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ENVIRONMENTAL MANAGEMENT ACCOUNTING AND GOOD CORPORATE GOVERNANCE MECHANISMS ON ENVIRONMENTAL PERFORMANCE

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A b s t r a c t

This study aims to examine the effect of environmental management accounting and good corporate governance mechanisms on the environmental performance of manufacturing companies. The measurement of environmental management accounting used in this study uses content analysis, while the measurement of GCG uses 4 sub-variables, namely independent board of commissioners, managerial ownership, institutional ownership, and audit committee. Furthermore, the measurement of environmental performance refers to the PROPER score. The research method used is verification with a quantitative approach, using purposive sampling and producing a total sample of 32 manufacturing companies spread across Indonesia. The results of this study indicate that the application of environmental management accounting and the audit committee has an influence on environmental performance, while the independent board of commissioners, managerial ownership, and institutional ownership have no effect on environmental performance.

Keywords : *Environmental Management Accounting, Good Corporate Governance Mechanisms, Manufacturing Companies, PROPER.*

1. INTRODUCTION

Indonesia is a country with a growing manufacturing industry, including textiles, mining, palm oil, apparel, and other industries. Due to the rapid development of the manufacturing industry, many manufacturing companies do not pay attention to their impact on the environment. As a result, there are many disasters such as floods, landslides, droughts, and air pollution (Jamil, 2018).

Currently, the problem of global warming continues to occur, and the role of the environment is an important thing that must be considered from all aspects. Manufacturing companies produce hazardous and toxic waste (B3) if not treated before disposal, which can harm the environment. According to data released by the Ministry of Environment and Forestry (KLHK) in 2021, hazardous and toxic waste generated in

Indonesia reached 60 million tons. The largest component of hazardous waste appears to come from the processing industry, which amounted to 2,897. Waste management based on these data is still limited, and the level of hazardous waste utilization is not yet optimal.

The responsibility of protecting the environment is not only the responsibility of companies, but there is government involvement in setting policies to reduce the impact caused by companies. The government, through the Ministry of Environment, is also working hard to solve the waste problem in Indonesia. Minister of Environment Regulation No. 1 March 2014. Compliance activities assessed in PROPER are:

1. Water Pollution Management
2. Compliance with air pollution prevention and control 2.
3. Management of hazardous waste
4. Implementation of AMDAL (Environmental Impact Analysis)

In this study PROPER is used to measure environmental performance, and PROPER is divided into five categories with the best scores, namely gold (5), green (4), blue (3), red (2), and black (1). . This effort is to encourage manufacturing companies to pay more attention to the environmental impact of their operations, as well as reduce waste in Indonesia.

Based on news reported by the BBC (2023), Muhammad Aminullah, Campaign Chair of Walhi DKI Jakarta, said that his party's investigation into the carbon storage company had caused many negative impacts because it had polluted the air of Marunda flat residents. It is said that residents of Marunda tenements are often sprayed with coal dust until one resident replaces his grandfather. As environmental damage increases, a tool for managing and controlling the impact of company operations is needed. Environmental management accounting is considered a solution to address the interests of companies (Syahrir, 2022). Environmental management accounting is a combination of financial accounting and cost accounting information, which aims to improve efficiency, reduce environmental impacts and problems, and reduce environmental protection costs (Hansen & Mowen, 2005). Environmental management accounting (EMA) provides managers with information to identify environmental costs hidden in the general accounting system (Ikhsan, 2008). These include waste treatment, waste disposal, and plant disposal.

Translated with DeepL.com (free version) One of the phenomena related to the Good Corporate Governance (GCG) mechanism is: BBC (2023), the KLHK Task Force stated that PT Wahana Sumber Rezeki and PT Unitama Makmur Persada did not have a detailed Environmental Management Plan (RKL) and Environmental Monitoring Plan (RPL). Currently, PT Maju Bersama Sejahtera is suspected of violating the law because the environmental documents do not match the field conditions.

In connection with the above, in addition to the implementation of environmental management, it is also necessary to improve the company's environmental performance through internal company management. Therefore, the implementation of good corporate governance (GCG) practices is a method needed by companies to improve environmental performance (Ardianti, 2018). According to Fitri Hayati & Gusnardi (2012), the standard measurement of good corporate governance (GCG) has four points, namely managerial ownership, independent board of commissioners, institutional ownership, and audit committee.

