honesty and objectivity in the report, as well as explaining the recommendations of the audit committee in detail, as the fairness of the independence, impartial and objective in solving problems. The number of the audit committee is very important for the supervision and control of the company. Research by (Aminu Isa & Muhammad, 2014) found that there is a positive correlation between audit committee and corporate environmental disclosure. In conclusion, the hypothesis is proposed as follows:

H_6: Audit committee affects the environmental disclosure

RESEARCH METHODS

This research is a descriptive quantitative study because it is based on the formulated problems and the predetermined objectives (Cooper & Schindler, 2014). The data collected is the annual report of companies in the mining industry for the 2015-2019 period which are listed on the Indonesian Stock Exchange (IDX). Mining sector companies are used in this research because they see the company as influential and in a direct relation with nature and the environment. The data are taken from the IDX website https://www.idx.co.id/ or taken from the company official website.

The population used in this research is the annual reports of mining sector companies listed on Indonesia Stock Exchange (IDX) from 2015-2019. The sampling technique of this research is using the purposive sampling technique. The sampling criteria used in this research are:

1. The mining sector companies listed on Indonesia Stock Exchange (IDX) from 2015-2019
2. The mining sector companies that publish and publish the annual reports consecutively during 2015-2019.
3. The mining sector companies which attended the PROPER from 2015-2019

Research variables

Environmental disclosure is a dependent variable in this research. Environmental disclosure is the disclosure of environmental information in a company's annual reports. Environmental disclosure in this research is evaluated based on the disclosure standards. The environmental information disclosure standards are based on Global Reporting Initiative (GRI) recommendations. The research only uses environmental indicators (30 points). The measurement of company's environmental disclosure (PELING) in this research is formulated as follow:

$$PELING\ \frac{the\ number\ of\ environmental\ performance\ points\ disclosed\ by\ the\ company}{the\ number\ of\ GRI\ environmental\ performance\ points}$$

The independent variables in this research are:

a. Environmental Performance

   A company's environmental performance is measured from PROPER issued by the Ministry of Environment (KLH). PROPER is the Ministry of Environment's program to evaluate the company's environmental management performance. PROPER uses rating to measure the company's environmental performance. There are five categories marked by different colors as ratings. In this research, measurements are made by scoring each color in the PROPER assessment, namely:

   1. Gold rank (5 scores)
   2. Green rank (4 scores)
   3. Blue rank (3 scores)
   4. Red rank (2 scores)
   5. Black rank (1 score)

b. The company size

   The company size as measured by the total assets is converted into logarithmic form to equalize it with other variables, since the company's total assets are relatively higher than other variables in this research.

c. The company age

   The company age is measured by its difference between the year of the research and the year of publication of the first edition of the IDX, Wicaksono (2012) (Paramitha & Rohman, 2014).

d. The board of commissioners

   The board of commissioners referred to in this research refers to the number of directors in the company's commissioner boards.

e. Independent commissioners

   Independent commissioners are proxied by the percentage of independent commissioners in the company.

f. Audit committee

   Audit committee is proxied by using the total number of audit committee members.

RESULTS AND DISCUSSION

The test in this research is conducted by multiple linear regression analysis with the following regression model:

$$PELING_{it} = \alpha + \beta_1 KILING_{it} + \beta_2 SIZE_{it} + \beta_3 AGE_{it} + \beta_4 DEKOM_{it} + \beta_5 KOMIN_{it} + \beta_6 KOMAU_{it} + \varepsilon_{it}$$

Variables:

PELING= Environmental Disclosure

α = Constant

B = Regression Coefficient

KILING = Environmental Performance

SIZE = Company's Size

AGE = Company's Age

DEKOM = Commissioner Boards

KOMIN = Independent Commissioners

KOMAU = Audit Committee

ε = Error

The Sample Selection Results

The data presented in this research are taken from companies listed on the Indonesia Stock Exchange. The object of the research are annual reports for the period of 2015-2019 of the mining companies which participated at the PROPER held by the Ministry of Environment during 2015-2019 consecutively. The sample selection process in this research uses the purposive sampling methods, they are sample companies selected based on the expected criteria and represented the populations. There are several criteria in selecting the company used by the writer as samples in this research that can be seen at the following table 2:

Table 2

Sample Selection

Criteria	Number of companies	Number of samples
Mining sector companies listed on IDX from 2015-2019	49	245
Mining sector companies which do not publish annual reports from 2015-2019 consecutively	0	0
Mining sector companies which do not participate at PROPER from 2015-2019 consecutively	(43)	(215)
Mining sector companies which publish annual reports and participate in the PROPER from 2015-2019	6	30

Source: https://www.idx.co.id/ and official website of the company.

