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# Corporate governance mechanisms and environmental management system on environmental disclosure

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## Abstract

This research aims to examine the influence of corporate governance and EMS on environmental disclosure. The corporate governance variable is proxied by managerial ownership, foreign ownership, frequency of board of commissioner meetings, proportion of independent board of directors, and gender diversity. The data in this research is secondary data originating from the annual reports and sustainability reports of property & real estate companies listed on the Indonesia Stock Exchange in 2021-2023. This research uses quantitative research methods with data collection techniques by means of literature research and documentation research, and the results are analyzed by panel data regression analysis techniques. Test result using panel data regression show that the managerial ownership, foreign ownership, and gender diversity does not affect environmental disclosure while frequency of board of commissioner meetings, proportion of independent board of directors, and EMS variable have a significant positive effect on environmental disclosure. test result also show that the control variable profitability proxied by ROA does not influence environmental disclosure. This research contributes by highlighting insight into specific impact of corporate governance components and EMS on environmental disclosure within property & real estate sector. The findings provide a more nuanced understanding of how these components interact to influence corporate transparency regarding environmental issues.

## Introduction

Environmental issues are of concern to many parties such as investors, consumers, society and government. Investors are interested in investing in companies that are aware and report their environmental aspects in annual reports or sustainability reports as a form of support for being responsible for the environment, because environmental and social information will be used for several important things, especially those related to decision making by investors and stakeholders (Putri & Wahyuningrum, 2021).

Cases of environmental damage due to company operational activities have resulted in minimal reporting of social and environmental responsibility in Indonesia. In 2022, Indonesia received a low score in environmental sustainability on the Environmental Performance Index (EPI), which is a method for measuring environmental performance in a country's policies. EPI assesses 180 countries with three major pillars, namely climate change resistance performance, environmental health, and ecosystem vitality (Anggraeni & Sisdianto, 2024). Table 1 presents comparison of the 2022 and 2024 EPI scores in Southeast Asian countries.

In the 2022 EPI results, Indonesia had an EPI score of 28.2 in 2022, ranking 163 out of 180 countries and 8th in Southeast Asia. However, in 2024, Indonesia's EPI score increased to

33.6, which increased it to 5th out of 10 countries in Southeast Asia. This score is far below Malaysia and Thailand, and the data shows that Indonesia still has to work hard in implementing environmental policies so that environmental problems can be addressed appropriately (Itan et al., 2023).

**Table 1.** Environmental Performance Index (EPI) 2022 & 2024.

Country	EPI Score		Ranking	
	2022	2024	2022	2024
Singapore	50.90	53.00	44	47
Brunei	45.70	48.30	71	69
Thailand	38.10	45.70	108	90
Malaysia	35.00	41.00	130	118
Laos	30.70	26.30	149	178
Cambodia	30.10	31.20	154	170
Philippines	28.90	32.10	158	169
Indonesia	28.20	33.60	163	163
Vietnam	20.10	24.60	178	180
Myanmar	19.40	27.10	179	177

Source: EPI Reports, 2025

Environmental disclosure is an activity of disclosing company information related to the environment and is disclosed in the company's annual report (Wahyuningrum & Amalia, 2023). Environmental disclosure is important to ensure transparency in the company's environmental management. Not only companies act as drivers of a country's economic growth but also make significant contributions to environmental problems due to the use of natural resources in their operational activities. In line with Elkington's theory which explains the triple bottom line, company activities affect the economy, environment, and social life as a whole, so companies must be responsible for these three impacts.

The existence of corporate governance is believed to be a necessity that can connect investors with company management (Diandra, 2023). Corporate governance is a set of rules for organizational structures that are the basis for proper business operations and to achieve company goals (Wahyuningrum et al., 2023). The implementation of good corporate governance will have an impact on increasing environmental disclosure in order to reduce the negative impact of environmental pollution (Boudawara et al., 2023).

Environmental Management System (EMS) certified by ISO 14001 is an international standard designed to help companies identify, prioritize, and manage various environmental risks (Wahdah & Jayanti, 2023). The implementation of EMS through ISO 14001 certification has a positive impact, because companies show the public that the projects they develop have gone through various environmentally friendly processes. The implementation of a structured EMS also allows companies to convey their environmental information more effectively, thereby increasing public trust in their sustainability efforts (Istiqomah & Wahyuningrum, 2020).