The results of previous research by Tarizha et al. (2021) show that the use of environmental management accounting has a positive effect on environmental performance. Gusti Bagus (2022) said that based on the data analysis that has been carried out, it can be concluded that there is a large positive influence between the application of environmental management accounting and environmental performance. According to Grace Oktaviana Hartanto (2017), governance has a major influence on environmental performance. Adiwuri and Nurleli's research (2022) shows that governance has a negative impact on environmental performance. In this study, researchers focused on studying all manufacturing companies in Indonesia.

Based on the description above, the above problems can be identified into research statements as follows:

1. How much influence does environmental management accounting have on environmental performance?
2. How much influence does the Independent Board of Commissioners have on environmental performance?

3. How much influence does managerial ownership have on environmental performance?
4. How much influence does institutional ownership have on environmental performance?
5. How much influence does the Audit Committee have on environmental performance?

Furthermore, based on the background that has been described, the objectives in this study are: To explain and analyze the application of environmental management accounting to environmental performance.

1. To explain and analyze the effect of the Independent Board of Commissioners on environmental performance.
2. To explain and analyze the effect of managerial ownership on environmental performance.
3. To explain and analyze the effect of institutional ownership on environmental performance.

2. LITERATURE REVIEW

Environmental Management Accounting

Environmental management accounting is the process of identifying accounting information related to environmental costs to reduce environmental risks (IFAC, 2005; Hansen & Mowen, 2005). (According to Wang et al. 2019) Environmental management accounting is an effective step to help companies deal with environmental issues. There are 2 types of information in Environmental Management Accounting developed by Burrit, Hahn, and Schaltegger (2002):

1. Monetary Environmental Management Accounting (MEMA), information relating to the environmental aspects of a company's activities expressed in monetary units such as costs, revenues, and savings related to the environment. For example, the cost of fines for violating environmental laws.
2. Physical Environmental Management Accounting (PEMA), information focusing on the company's impact on the natural environment expressed in physical units such as kilograms, which includes physical information on the use, flow, and destination of energy, water, and material flows (including waste).

Environmental Management Accounting implementation is measured using content analysis. The measurement of the application of Environmental Management Accounting uses 10 disclosure items that refer to the Monetary Environmental Management Accounting (MEMA) and Physical Environmental Management Accounting (PEMA) information items by Burrit, Hahn, and Schaltegger (2002), where these items have been adapted to conditions in Indonesia.

Mechanism of Good Corporate Governance

The Good Corporate Governance mechanism is a system that regulates the relationship between stakeholders with respect to rights and obligations and risk management in order to achieve organizational goals ((Arifani, 2012), (Effendi, 2009) (British Cadbury Committee, 1922)). According to (Mahrani & Soewarno, 2018), the Good Corporate Governance mechanism is divided into external and internal mechanisms of the company. Internal mechanisms are divided into five basic categories, namely: the board of commissioners (role, structure and incentives), managerial incentives, capital structure, company constitution and regulations, and internal control systems (Dharmastuti and Wahyudi, 2013). While external mechanisms are divided into five categories, namely: laws and regulations, markets, capital market information and analysis, accounting markets, finance and law, and specialized sources of external control (Dharmastuti and Wahyudi, 2013). In this study, the composition used is:

1. Size of the Independent Board of Commissioners
2. Managerial Ownership Size
3. Size of Institutional Ownership
4. Audit Committee Size

Environmental Performance

Environmental performance is the company's performance to take part in preserving the surrounding environment as a result of the company's own operational processes (Suratno et al., 2006, Rahmawati & Subardjo, 2017, and Utomo, 2019: 44). In this study, environmental performance is measured using PROPER.

PROPER is divided into five categories with each of the best scores, namely Gold (5), Green (4), Blue (3), Red (2), and Black (1).

The Effect of Environmental Management Accounting on Environmental Performance

The application of Environmental Management Accounting can basically be effective in assisting companies in dealing with environmental issues (Wang et al. 2019). The application of Environmental Management Accounting can help company management provide physical and monetary information that can increase management awareness of environmental issues and respond to pressure from external parties (secondary stakeholders) such as the community around the location where the company operates (Phan et al. 2017), so that management can make business decisions regarding environmental impact management to improve environmental performance.