Descriptive Statistics

Descriptive Statistics is statistics used to analyze data by describing the collected data as it is without intending to make conclusions that apply to public or generalization. The result of the descriptive statistics test of PELING, KILING, SIZE, AGE, DEKOM, KOMIN, KOMAU variables are given in table 3.

Table 3

Descriptive Statistics

	PELING	KILING	SIZE	AGE	DEKOM	KOMIN	KOMAU
Mean	0.753333	4.033333	30.98405	50.33333	6.000000	0.398095	3.200000
Median	0.733333	4.000000	30.94729	49.00000	6.000000	0.400000	3.000000
Maximum	0.933333	5.000000	31.91006	69.00000	10.00000	0.600000	4.000000
Minimum	0.566667	3.000000	29.85885	35.00000	5.000000	0.300000	2.000000
Std. Dev.	0.112359	0.764890	0.576912	9.033781	1.231764	0.078492	0.664364
Observations	30	30	30	30	30	30	30

Source: Output Eviews 10

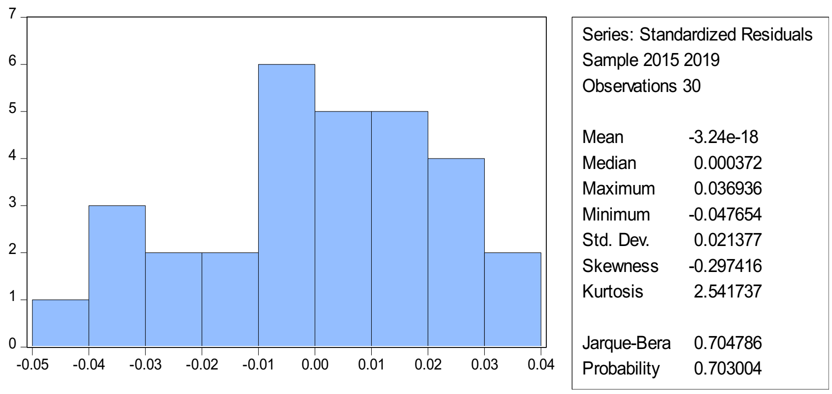
From table 3, it can be concluded that environmental disclosure variables (PELING) disclosed is about 75.33% of the company's environmental reports in the five periods of the company's annual reports. In this observation, the average amount of environmental information disclosed by the companies is relatively wide. The environmental performance variables (KILING) show the average of 4.0333 (of 4) based on the PROPER ratings, which means that some of large companies carry out environmental management more than what is required in the regulations (beyond compliance) through the implementation of an environmental management system and to utilize the resource efficiently and to carry out a well-social responsibility. The company size variables (SIZE) show the average of 30.984, which means that the companies that are sampled in this research are mostly large companies when measured by total assets.

The company's age variables (AGE) show the average of 50.33333 years, this shows that an average of companies' samples have registered at IDX up to the time of this research is conducted, that is about 50 years. The commissioner board variables (DEKOM) show the average of 6.0, this means that the average of the sample companies in this research have six members of board of commissioners. The independent commissioners' variables (KOMIN) show the average of 0.3980. This shows that only 39.8% of the boards of commissioners of the sample companies are independent commissioners. The audit committee variables (KOMAU) show an average of 3.20. This means that the average of sample companies in this research have three audit committee members.

Normality Test

Table 4

The Result of The Normality Test Data



Source: Output Eviews 10

The result of the normality test can be seen from the lower right table, the Jarque-Bera value and probability. From the table above, the probability of a Jarque-Bera value of 0.703004. So, the values have met the requirement in the normality test. It can be concluded that data used in this research residual that are normally distributed because the probability of the Jarque-Bera is 0.703004>0.05.

