

Corporate Governance Moderate Effect of Environmental Performance and Disclosure on Company Performance

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ABSTRACT

The Industrial Revolution 4.0 is a revolution in technological development, this revolution helps company operational activities to be more efficient in improving company performance. In addition, companies must apply the triple bottom line (3P) principle in their operations. This research uses environmental disclosure and environmental performance with moderate variables two corporate governance mechanisms, foreign ownership and an independent board of commissioners. In this research, the companies that will be used as objects are manufacturing companies listed on the Indonesia Stock Exchange (IDX) for the period 2015 to 2019. The results of research this uses provide evidence that environmental performance has effect on company performance while environmental disclosure doesn't affect company performance. And the moderating variable, foreign ownership provides evidence that it can strengthen the relationship between environmental performance and environmental disclosure on company performance, while the independent board of commissioners cannot strengthen the relationship between environmental performance and disclosure on company performance.

Keywords: *Environmental disclosure; Environmental Performance; Foreign Ownership; Independent Board of Commissioners*

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INTRODUCTION

The Industrial Revolution 4.0 is a revolution regarding technological developments, this revolution helps in the company's operational activities to be more efficient and maximize company performance. In maximizing company performance, it requires encouragement from both internal and external factors of the company, besides that the company must carry out the triple bottom line (3P) principle, which is where the company in carrying out its operational activities does not only focus on the profits generated by the company but must be able to make a positive contribution to its community and corporate environment (Limijaya, 2014)

The level of environmental concern is still low in Indonesia, this is evidenced by the fact that in 2019 Indonesia has produced 66-67 million tons of waste (Permana, 2019). This has led the government to take steps to implement an environmental awareness program in companies with program PROPER. In the ranking process of PROPER using which color level, the color will determine the environmental performance of a company.

This rating is to be used to reward companies that have implemented the company's environmental performance program well. Companies must build interactions with the environment and society to create a good relationship between the company and the environment. Theory of company stakeholders do not carry out operational activities for their own interests but must also pay attention to the interests of stakeholders.

Environmental disclosure is disclosure in environmental aspects and is voluntary in nature (voluntary disclosure). Environmental disclosures are regulated in PSAK number 1 which states that these disclosures are presented as an additional report in the company's annual report. Because it is voluntary, it allows the company not to disclose the environment in the company's annual report. This is evidenced by the average environmental disclosure made by previous researchers, such as Ningsih, (2017) at 34%, Ariningtika and Kiswara, (2013) at 27%, meanwhile according to Ernst and Young (2017) who conducted a survey of investors who being in developed countries conclude that 60% of respondents think that if a company does not carry out good environmental disclosure it will have a negative impact this will disrupt the performance of a company.

Putri, Sudarma and Purnomosidhi, (2016) that environmental disclosure will have an impact on the company's financial contribution. Therefore, management in a company must consider environmental and community aspects in the company's operational activities, because this will have an indirect impact on the performance of a company. This is in line with the theory of legitimacy and stakeholder theory, in the theory of legitimacy states that companies have a relationship with the community in carrying out company operational activities (Sari, Agustin and Mulyani, 2019). The theory of company stakeholders do not carry out operational activities for their own interests but must also pay attention to the interests of stakeholders so that the company will submit information in the annual report as a form of accountability with due regard to stakeholder aspects.

The corporate governance mechanism is a system of governance, direction and control within the company (Cadbury, 1992). In the corporate governance mechanism there are two factors, namely internal and external parties in a company. In realizing a good corporate governance mechanism, companies must be able to implement the principles of corporate governance in carrying out its functions within the company. In this research, two corporate governance mechanisms will be used, namely foreign ownership and an independent board of commissioners. Foreign ownership can help company management to be more aggressive in improving company performance by taking into account the various risks that exist (Kurniawati and Komalasari, 2014). In addition, this foreign ownership can increase the company's concern for the environment, because foreign investors consider that the environment is a supporting factor in improving company performance (Putra and Wirakusuma, 2017). Putra and Wirakusuma (2017) state that foreign ownership can strengthen the relationship between environmental disclosure and firm value. With foreign ownership, it will be able to assist companies in monitoring the company's performance both in financial and non-financial aspects.