Referring to previous research conducted by (Dewi, Nurleli, and Lestari, 2017), which shows that Environmental Management Accounting has an effect on environmental performance which is significantly high. Likewise, research (Mulyanti, Rosdiana, and Fitriah, 2018) entitled "The Effect of Environmental Management Accounting Implementation on Environmental Performance" states that the application of Environmental Management Accounting has an effect on environmental performance, which is with fairly good criteria. Further research by (Haris, et al., 2021) with the title "The Effect of Environmental Management Accounting Implementation and Organizational Strategy on Environmental Performance and Innovation as Moderating Variables (Case Study at Regional General Hospital Polewali Mandar Regency)", states that the application of environmental management accounting has a positive effect on environmental performance. Based on the description of the framework above, the authors can formulate a hypothesis: Environmental Management Accounting Implementation has a significant effect on Environmental performance.

The Effect of the Independent Board of Commissioners on Environmental Performance

Independent Commissioners are part of stakeholders who meet the requirements as independent commissioners to be able to work optimally in implementing the principles of Good Corporate Governance to the maximum in the company (OJK Regulation No. 33 of 2014, Hartanto, 2017: 49-50). McKendal et al. (cited by Villiers, 2009) state that independent boards tend to be critical in assessing management decisions related to environmental activities to prevent actions that can lead to environmental violations to create better environmental performance. Villiers et al. (2009) revealed that there is a positive relationship between independent boards and environmental performance because independent directors are considered more effective at monitoring environmental performance.

Previous research conducted by Assyifa Marwah (2023) with the title "The Effect of Good Corporate Governance Mechanisms and Green Accounting on Environmental Performance in Manufacturing Companies listed on the IDX in 2018-2021" states that Independent Commissioners have a positive effect on environmental performance. Yesika (2013) reveals that the greater the proportion of independent commissioners, the better environmental performance will be. Meanwhile, Parlupi (2019) states that the Independent Commissioner has no significant effect on environmental performance. Based on the description above, it can be concluded that the Independent Board of Commissioners has a significant effect on environmental performance.

The Effect of Managerial Ownership on Environmental Performance

Managerial ownership is a company manager who owns shares in the company and actively contributes to company decision-making (Wahidahwati, 2002 in Alfinur, 2016, Tarigan, 2016: 2). Wulandari's research (2016) states that managerial ownership has a significant effect on environmental performance. Owners as well as shareholders must be able to encourage the Company to be able to disclose environmental responsibility. In addition, Masud et al. (2018) and Bosun-Frankule, Mary, and Gbenga (2023) also revealed that managerial ownership has a positive and significant effect on environmental performance. Meanwhile, Adiwuri (2022) states that managerial ownership has no significant effect on environmental performance proxied by PROPER. Based on the description above, it can be concluded that managerial ownership has a significant effect on environmental performance.

The Effect of Institutional Ownership on Environmental Performance

Institutional ownership is the number of shares owned by institutions or institutions that have an important role in monitoring and disciplining managers (Darsani, 2021, Nuraina, 2012: 116). Stakeholders can basically control or influence the use of financial resources used by the company. Therefore, the power of stakeholders is determined by the amount of power that stakeholders have over these sources (Ghozali and Chariri, 2007). The greater the institutional ownership, the greater the voting power and encouragement of the institution to oversee management and, as a result, will provide a greater impetus to optimize company value so that company performance will increase. To improve company performance can be done by improving performance Improving the environment (Sihombing, 2014).

The results of Hartanto's research (2017) entitled "The Relationship between Institutional Ownership, GCG Mechanisms and Environmental Performance" explain that Institutional Ownership has a positive and significant effect on environmental performance, the higher the institutional ownership, the higher the disclosure of environmental performance. Meanwhile, according to Rahayu (2018), which states that institutional ownership has no significant effect on environmental performance. Based on the description above, it can be concluded that institutional ownership has a significant effect on environmental performance.

Effect of Audit Committee on Environmental Performance

The audit committee is tasked with providing a view on accounting issues, financial reporting and explanations, internal control systems, and independent auditors (FCGI, 2002). The purpose and benefits of forming an audit committee are to carry out independent supervision of the process of preparing financial reporting and conducting external audits, providing independent supervision of the risk management and control process, and carrying out independent supervision of the process of implementing corporate governance. In carrying out its duties, the audit committee will hold meetings to coordinate. The higher the frequency of meetings held by the audit committee, the better the coordination of the audit committee in supervising, including in supervising the implementation of corporate governance in the form of corporate social responsibility and environmental performance (Yesika, 2013).