The Multicolinearity Test

Tabel 5

The Result of The Multicolinearity Test

	PELING	KILING	SIZE	AGE	DEKOM	KOMIN	KOMAU
PELING	1.000000	0.225798	0.362842	-0.236066	-0.306500	-0.212994	0.436182
KILING	0.225798	1.000000	0.288803	-0.061548	-0.256197	-0.337956	0.393572
SIZE	0.362842	0.288803	1.000000	-0.257277	-0.207703	0.231069	-0.090679
AGE	-0.236066	-0.061548	-0.257277	1.000000	0.083670	-0.223433	-0.022982
DEKOM	-0.306500	-0.256197	-0.207703	0.083670	1.000000	-0.215162	-0.084275
KOMIN	-0.212994	-0.337956	0.231069	-0.223433	-0.215162	1.000000	-0.276354
KOMAU	0.436182	0.393572	-0.090679	-0.022982	-0.084275	-0.276354	1.000000

Source: Output Eviews

Based on the table above, it can be seen that the result of the Multicollinearity test between PELING, KILING, SIZE, AGE, DEKOM, KOMIN, and KOMAU variables have a coefficient value of less than 0.90. It can be concluded that the model used does not have Multicollinearity between independent variables.

Autocorrelation Test

Table 6

The Result of The Autocorrelation Test

R-squared	0.963988	Mean dependent var	0.753333
Adjusted R-squared	0.941981	S.D. dependent var	0.112648
S.E. of regression	0.027134	Akaike info criterion	-4.086904
Sum squared resid	0.013252	Schwarz criterion	-3.526425
Log likelihood	73.30356	Hannan-Quinn criter.	-3.907602
F-statistic	43.80342	Durbin-Watson stat	2.013136
Prob(F-statistic)	0.000000		

Source: Output Eviews 10

Based on table 6 above, it is known that the Durbin Watson value is 2.013136. Meanwhile, the dL and dU (with T (the number of observations) = 30 and K (number of variables) = 6) are 0.9982 and 1.9313, respectively. This indicates that the value of dU<DW<4-dU is 1.9313<2.013136<2.0687, which means it does not have autocorrelation in the regression model used.

The Heteroscedasticity Test

Table 7

The Heteroscedasticity Test

Heteroskedasticity Test: White

F-statistic	18.57413	Prob. F(26,3)	0.0168
Obs*R-squared	29.81479	Prob. Chi-Square(26)	0.2754
Scaled explained SS	11.70298	Prob. Chi-Square(26)	0.9927

Source: Output Eviews 10

Based on table 7, it is known that the chi-square probability value of obs*r-square is 0.2754, which is greater than 0.05. Therefore, it can be concluded that there are no heteroscedasticity problems found.

The F Test

Table 8

Estimation Result

R-squared	0.963988	Mean dependent var	0.753333
Adjusted R-squared	0.941981	S.D. dependent var	0.112648
S.E. of regression	0.027134	Akaike info criterion	-4.086904
Sum squared resid	0.013252	Schwarz criterion	-3.526425
Log likelihood	73.30356	Hannan-Quinn criter.	-3.907602
F-statistic	43.80342	Durbin-Watson stat	2.013136
Prob(F-statistic)	0.000000		

Source: Output Eviews 10

Based on table 8 above, the F statistic of probability value of the model is 0.00000 or less than 0.05, which means that the model deserves to be tested further. The adjusted R2 value is 0.941981 which means that the environmental performance, company's size, company's age, commissioner boards, independent commissioners, and audit committee have an influence of 94.19% on the environmental disclosure. While, the remaining 5.81% is influenced by other factors beside the tested variables in this research.

Hypothesis Testing

After processing data using the Eviews 10 software, the regression equation is obtained as follows:

$PELING_{it}$ = 3.908297 + $0.103644KILING_{it}$ + $0.162934SIZE_{it}$ + $0.026844AGE_{it}$ - $0.001161DEKOM_{it}$ + $0.175905KOMIN_{it}$ + $0.019108KOMAU_{it}$ + ε_{it}

The results of the regression analysis using the environmental disclosure as the dependent variable are presented in Table 9.