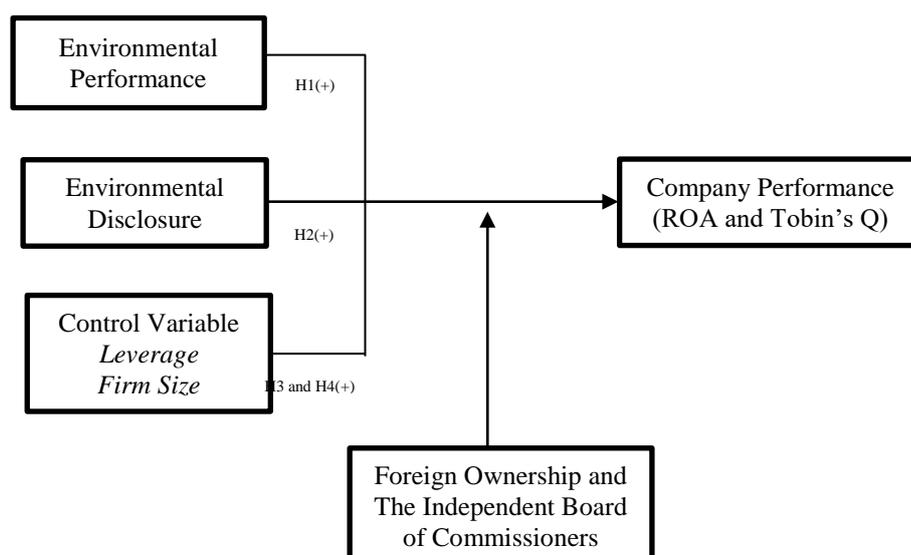
The board of commissioners is one of the most important parts of the company, has the task of supervising the company's operational activities and ensuring that the company has applied corporate governance. The independent board of commissioners can be an impartial party with anyone and has no personal goal in running the company, so that it can oversee the company's performance in operational activities and can provide input to company management in paying attention to environmental factors in carrying out its

operational activities. Vivianita and Nafasati (2018) state that an independent board of commissioners can strengthen environmental performance on company performance, another can it will be able to assist companies in monitoring the company's performance both in financial and non-financial aspects.

The company's performance in this research will be viewed in two aspects, the market and financial performance. Financial performance in a company can be measured through several ratios, one of which is the profitability ratio. The profitability ratio is the ratio used to take financial and operational policies in a company (Brigham and Houston, 2019: 146). In profitability ratio there are several measurements such as return on assets (ROA), ROA is used by companies to be able evaluate whether the assets held generate appropriate returns. Equity market performance can be measured by several measurements, one of which is the Tobin's Q ratio. Tobin's Q is used by companies to measure company performance through the potential market value of the company (Sudiyanto and Puspitasari, 2010).

This research has a novelty that will use two measures of company performance both in terms of finance and market, two forms of corporate governance mechanisms both external and internal as moderating variables. With this novelty, it is hoped that this research can show how the external and internal corporate governance mechanisms can strengthen the relationship between environmental performance and disclosures that effect the market and financial performance.

Companies in the manufacturing sector listed on the Indonesia Stock Exchange (IDX) for the period 2015 to 2019 will be used to this object of research. The reason researchers use manufacturing companies as research objects is because according to Nurcaya (2020) there are still not many manufacturing companies that get rankings. green and gold rank in the PROPER program. This proves that manufacturing companies in managing operational activities have not implemented the triple bottom line principle properly. Meanwhile, many manufacturing companies in the process of production activities cause air pollution without paying attention to Prabowo's environmental control (2019).