The results of Said et al. (2009) research reveal that there is an influence between the audit committee on the disclosure of corporate social and environmental responsibility. Based on the description above, it can be concluded that the Audit Committee has a significant effect on environmental performance.

3. RESEARCH METHODS

In this study, researchers used quantitative research methods. The data source in this study comes from secondary data in the form of annual reports and data on companies listed on the Indonesia Stock Exchange (IDX) through the IDX website. The data collection technique used in this research is the documentation method.

The population in this study are all companies engaged in manufacturing that are listed on the Indonesia Stock Exchange (IDX) in 2019-2022. The target population that researchers use is 166 manufacturing companies listed on the Indonesia Stock Exchange (IDX).

The technique used in this research is non-probability with a purposive sampling method. The use of purposive sampling limits the sample selection to certain types that have the desired information. The criteria that determine the sample in this study are as follows:

1. Manufacturing companies present the annual reports from 2019-2022.
2. Manufacturing companies that use financial reports using the rupiah currency (Rp) from 2019-2022.
3. Manufacturing companies that are registered with PROPER for 2019-2022.

In this study, the data analysis technique used was descriptive statistics. In this study the data used is panel data. Panel data is a combination of cross-section data and time series data processed using Economic Views (Eviews) 12, which is a statistical and econometric data processing application that runs on the Windows Operating system.

4. RESULT AND DISCUSSION

The model used in this research is panel data regression. Panel data regression can be carried out by choosing the best model among common effects, fixed effects and random effects.

Chow Test

Figure 1. Chow Test Result

Redundant Fixed Effects Tests
Equation: Untitled
Test cross-section fixed effects

Effects Test	Statistic	d.f.	Prob.
Cross-section F	0.605983	(31,91)	0.9423
Cross-section Chi-square	24.021592	31	0.8097

Source: Data processing results with Eviews 12

Based on the chow test results, it can be seen that the cross section probability value F = 0.9423 > 0.05. So H0 is rejected and Ha is accepted, meaning that the fixed effect model is more appropriate to use than the common effect model to estimate panel data

Hausman Test

Figure 2. Hausman Test Result

Correlated Random Effects - Hausman Test
Equation: Untitled
Test cross-section random effects

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	1.837358	5	0.8712

Source: Data processing results with Eviews 12

Based on the results of the Hausman test conducted, it can be seen that the probability value of the random cross section = 0.8712> 0.05. So that Ha is rejected and H0 is accepted, meaning that the Random Effect model is more appropriate to use than the Fixed Effect model to estimate panel data

Lagrange Multiplier Test

Figure 3. Lagrange Multiplier Test Result

Lagrange Multiplier Tests for Random Effects
Null hypotheses: No effects
Alternative hypotheses: Two-sided (Breusch-Pagan) and one-sided
(all others) alternatives

	Test Hypothesis		
	Cross-section	Time	Both
Breusch-Pagan	2.742295 (0.0977)	0.086854 (0.7682)	2.829149 (0.0926)
Honda	-1.655988 (0.9511)	-0.294710 (0.6159)	-1.379351 (0.9161)
King-Wu	-1.655988 (0.9511)	-0.294710 (0.6159)	-0.773309 (0.7803)
Standardized Honda	-1.409430 (0.9206)	0.217185 (0.4140)	-5.989841 (1.0000)
Standardized King-Wu	-1.409430 (0.9206)	0.217185 (0.4140)	-3.788974 (0.9999)
Gourieroux, et al.	--	--	0.000000 (1.0000)

Source: Data processing results with Eviews 12

Based on the results of the Lagrange Multiplier Test conducted, it can be seen that the Cross-section Breusch-Pagan probability value = 0.0977> 0.05 so it can be concluded that the Random Effect is selected. Selected twice in two model selection tests.

Multiple Regression Results

Figure 4. Multiple Regression Result

Dependent Variable: KL
Method: Panel Least Squares
Date: 06/11/24 Time: 21:52
Sample: 2019 2022
Periods included: 4
Cross-sections included: 32
Total panel (balanced) observations: 128

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	2.336364	0.450182	5.189816	0.0000
AML	1.574170	0.782137	2.012654	0.0464
DKI	-0.555284	0.423429	-1.311400	0.1922
KM	0.042095	0.175310	0.240115	0.8106
KI	0.191921	0.167890	1.143135	0.2552
KA	0.252133	0.104550	2.411612	0.0174