Table 9

The Result of the Regression Model

Variabel	**Prediksi**	**Variabel Dependen = PELING**	
		Coefficient	**Significant**
Konstanta		3.908297	0.0028
KILING	+	0.103644	0.0000***
SIZE	+	0.162934	0.0011***
AGE	+	0.026844	0.1179
DEKOM	-	-0.001161	0.8733
KOMIN	+	0.175905	0.1122
KOMAU	+	0.019108	0.1912
R Square		0.963988	
Adjusted R		0.941981	
F-Statistic		43.80342	
Sig (F-stat)		0.000000	
DW		2.013136	
*** sig pada α=1%, ** sig pada α=5%, * sig at α=10%			

Variable Descriptions

PELING is a proxy for environmental disclosure which is measured by comparing the total items disclosed by companies with the GRI environmental disclosure items, KILING is a proxy for environmental performance which is measured by the PROPER value issued by the Ministry of Environment, SIZE is the proxy for company's size by looking at the total assets in the company's annual reports and then transforming it into logarithmic forms, AGE is a proxy for company's age by comparing the year of company was established with the current year of doing the research, DEKOM is the proxy of Board of Commissioners which describes the number of member of the Board of Commissioners in a company, KOMIN is a proxy for Independent Commissioners by comparing the number the member of company's independent commissioners with the number of the member of the Board of Commissioners in a company, KOMAU is a proxy for Audit Committee which describes the number of audit committees in a company.

The Effect of Environmental Performance to The Environmental Disclosure

Based on the result of t-test in table 10 which has conducted that the effect of environmental performance on environmental disclosure obtained a coefficient value of 0.103644 with a significant level of 0,0000<0,01. This shows that environmental performance has a significant positive effect on environmental disclosure (at α=1%). This also indicates that the level of environmental disclosure is influenced by the PROPER rating obtained by the company. The PROPER ratings have been able to prove its effect on the extent of environmental information based on the Global Reporting Initiative (GRO) score. This also means that the mining companies in Indonesia use the PROPER rating as an incentive to disclose more information about the environment. The results of this research are supported by other research conducted by (Putra and Utami, 2018) and (Sari et al, 2019) which show a significant positive effect of environmental performance on environmental disclosure.

The Effect of The Company's Size on Environmental Disclosure

The effect of the company's size on environmental disclosure obtained a coefficient value of 0.162934 with a significance level of 0.0011<0.01. This shows that the company's size has a significant positive effect on environmental disclosure (at α=1%). It means that this research supports the agency theory which states, where large companies that have higher agency costs will disclose wider information in order to reduce the agency costs. Besides that, large companies are very prominent issuers, bigger disclosure is the reduction of political costs as a company's responsibility. The bigger a company is, the bigger impact it has on the environment. A large company attracts more public attention and therefore disclose more information than a small one. In order to maintain its legitimacy, companies will be responsible for disclosing more information to the public. The results of this research are in accordance with the previous research by (Julianto, 2016) and (Ayu, 2017).

The Effect of Company's Age on Environmental Disclosure

The effect of the company's age on environmental disclosure obtained the coefficient value of 0.026844 with a significance level of 0.1179>0.05. This shows that the age of a company has no significant positive effect on environmental disclosure. This means that companies with a longer age are not necessarily the most likely to disclose environmental activities and impacts. In fact, startups can be more effective in disclosing environmental activities in annual reports, for startups are trying to find legitimacy and recognition in society. In addition, the results of this research are also in line with the legitimacy theory which states that, Companies which are involved in the social and environmental events that can damage legality must adopt disclosure strategy to explain and forgive the negative impact of their performance, or to take action for maintaining the awareness in order to guide public recognition of their activities. The results of this research are supported by research conducted by (Sembiring, 2012) which shows the company's age variables do not have any effect on the independent variables.

The Effect of The Board of Commissioners on Environmental Disclosure

The effect of the board of commissioners on the environmental disclosure obtained a coefficient value of -0.001161 with a significance level of 0.8733>0.05. This shows that the age of a company does not have a significant negative effect on environmental disclosure.

All samples of companies studied have a low proportion and number of the board of commissioners, so that the presence of a board of commissioners does not affect the existence of good environmental disclosure. The existence of the board of commissioners as the corporate governance policy holder does not guarantee that the company will disclose its responsibilities to the environment, therefore it has a negative impact on the company's annual reports which provides more detailed information on activities and costs regarding the company's impact on the environment.

Problems can occur when the board of commissioners wants the company to disclose the environment on the basis of its environmental performance, while the board of directors focuses on the decreasing of the company's profit. Therefore, this becomes a problem when the number or proportion of the board of commissioners is less than the board of directors. A lot of conflicting issues between commissioners and directors of a company. This is one of the triggers for poor governance of a company, companies that have developed good financial performance, but their top management is considered unsuccessful in managing the company. This will have a negative impact on the sustainability of the company and the company's relationship with stakeholders. This is in line with the research conducted by (Suaryana, 2012).