RESEARCH METHOD

Financial Performance

ROA is one of profitability ratio can by companies to be able evaluate whether the assets held generate appropriate returns. If the ROA is high, the company will make it easier for the company to carry out their concern for the environment and the surrounding community (Adriana, 2017). The calculation of ROA is obtained by comparing net income after tax to total assets (Brigham and Houston, 2019: 148)

$$ROA = \frac{\text{net income after tax}}{\text{Total Assets}}$$

Market Performance

Tobin's Q ratio is one of the ratios used by companies to market value, this ratio can provide the best information. Tobin's Q ratio can be used of companies to evaluate performance, through the market value of the company (Sudiyanto and Puspitasari, 2010 (Sudiyanto and Puspitasari, 2010). This is because this ratio uses elements of debt and share capital from the company and elements of assets owned by the company (Fauzi, Suransi and Alamsyah, 2016)

$$\text{Tobin's Q} = \frac{MVE + DEBT}{\text{Total Assets}}$$

Environmental Performance

The government will use ratings for evaluating the environmental performance in companies, the rating is assigned to companies using a color scale. The color scale in PROPER is divided into five colors, including gold, green, blue, red and black (Ministry of Environment, 2018). The following are the PROPER color criteria, including:

Table 1. PROPER Color Criteria

Rating	Score	Explanation
Gold	5	Gold illustrates that a company or business actor has carried out operational activities with attention to environmental concerns.
Green	4	Green symbolizes that a company or business actor has made good efforts to care for the environment in the company's operations.
Blue	3	Blue illustrates that a company or business actor has tried to care for the environment both with the existing provisions
Red	2	Red is indicates that the company has not carried out environmental care.
Black	1	The black color shows that the company is not taking good care of the environment but is doing good deeds intentionally or unintentionally in polluting the environment.

Source: Ministry of Environment, (2018).

Environmental Disclosures

Environmental Disclosure is a form of company responsibility towards environmental awareness. This environmental disclosure is a voluntary disclosure from the company which aims for the company to have a relationship with the community and the surrounding environment.

In this research, the items for environmental disclosure by companies will use the standards of the Global Reporting Initiative (GRI) G4. According to Fauzi, et al. (2016) in calculating the company's environmental disclosures in the company's financial statements, namely by total disclosure items in the company divided by the total GRI G4 disclosure items (91 items).

$$\text{Environmental Disclosure} = \frac{\text{Environmental Disclosure Item}}{\text{Total Item Disclosure}}$$

Foreign Ownership

Ownership of company shares owned by foreign parties, foreign ownership can help company management to be more aggressive in improving company performance by taking into account the various risks that exist (Kurniawati and Komalasari, 2014). According to Kurniawati and Komalasari, (2014) states that for the calculation of the number of foreign shareholdings, namely by adding up all share ownership by foreign parties, then it will be divided by the number of shares outstanding and multiplied by one hundred percent.

$$\text{Foreign Ownership} = \frac{\text{The proportion of shares owned by foreign parties}}{\text{The number of shares outstanding}} \times 100\%$$

Independent Board of Commissioners

Independent commissioner is an no special relationship and has no interest in the management of the company. POJK 33/2014 article 1 paragraph 3 the duties of the board of commissioners are as oversight of the articles of association and also serve as an advisor to the board of directors. According to Dewi and Nugrahanti, (2014) to calculate the proxy for independent commissioners, namely by the independent commissioners in the company then divided by the total of commissioners in the company.

$$\text{Independent Commisoners} = \frac{\text{Total of independent commissioners}}{\text{Total of commissioners}}$$

Leverage

Leverage is used to calculate how far the company can pay off its debts. Leverage is a measurement in carrying out the company's operational activities that are financed by debt (Ramdhani, Akhamdi and Kuswanto, 2018). The size of the leverage can have an impact on stakeholders in making investment decisions. Because if the leverage ratio is getting bigger, it will have a bigger risk. In this research will use a leverage ratio based on the ratio of debt to equity.

$$DER = \frac{\text{Total of liabilities}}{\text{Total of Equity}}$$

Company Size

Total sales, total asset and market capitalization can be used looking a size in the companies (Pratama and Wiksuana, 2016). According to Harto, (2005) in measuring the size of the company, it can be measured by using the logarithm of the company's total assets.