Source: Data processing results with Eviews 12

Based on the results of the Eviews 12 output above, the regression coefficient value is obtained in the Multiple Linear Regression Analysis Test results table, the equation for the data is as follows:

$$Y = 2.336364 + 1.574170\ X1 + -0.555284\ X2.1 + 0.042095\ X2.2 + 0.191921\ X2.3 + 0.\ 252133\ X2.4$$

Simultaneous Test Results (f)

Figure 5. Simultaneous Test Result

R-squared	0.108131	Mean dependent var	3.343750
Adjusted R-squared	0.071579	S.D. dependent var	0.594430
S.E. of regression	0.572760	Akaike info criterion	1.769041
Sum squared resid	40.02262	Schwarz criterion	1.902730
Log likelihood	-107.2187	Hannan-Quinn criter.	1.823360
F-statistic	2.958282	Durbin-Watson stat	2.582486
Prob(F-statistic)	0.014802		

Source: Data processing results with Eviews 12

Based on the test above, the F test result shown by Prob. F is 0.014802, where the value is smaller than 0.05. This means that Environmental Management Accounting (X1) Independent Board of Commissioners (X2.1), Managerial Ownership (X2.2), Institutional Ownership (X2.3), and Audit Committee (X2.4) simultaneously have a positive effect on Environmental Performance (Y).

Partial Test Result (t)

Figure 6. Partial Test Result

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	2.336364	0.450182	5.189816	0.0000
AML	1.574170	0.782137	2.012654	0.0464
DKI	-0.555284	0.423429	-1.311400	0.1922
KM	0.042095	0.175310	0.240115	0.8106
KI	0.191921	0.167890	1.143135	0.2552
KA	0.252133	0.104550	2.411612	0.0174

Source: Data processing results with Eviews 12

Based on the test results above, it is found that the significance value of each independent variable (independent variable) on the dependent variable (dependent variable) is as follows:

1. The Prob. t value of Environmental Management Accounting is 0.0464, where the value is <0.05. This means that partially, environmental management accounting has a significant effect on environmental performance.
2. The Prob. t value of the Independent Board of Commissioners is 0.1922> 0.05. This means that partially, the Independent Board of Commissioners has no significant effect on Environmental Performance.
3. The Prob. t value of Managerial Ownership is 0.8106> 0.05. This means that partially, Managerial Ownership has no significant effect on Environmental Performance.
4. The Prob. t value of the Institutional Committee is 0.2552> 0.05. This means that partially, the Institutional Committee has no significant effect on Environmental Performance.

5. The Prob. t value of the Audit Committee is 0.0174 <0.05. This means that partially, the Audit Committee has a significant effect on Environmental Performance.

The Effect of Environmental Management Accounting on Environmental Performance

Based on the results of the partial test (t test), which shows a significance value of 0.0464 <0.05, it can be concluded that environmental management accounting has a partially significant effect on environmental performance in manufacturing companies listed on the Indonesia Stock Exchange (IDX).

This shows that the application of environmental management accounting affects environmental performance; if the application of environmental management accounting is good, then the environmental performance is also good. Conversely, if the application of environmental management accounting is not good, the environmental performance is not good. Since the environment is an important part of the triple bottom line organizational model, environmental performance is an important part of organizational operations. Therefore, it is very important for the organization to ensure that every action it takes does not adversely affect the environment (Lestari et al., 2023).

The results of this study are in line with the results of research conducted by Burhany (2011), Putriani (2015), Wang et al. (2019), Phan et al. (2017), Dewi, Nurleli, and Lestari (2017), Mulyanti, Rosdiana, and Fitriah (2018), and Haris et al. (2021), which state that environmental management accounting has a significant and positive effect on environmental performance.

The Effect of the Independent Board of Commissioners on Environmental Performance

The t test result of the Board of Independent Commissioners is 0.1922> 0.05, based on the results of hypothesis testing, it is known that independent commissioners have no significant effect on environmental performance.

The results of this study prove that the independent board of commissioners is not related to the company's environmental performance. The reason for rejecting this hypothesis is because the task of the independent board of commissioners is to monitor or supervise management performance. The lack of effect of the independent board of commissioners in this study is because the presence or absence of independent commissioners in the company's organizational structure does not guarantee that the company will get an environmental performance rating as measured by PROPER, which is very good, gold, or even the lowest rating. In addition, the implementation of good GCG, including an independent board of commissioners, only has a long-term impact, so that there is no relationship between the independent board of commissioners and environmental performance. Thus, the hypothesis is rejected, and there is no relationship between the independent board of commissioners and environmental performance.