The Effect of Independent Commissioners on The Environmental Disclosure

The effect of independent commissioners on environmental disclosure obtained a coefficient value of 0.175905 with a significance level of 0.1122>0.05. This shows that the age of a company does not have a significant negative effect on environmental disclosure. The existence of independent commissioners can encourage the board of commissioners to make objective decisions which protect all stakeholders. As an independent party, they will encourage other members of the board of commissioners to carry out their supervisory duties. This is done to protect all stakeholders from the disobedience actions. If the controls are implemented effectively, the company will operate properly and management will disclose all available information, including environmental information. An independent board of commissioners is needed to increase the independence of the board of commissioners towards the interest of the shareholders and the interest of management.

The existence of this independent board of commissioners is expected to be neutral, due to no influence of the management, therefore the greater the proportion of independent board of commissioners, the more objective the ability of the board of commissioners to make decisions in order to protect all stakeholders. An independent commissioner has the functions of supervising and providing recommendations to the board of directors, including providing recommendations on the implementation of environmental activities, however the implementation of these activities is still determined by the board of directors. Under these conditions, the independent commissioner does not have any substantial influence on environmental disclosure. This is in line with the research by (Dewi, 2019) and is strengthened by the research conducted by (Kurniawan, 2019).

The Effect of Audit Committee on Environmental Disclosure

The effect of the audit committee on environmental disclosure obtained a coefficient value of 0.019108 with a significance level of 0.1912>0.05. This shows that the age of a company does not have a significant negative effect on environmental disclosure. Based on the decision of the Chairman of Bapepam and LK Number: Kep-643/BL/2012 which states that the audit committee consists of at least three members who come from independent commissioners and the outside parties of the issuer or public company. The audit committee members must be adjusted to reflect the complexities of the company, while keeping focusing on the decision-making efficiency. By these rules, it is hoped that the members will operate the company's system as it is expected and meet the requirements. The information, including environmental information disclosure, has met the stakeholders' expectation. In this research, even though the audit committee has members who comply with the applicable regulations, it cannot be used as an effective management control mechanism. Regardless of the size of the company and the effectiveness of the audit committee, the company can only follow the regulations. This is in line with the research conducted by (Rokhlinasari, 2007).

CONCLUSION

Companies are required not only to pursue profits, but must also participate in overcoming the impact of externalization it causes. Companies do not only have economic and legal obligations to shareholders, but there are social obligations whose value is wider than the value of economic and legal obligations. In addition to the obligation to disclose financial performance, companies are also required to present non-financial performance disclosures, one of which is environmental disclosure. From the research that has been done, it can be concluded that environmental performance as proxied by PROPER has a positive effect on environmental disclosure, the greater the company's PROPER score means the more points of environmental disclosure are disclosed. Environmental disclosure is influenced by company size, the larger the company size, which is proxied by total assets, the more points of environmental disclosure are disclosed.

The company's age variables do not have any effect on environmental disclosure, which means that companies that have been in a longer existence are not necessarily more likely to disclose the environmental disclosure, while newly established companies are probably more effective in making environmental disclosure in their annual reports, due to getting society's recognition. The board of commissioners' variables do not have any effect on environmental disclosure, which means that the number of board of commissioners as policy holders in corporate governance does not guarantee that the company will disclose its environmental responsibility. The independent commissioners' variables do not have any effect on environmental disclosure, which means that the existence of independent commissioners has the functions of supervising and providing recommendations to the board of directors, including providing recommendations on the implementation of environmental activities, though the implementation of these activities is still determined by the board of directors. The audit committee variables do not have any effect on environmental disclosure, which means that the existence of the audit committee even though it already has members who are in accordance with the regulations, cannot be used as an effective management control mechanism. The number of audit committee members is only to complying with the regulations, but their existence does not affect the company's environmental disclosures

For further research, it is recommended to enlarge the research sample which is not only in the mining sector, so that it can see the differences in other sector companies. It is also recommended to add other variables that can affect environmental disclosure throughout the company and use other environmental assessment indexes besides the Global Reporting Initiative (GRI) such as the Indonesian Environmental Reporting Index (IER).

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