$$\text{Company Size} = \text{Ln (Total Assets)}$$

Data Analysis Technique

Multiple linear regression testing and MRA (Moderated Regression Analysis) which is used to determine corporate governance mechanism moderate effect of environmental performance and disclosure on company performance. The test model in this research as follows:

Equation 1:

$$KP = \alpha + \beta_1KL + \beta_2PL + \beta_3LEV + \beta_4SIZE + e$$

Equation 2:

$$KP = \alpha + \beta_1KL + \beta_2PL + \beta_3LEV + \beta_4SIZE + e$$

$$KP = \alpha + \beta_1KL + \beta_2PL + \beta_3LEV + \beta_4SIZE + \beta_5KL*KA + \beta_6PL*KA + e$$

Equation 3:

$$KP = \alpha + \beta_1KL + \beta_2PL + \beta_3LEV + \beta_4SIZE + e$$

$$KP = \alpha + \beta_1KL + \beta_2PL + \beta_3LEV + \beta_4SIZE + \beta_5KL*IND + \beta_6PL*IND + e$$

Information:

KP = Company Performance

KL = Environmental Performance

PL = Environmental Disclosure

KA = Foreign Ownership

IND = Independent Commissioner

LEV = *Leverage*

SIZE = Company Size

α = Konstanta

β = Koefisien regresi

e = *Error*

RESULTS AND DISCUSSION

The object of the company in this research is to use a manufacturing company, where manufacturing companies that have purposive sampling.

Table 2. Sampling Results

No	Criteria	Total
1	Companies listed on during 2015-2019 and audited by KAP	169
2	Companies that are not consecutively listed during 2015-2019	-10
3	Companies that do not have a PROPER rating	-99
4	Companies that disclose annual reports without using rupiah	-10
	Total of manufacturing companies used	50
	Researched Year	5
	Total of Data	250
	Data issued because it has extreme values	- 114
	Total of Data Samples	136

Table 3. Descriptive Statistics Results

	N	Minimum	Maximum	Average	Standard Deviation
KL	136	2,0000	4,0000	3,0810	0,4047
PL	136	0,0769	0,2527	0,1783	0,0383
KA	136	0,0000	45,6917	11,6976	13,9621
IND	136	0,2000	0,8000	0,4070	0,0923
Lev	136	0,0342	5,9398	0,8047	0,9315
Size	136	26,6708	32,0106	29,1534	1,4116
ROA	136	0,0002	0,3002	0,0786	0,0653
Tobin'S	136	0,2639	12,9624	2,1751	2,1145
Valid N (listwise)	136				

Source: SPSS Output

Table 4. Result of Determination Coefficient Test (Dependent Variable of Financial Company Performance)

Model	Adjusted R Square	F	Significant	Explanation
1	0,362	20,115	0,000	No Moderation
2	0,400	16,006	0,000	Moderation (Foreign Ownership)
3	0,363	13,811	0,000	Moderation (Independent Board of Commissioners)

Source: SPSS Output

Table 4 can be show it concluded that the environmental performance and disclosure affects the financial company performance. Table 4 provides evidence that for the moderating variable foreign ownership and the independent board of commissioners, it strengthens the relationship of environmental performance and disclosure to financial company performance, this is evidenced by an increase in the value of the adjusted R square.

Table 5. Result of Determination Coefficient Test (Dependent Variable of Market Company Performance)

Model	Adjusted R Square	F	Significant	Explanation
1	0,306	15,849	0,000	No Moderation
2	0,375	14,485	0,000	Moderation (Foreign Ownership)
3	0,297	10,486	0,000	Moderation (Independent Board of Commissioners)

Source: SPSS Output

Table 5 can be show it concluded that the environmental performance and disclosure affects the market company's performance. In table 5 the second model shows that the adjusted R square value increases, this proves that the moderating variable foreign ownership strengthens the relationship between the independent variable and the dependent variable. While independent of commissioner cannot strengthens effect for the dependent variable.