This study is an improvement on the research by Akhter et al. (2023), which examined the influence of corporate attributes on environmental disclosure. The differences consist of several points: first, the research by Akhter et al. (2023) used independent variables in the form of company size, company age, leverage ratio, profitability, the presence of independent directors, and gender diversity. In this study, the researchers took two variables from the previous study, namely the presence of independent directors and gender diversity. The researchers also added four new variables, including managerial ownership, foreign ownership, the number of board of commissioners' meetings as a proxy for Corporate Governance, and the Environmental Management System (EMS). Each Corporate Governance proxy contributes to the effectiveness of the EMS in managing environmental impacts. Managerial ownership, foreign ownership, and

gender diversity on the board of directors encourage management to be accountable in reporting environmental impacts, in line with EMS principles that prioritize transparency. The frequency of board of commissioners' meetings is also important to make sure environmental and sustainability policies are discussed regularly, so that EMS implementation can run effectively. An independent board of directors strengthens the monitoring of EMS implementation, assuring that the company not only complies with regulations but is also committed to social and environmental responsibility. Second, the research sample used in (Akhter et al., 2023) study was financial and non-financial companies listed on the Dhaka Stock Exchange (DSE) in Bangladesh from 2015 to 2019. Meanwhile, this study uses samples from property and real estate companies listed on the Indonesia Stock Exchange (IDX) from 2021 to 2023.

## Literature Review

Environmental disclosure is the disclosure or reporting of information related to the management and performance of a company's environment which is disclosed in the company's report or on the company's website (Istiqomah & Wahyuningrum, 2020). Reports on information related to the company's environment emerge as a company's effort to meet stakeholder needs, as well as part of management's efforts to gain legitimacy from these stakeholders. Environmental disclosure will indirectly encourage companies to maintain and manage the environment responsibly, so that environmental information becomes very important to disclose. In addition, environmental disclosure has become a primary parameter considered by investors and creditors in terms of their investments (Akhter et al., 2023).

Managerial ownership is one aspect of corporate governance. Managerial share ownership refers to the proportion of common stock owned by members of the company's management, which is measured by looking at the percentage of shares owned by management at the end of the year (Hadiningtiyas & Mahmud, 2017). Suprapti et al. (2019) and Putri et al. (2021) stated that the higher the managerial ownership, the more likely the company is to actively disclose relevant information regarding their environmental impact. The legitimacy theory explains that environmental disclosure is a report on the implementation of environmental responsibility in a company's annual report, with the intention of reporting the company's concern for social and environmental responsibility to the public in order to achieve a stronger legitimacy. The management ranks who own shares in the company will always strive for policies that are considered to have a positive impact on the company which will ultimately also have a positive impact on themselves as shareholders through the disclosure of environmental reports (Apriliani et al., 2022).

H1: Managerial ownership has a positive effect on environmental disclosure.

Definition of foreign ownership according to Law No. 25 of 2007 Article 1 (6), foreign ownership is a foreign citizen individual, foreign business entity, and foreign government that invests in the territory of the Republic of Indonesia. Companies that have foreign ownership tend to provide more comprehensive disclosure information compared to companies that do not have foreign ownership. This is due to the fact that foreign companies, especially those from Europe and the United States, are more familiar with the concept of Corporate Social Responsibility (CSR) practices. A high level of concern for social issues, such as human rights violations, education, and labor, reflects their commitment to addressing issues that can support the sustainability and existence of the company in the long term (Wahyuningrum & Amalia, 2023). Ismail et al. (2018), Wicaksono et al. (2021), and Wahyuningrum & Amalia (2023) states that the higher the foreign ownership in a company, the higher the level of environmental responsibility disclosure. The legitimacy theory states that companies need to maintain legitimacy in the eyes of stakeholders, including foreign shareholders. Environmental disclosure is important for foreign shareholders to assess the company's prospects and monitor its performance. By demonstrating environmental

responsibility, the company's legitimacy is maintained, which increases trust and support from stakeholders, including foreign investors.

H2: Foreign ownership has a positive effect on environmental disclosure.