This is in line with research conducted by Parlupi (2019), which states that the Board of Independent Commissioners has no significant effect on environmental performance.

The Effect of Managerial Ownership on Environmental Performance

Based on the results of hypothesis testing, it is known that managerial ownership has a coefficient value of 0.8106 with a significance of 0.05 greater than the significance level, which means that the hypothesis is rejected. This shows that managerial ownership has no effect on environmental performance.

High managerial ownership in the company makes managers have a full share in using funds or costs for the company's operational activities as social and environmental responsibility aimed at the community that the company's environmental performance is good. However, in this study there is no effect of managerial ownership on environmental performance because the average managerial ownership owned by the company is only around 20%. Low managerial ownership can lead to managerial fraud behavior that can reduce company value. As Jensen and Meckling said, managerial ownership cannot be seen as an appropriate mechanism to reduce conflicts of interest between shareholders and managers.

This is in line with research conducted by Adiwuri (2022) which states that managerial ownership has no significant effect on environmental performance proxied by PROPER.

The Effect of Institutional Ownership on Environmental Performance

Based on the results of hypothesis testing, it is known that institutional ownership has a coefficient value of 0.2552 with a significance of 0.05 greater than the significance level, which means that the hypothesis is rejected. This shows that institutional ownership has no effect on environmental performance.

Wulandari (2006) states that the reason institutional ownership has no effect on environmental performance is because the majority of institutional owners participate in controlling the company so that they tend to act in their own interests even at the expense of the interests of minority owners.

This is in line with research conducted by Rahayu (2018) which states that institutional ownership has no significant effect on environmental performance.

Effect of Audit Committee on Environmental Performance

The t test result of the Audit Committee is 0.0174 <0.05, based on the results of the hypothesis test it is known that the audit committee has a significant effect on environmental performance in manufacturing companies listed on the Indonesia Stock Exchange (IDX). This means that with good audit committee performance, the company's environmental performance will also be good.

In theory, the audit committee is an additional organ needed in the implementation of GCG. The audit committee is in charge of examining and researching what is deemed necessary for the implementation of the board of directors' functions in carrying out company management and carrying out important tasks related to the financial reporting system. Pratama and Rahardja (2013) state that the existence of an audit committee in the company is expected to improve the quality of corporate governance so that the company can avoid risks that can worsen company performance. According to Foker (1992) in Wardhani (2011), the audit committee is an effective tool for carrying out supervisory mechanisms so as to reduce agency costs and improve the quality of environmental performance.

This finding supports the claim that the role of audit committees in monitoring corporate policies cannot be separated from the independence of its members (Hamid et al., 2015; Spira, 1999). Their independence allows the audit committee to work more effectively, independently, and free from personal interests (Carcello & Neal, 2003; Psaros & Seamer, 2004; Spira, 1999) in reviewing company performance, including the environment.

This study is in line with previous research where the audit committee affects managerial performance (Said et al, 2009).

5. CONCLUSION

Based on the discussion in this study regarding the effect of the application of environmental management accounting and good corporate governance mechanisms on environmental performance, the conclusions that can be drawn by the author are

Environmental management accounting has a significant effect on environmental performance. This can be interpreted as saying that with the implementation of good environmental management accounting, environmental performance is also good, and environmental management accounting disclosure items have a direct correlation with PROPER levels. The higher the environmental management accounting disclosure items, the higher the PROPER level. Independent Board of Commissioners has no effect on environmental performance. This is because the implementation of good corporate governance will be felt in the long term, so that the environmental performance of the independent board of commissioners will not be affected in the short term.

Managerial ownership has no effect on environmental performance. This is because the level of managerial ownership in companies in Indonesia is still relatively low; besides that, management is more focused on increasing company profits, which will benefit the company, than on environmental performance. Institutional ownership has no effect on environmental performance. This is because most of the company's ownership is owned by one or more institutions; in other words, most of the shares are owned by institutions. Therefore, the size of an institution's ownership does not affect environmental performance. The audit committee has an effect on environmental performance. This is because the supervision carried out by the audit committee is able to reduce agency costs so as to improve the quality of environmental performance.

This research has positive implications for manufacturing companies listed on the Indonesian stock exchange. With this research, it can be used as a reference for manufacturing companies in improving environmental performance in the company. This aims to help companies gain trust in maintaining the company's environmental performance and also not damage the surrounding environment for company activities.

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