Hypothesis testing in research serves to determine whether the independent variable individually has a significant or not effect on the variable whether the dependent variable. To be said to be influential, it must have a level of significance less than 0,05. This result hypothesis test using the t can be seen in table 6

Table 6. T test (Dependent Variable of Financial Firm Performance)

Variable	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Explanation
	B	Std. Error	Beta			
(Constant)	-0,472	0,098		-4,826	0,000	
KL	0,052	0,012	0,324	4,233	0,000	Take effect
PL	0,032	0,121	0,019	0,260	0,795	No effect
Lev	-0,017	0,005	-0,243	-3,364	0,001	Take effect
Size	0,014	0,003	0,295	3,903	0,000	Take effect

Source: SPSS Output

The results of table 6 show that the effect of environmental performance, leverage and company size has a value of less than 0,05, where it is concluded that these variables affect company performance as measured by ROA while the environmental disclosure variable in this research shows a result of more than 0,05, thus explaining that environmental disclosure does not affect company performance as measured by ROA. From the explanation above, the equation is as follows:

$$\begin{aligned}
 \text{KP.K} &= \alpha + \beta_1 \text{KL} + \beta_2 \text{PL} + \beta_3 \text{Lev} + \beta_4 \text{SIZE} + e \\
 \text{KP.K} &= -0.472 + 0,052 \text{KL} + 0,032 \text{PL} + -0,017 \text{Lev} + 0,014 \text{Size}
 \end{aligned}$$

Table 7. T test (Dependent Variable Performance of Financial Companies with Foreign Ownership as Moderation)

Variable	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Explanation
	B	Std. Error	Beta			
(Constant)	-0,589	0,102		-5,794	0,000	
KL	0,055	0,013	0,342	4,176	0,000	Take effect
PL	-0,028	0,160	-0,016	-0,176	0,861	No effect
Lev	-0,018	0,005	-0,253	-3,518	0,001	Take effect
Size	0,018	0,004	0,393	4,948	0,000	Take effect
KL*KA	-0,001	0,000	-0,543	-1,753	0,082	No effect
PL*KA	0,008	0,008	0,336	1,058	0,292	No effect

Source: SPSS Output

The results of table 7 explain the foreign ownership provides evidence that this variable strengthens the relationship between environmental performance and environmental disclosure on the company's financial performance. The moderation of foreign ownership with the performance of financial companies shows that the influence of environmental performance, leverage and company size has a value of less than 0,05 where it is concluded that these variables affect company performance as measured by ROA while the variables of environmental disclosure, environmental performance and environmental disclosure are moderated by foreign ownership. In this research, the results are more than 0,05, thus explaining that environmental disclosure does not affect company performance as measured by ROA. From the explanation above, the equation is as follows:

$$\begin{aligned}
 \text{KP.K} &= \alpha + \beta_1 \text{KL} + \beta_2 \text{PL} + \beta_3 \text{Lev} + \beta_4 \text{SIZE} + \beta_5 \text{KL*KA} + \beta_6 \text{PL*KA} + e \\
 \text{KP.K} &= -0,589 + 0,055 \text{KL} + -0,028 \text{PL} + -0,018 \text{Lev} + 0,018 \text{Size} + 0,001 \text{KL*KA} + 0,008 \text{PL*KA}
 \end{aligned}$$

Table 8. T test (Dependent Variable of Financial Company Performance with Independent Commissioner as Moderation)

Variable	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Explanation
	B	Std. Error	Beta			
(Constant)	-0,478	0,106		-4,508	0,000	
KL	0,056	0,036	0,346	1,553	0,123	No effect
PL	-0,204	0,517	-0,120	-0,395	0,693	No effect
Lev	-0,018	0,005	-0,254	-3,506	0,001	Take effect
Size	0,014	0,004	0,304	3,781	0,000	Take effect
KL * IND	-0,011	0,082	-0,058	-0,136	0,892	No effect
PL * IND	0,537	1,254	0,212	0,428	0,669	No effect