The board of commissioners meeting serves as a forum to discuss and consider the interests of various stakeholders, including shareholders, employees, and the community. Meaningful discussions in meetings can help formulate policies that are not only beneficial to the company but also support the welfare of society and the environment. The frequency of board of commissioner meetings has been regulated in Financial Services Authority Regulation No. 33/POJK.04/2014 concerning the Board of Commissioners of Issuers or Public Companies, there are provisions that require the board of commissioners to hold meetings at least once every two months, so that the total is six times a year. Stakeholder theory can explain the influence of the frequency of board of commissioners' meetings on environmental disclosure. The success of a company is not only measured by its financial performance, but also by its ability to meet the expectations and needs of various stakeholders, including investors, employees, customers, and the community. Kurniawan (2019) and Suryarahman & Trihatmoko (2021) found that the frequency of board of commissioner meetings has a positive effect on environmental disclosure. Regular board of commissioner meetings can strengthen the company's commitment to sustainability because it shows that the board of commissioners does not only prioritize short-term profits but also pays attention to long-term social and environmental responsibilities.

H3: The frequency of board of commissioner meetings has a positive effect on environmental disclosure.

An independent board of directors refers to board members who are not affiliated with management, other members of the board of commissioners, or controlling shareholders. The existence of an independent board of directors is very important in corporate governance because it functions as an objective supervisor and is not influenced by internal interests. Stakeholder theory explains that the proportion of more independent board members will improve the board's ability to meet the interests of various stakeholders. An independent board of directors also plays an important role in facilitating the dissemination of environmental information, encouraging broader disclosure in environmental disclosure, so that information regarding the company's sustainability efforts and social and environmental responsibility becomes more transparent. Previous research by Gerged (2021), Suwandy and Rahayuningsih (2021), and Okere et al. (2021) stated that independent boards have an important role in improving overall corporate monitoring, especially when they have a strong interest in social and environmental responsibility. Independent board members can evaluate and question existing policies and encourage management to report environmental information in more detail in the sustainability report.

H4: The proportion of independent board of directors has a positive effect on environmental disclosure.

Gender diversity in the board of directors brings more insight and deeper understanding to various issues related to the business environment. Gender diversity in the board of directors plays an important role in corporate governance, because it creates better collaboration and encourages management to consider various perspectives in environmental disclosure practices. The presence of women in the board of directors has a positive impact on company performance and influences environmental disclosures made by the company. Legitimacy theory supports the statement that increasing the number of female directors on boards of directors can accelerate environmental disclosure practices and strengthen corporate governance reputations by strengthening accountability for environmental issues. Wahyuningsih and Meiranto (2021) and Akhter et al. (2023) found that gender diversity has a positive effect on environmental disclosure

because women often have a different approach to viewing social and environmental issues, which allows for deeper discussions about corporate responsibility towards the environment. Companies need to gain and maintain legitimacy in the eyes of stakeholders, such as consumers, employees, and investors, to ensure sustainability and long-term success, and by placing women in leadership positions, companies demonstrate a commitment to diversity and participation that is increasingly valued by society and will improve the company's reputation and strengthen relationships with stakeholders that will later contribute to the company's legitimacy.

H5: Gender diversity has a positive effect on environmental disclosure.

Environmental Management System (EMS) certified by ISO 14001 is an international standard designed to help companies identify, prioritize, and manage various environmental risks (Wahdah & Jayanti, 2023). ISO 14001 is an international standard that sets requirements for EMS. This standard is designed to help companies improve environmental performance by using raw materials more efficiently and reducing waste. ISO 14001 certification reflects the company's awareness of their role in contributing to sustainable development. This is in line with research conducted by Suhardjanto and Setiary (2018) and Radzi et al. (2020) that EMS has a positive effect on environmental disclosure because companies that realize the importance of ISO 14001 certification as part of their strategy to compete in the market and gain greater legitimacy from the community. Certification not only shows compliance with international standards but also provides confidence to stakeholders that the company is trying to reduce negative impacts on the environment. Companies that adopt ISO 14001 are showing that they're not only focused on short-term profits but also investing in responsible practices. They're able to share more transparent and accurate environmental information with stakeholders to build more trust from the public and investors, who are increasingly demanding accountability when it comes to sustainability.

H6: EMS has a positive effect on environmental disclosure.