Source: SPSS Output

The results of table 8, explain the independent board of commissioners as a moderating variable provides evidence that this variable strengthens the relationship between environmental performance and disclosure on the company's financial performance, indicating that the effect of leverage and company size has a value of less than 0,05, where it is concluded that these variables affect company performance as measured by ROA. while the environmental performance variables, environmental disclosure and environmental performance, environmental disclosure which is moderated by the independent board of commissioners in this research shows a result of more than 0,05, thus explaining that environmental performance, environmental disclosure and environmental performance, environmental disclosure moderated by the independent board of commissioners does not affect company performance measured by ROA. From the explanation above, the equation is as follows:

$$KP.K = \alpha + \beta_1 KL + \beta_2 PL + \beta_3 Lev + \beta_4 SIZE + \beta_5 KL * IND + \beta_6 PL * IND + e$$

$$KP.K = -23,681 + 1,231KL + 7,721PL + -0,370Lev + 0,738Size + 0,021KL * IND + 0,106PL * IND$$

Table 9. T test (Dependent Variable Dependent Variable Firm Performance Market)

Variable	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Explanation
	B	Std. Error	Beta			
(Constant)	-18,729	3,300		-5,675	0,000	
KL	1,279	0,417	0,245	3,069	0,003	Take effect
PL	6,882	4,095	0,125	1,681	0,095	No effect
Lev	-0,306	0,171	-0,135	-1,792	0,075	No effect
Size	0,548	0,118	0,366	4,651	0,000	Take effect

Source: SPSS Output

The results of table 9 show that the effect of environmental performance and company size has a value of less than 0,05, where it is concluded that these variables affect the company's market performance as measured by ROA, while the environmental disclosure and leverage variables in this research show a result of more than 0,05, thus explaining that environmental disclosure and leverage do not affect the company's market performance as measured by ROA. From the explanation above, the equation is as follows:

$$\begin{aligned}
 \text{KP.P} &= \alpha + \beta_1 \text{KL} + \beta_2 \text{PL} + \beta_3 \text{Lev} + \beta_4 \text{SIZE} + e \\
 \text{KP.P} &= -18,729 + 1,279 \text{KL} + 6,882 \text{PL} + -0,306 \text{Lev} + 0,548 \text{Size}
 \end{aligned}$$

Table 10. T test (Dependent Variable Dependent Variable Performance of Market Companies with Foreign Ownership as Moderation)

Variable	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Explanation
	B	Std. Error	Beta			
(Constant)	-23,681	3,361		-7,045	.000	
KL	1,231	0,437	0,236	2,816	0,006	Take effect
PL	7,721	5,287	0,140	1,460	0,147	No effect
Lev	-0,370	0,166	-0,163	-2,221	0,028	Take effect
Size	0,738	0,121	0,493	6,086	0,000	Take effect
KL * KA	-0,021	0,016	-0,435	-1,375	0,172	No effect
PL * KA	0,106	0,249	0,138	0,427	0,670	No effect

Source: SPSS Output

The results of table 10, explain the foreign ownership as a moderating variable provides evidence that this variable strengthens the relationship between environmental performance and environmental disclosure on the company's market performance. through Tobin's Q, while the environmental disclosure variables, environmental performance and environmental disclosure moderated by foreign ownership in this research show a result of more than 0,05, thus explaining that environmental disclosure does not affect company performance as measured by Tobin's Q. From the explanation above, it explains the equation is as following:

$$\begin{aligned}
 \text{KP.P} &= \alpha + \beta_1 \text{KL} + \beta_2 \text{PL} + \beta_3 \text{Lev} + \beta_4 \text{SIZE} + \beta_5 \text{KL} * \text{KA} + \beta_6 \text{PL} * \text{KA} + e \\
 \text{KP.P} &= -23,681 + 1,231 \text{KL} + 7,721 \text{PL} + -0,370 \text{Lev} + 0,738 \text{Size} + -0,021 \text{KL} * \text{KA} + 0,106 \text{PL} * \text{KA}
 \end{aligned}$$

Table 11. T test (Dependent Variable Dependent Variable Company Performance Market with Independent Commissioner as Moderation)