The variables in this study consist of a dependent variable (Y) in the form of environmental disclosure, and independent variables (X) consisting of managerial ownership (X1), foreign ownership (X2), frequency of board of commissioner meetings (X3), proportion of independent board of directors (X4), gender diversity (X5), and environmental management system (X6) and using a control variable (K), namely profitability which is proxied by ROA. The research framework can be seen in Figure 1.

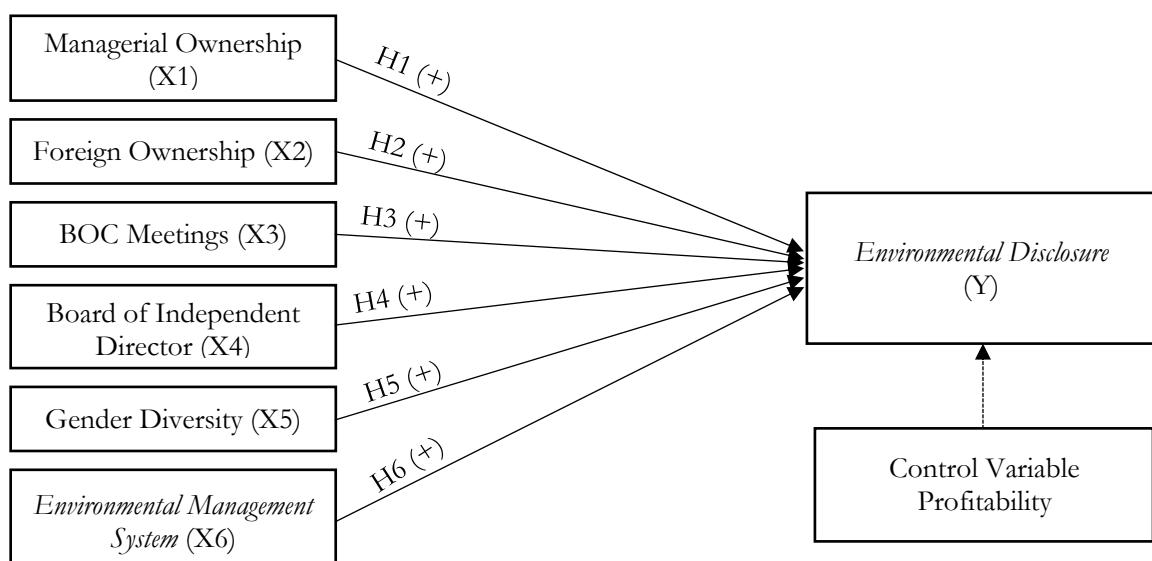


Figure 1. Research Framework

## Research Method

This study uses a quantitative research approach using secondary data from annual reports and sustainability reports of property & real estate sector companies listed on the Indonesia Stock Exchange (IDX) from 2021-2023. Secondary data was obtained from the official IDX website, namely [www.idx.co.id](http://www.idx.co.id) and the company's official website. This study uses a sampling technique in the form of a non-probability technique with a purposive sampling method. This method is a non-random sampling method based on certain criteria. The sample criteria can be seen in Table 2.

**Table 2.** Research Sample Criteria

No	Criteria	Amount
1.	Population: property & real estate sector companies that are listed on IDX in 2021-2023	92
2.	Property & real estate sector companies that are not listed on the IDX in 2021-2023	(15)
3.	Companies that publish complete annual reports and sustainability reports during the 2021-2023 period	(20)
4.	Companies that report environmental disclosure during the 2021-2023 period	(1)
Total research data (56 companies x 3 years)		168
Total of outlier data		(30)
Final research data		138

The variables in this study consist of dependent variables (Y) in the form of environmental disclosure, and independent variables (X) consisting of managerial ownership (X1), foreign ownership (X2), frequency of board of commissioners meetings (X3), proportion of independent board of directors (X4), gender diversity (X5), and environmental management system (X6) and using control variables (K), namely profitability proxied by ROA. Environmental disclosure as an independent variable is measured by content analysis. Content analysis is performed by calculating the quantity of sentences from each of the 32 specific items of GRI Standards 2021 with reference to the research. Table 3 shows the explanation and measurement of each variable.