Variable	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Explanation
	B	Std. Error	Beta			
(Constant)	-0,478	0,106		-4,508	0,000	
KL	0,056	0,036	0,346	1,553	0,123	No effect
PL	-0,204	0,517	-0,120	-0,395	0,693	No effect
Lev	-0,018	0,005	-0,254	-3,506	0,001	Take effect
Size	0,014	0,004	0,304	3,781	0,000	Take effect
KL * IND	-0,011	0,082	-0,058	-0,136	0,892	No effect
PL * IND	0,537	1,254	0,212	0,428	0,669	No effect

Source: SPSS Output

The results of table 11, explain the independent board of commissioners as a moderating variable provides evidence that these variables do not strengthen the relationship between environmental performance and disclosure on the company's market performance shows that the effect of leverage and company size has a value of less than 0,05. Where it is concluded that these variables affect company performance as measured by Tobin's Q while the environmental performance variables, environmental disclosure and environmental performance, environmental disclosure which is moderated by the

independent board of commissioners in this research show the results of more than 0,05 thus explaining that the variable moderated on by the independent board of commissioners do not affect the company's performance as measured by Tobin's Q. From the explanation above, the equation is as follows:

$$KP.P = \alpha + \beta_1 KL + \beta_2 PL + \beta_3 Lev + \beta_4 SIZE + \beta_5 KL * IND + \beta_4 PL * IND + e$$

$$KP.P = -0,478 + 0,056KL + -0,204PL + 0,018Lev + 0,014Size + -0,011KL * IND + 0,537PL * IND$$

CONCLUSION

The first hypothesis in this research is accepted which provides evidence that the environmental performance is carried out by the company. This is because the company is aware of the importance of caring for the environment and society, which can indirectly improve the performance of a company. The second hypothesis in this research is rejected, which provides evidence that the results of environmental disclosure prove that environmental disclosure has no effect on company performance both by ROA and Tobin's q, this is due to the level of environmental disclosure in a company's annual report. standard from GRI

The test results in this research conclude that the first in third hypothesis is accepted for corporate governance mechanisms with foreign ownership which provides evidence proving that foreign investors in developed countries are very concerned about the environmental performance of the company. However, for the second hypothesis that the moderating variable through the independent board of commissioners as a corporate governance mechanism is not rejected, this is because the size of the company's market value is not only determined by the profitability factors of a company. In the fourth hypothesis in this research, the first point is accepted for the corporate governance mechanism through foreign ownership which provides evidence proving that foreign investors who are in developed countries really pay attention to the environmental disclosure of the company. However, the fourth hypothesis on the second point where the corporate governance mechanism using an independent board proxy is not rejected, this is because the size of the company's market value is not only determined by the profitability factors of a company.

From the above conclusions, it can provide evidence that environmental performance has a positive effect on company performance, both financial and market performance. This is due to the fact that the company has registered itself through the PROPER program as an evaluation by the government of the company's concern for the environment. Whereas environmental disclosure has no effect on company performance both financially and in a market, this is because companies that tend to disclose environmental disclosures do not meet the disclosure items in GRI and the size of environmental disclosures made by companies does not have an impact on company performance.

The corporate governance mechanism in this research uses internal and external factors where external factors. Foreign ownership can provide oversight to the company on the importance of environmental awareness in the company's operational activities so that it can strengthen the relationship between environmental performance and disclosure on company performance. Meanwhile, the internal factor of the corporate governance mechanism is the independent board of commissioners, where the independent board of commissioners is expected to carry out their duties impartially to anyone, but the influence

of the independent board of commissioners in a company has not been able to strengthen the relationship between environmental performance and disclosure. It is possible that the independent commissioners in a company which tends to comply with the prevailing standards

The control variables in this research use company size and leverage. Where the firm size variable influences the company performance both their financial performance and their market performance. Leverage is also proven to have an effect on company performance in financial performance but has no effect on market performance, this proves that determining the size of the debt owned by the company cannot affect the size of the company's market value. Besides the company size and leverage also influences the company performance with the corporate governance mechanism as a moderate

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