**Table 3.** Measurement Variables

No	Variable	Definition	Indicator	Measurement & Scale
Dependent Variable				
1.	Environmental Disclosure	Disclosure of environmental information by a company	GRI Standards 2021	$Environmental\ Disclosure = \frac{\text{Total of items disclosed}}{32\ Item}$
Independent Variables				
1.	Managerial Ownership	Managers who owns shares in the company	Percentage of shares owned by management	$MO = \frac{\text{Total of managerial shares}}{\text{Total of shares company}} \times 100\%$
2.	Foreign Ownership	Foreign nationals who own shares in Indonesian companies	Percentage of shares held by foreign shareholders	$FO = \frac{\text{Total of foreigner shares}}{\text{Total of shares company}} \times 100\%$
3.	Frequency of board of commissioners' meetings	Board members commissioners gather to discuss and make decisions	Number of board of commissioners' meetings	$Frequency\ of\ BOC\ meetings = \text{Total of meetings during 1 year}$

No	Variable	Definition	Indicator	Measurement & Scale
4	Proportion of independent board of directors	regarding policies strategies of the company.	Percentage of independent board members	$\text{Board Independence} = \frac{\text{Total of independent boards}}{\text{Total of company boards director}} \times 100\%$
5	Gender Diversity	Members of the board who do not have affiliation with management, commissioners, nor holders of major and controlling shares	Percentage of female board members	$\text{GD} = \frac{\text{Total of female director}}{\text{Total of company boards director}} \times 100\%$
6	Environmental Management System	The existence of multiple gender identities and roles within a group or organization, including differences between men and women	ISO 14001	<p>Scale: Ratio</p> <p>Using dummy variables</p> <p>1 = if the company has ISO 14001 certification</p> <p>0 = if the company does not have ISO 14001 certification</p> <p>Scale: Nominal</p>
Control Variable				
1.	Profitability	The ability of a company to earn profit within a certain time	ROA	$\text{ROA} = \frac{\text{Net profit after tax}}{\text{Total assets}}$
				Scale: Ratio

Source: Data processed from multiple sources, 2025

In this study, descriptive statistical analysis and classical assumption tests were conducted first before conducting hypothesis testing. The research hypothesis testing used panel data regression analysis with a confidence level of 95% or alpha 0.05. The panel data regression equation used in this study can be formulated as follows:

$$Y_{it} = \alpha + \beta_1 X_{1it} + \beta_2 X_{2it} + \beta_3 X_{3it} + \beta_4 X_{4it} + \beta_5 X_{5it} + \beta_6 X_{6it} + \beta_7 X_{7it} + \varepsilon_{it}$$

Description:

Y : Environmental disclosure

A : Constant

$\beta_{1-6}$  : Coefficient of the independent variable

$\beta_7$  : Coefficient of the control variable

$X_1$  : Managerial Ownership

$X_2$  : Foreign Ownership

$X_3$  : Frequency of Board of Commissioners Meeting

$X_4$  : Proportion of Independent Board of Directors

$X_5$  : Gender Diversity

$X_6$  : EMS

$X_7$  : Profitability  
 $\epsilon$  : Error Rate  
 $i$  : Company  
 $t$  : Time

## Results and Discussion

### Descriptive Statistics

**Table 4.** Descriptive Statistics

Variables	Mean	STD	Min	Max
ED	0.31	0.11	0.15	0.53
MO	5.71	14.62	0.00	68.23
FO	14.35	23.49	0.00	96.88
BOC MEETING	6.29	1.76	3.00	12.00
ID	66.79	32.46	0.00	100.00
GD	15.77	22.59	0.00	100.00
ROA	0.82	6.70	-18.7	42.83

Source: Eviews 13 Output, 2025

Based on Table 4, the results of the descriptive statistical test with the number of analysis units of 138 observation data obtained, the environmental disclosure (ED) variable has a mean value of 0.31 with a standard deviation value of 0.11, a minimum value of 0.15 and a maximum value of 0.53. The managerial ownership variable has an average value of 5.71 with a standard deviation value of 14.62, a minimum value of 0.00 and a maximum value of 68.3. The foreign ownership variable has an average value of 14.35 with a standard deviation value of 23.49, a minimum value of 0.00 and a maximum value of 96.88. The frequency of board of commissioner meetings variable has an average value of 6.29 with a standard deviation value of 1.76, a minimum value of 3.00 with a maximum value of 12.00. The variable proportion of independent directors has an average value of 66.79 with a standard deviation value of 32.84, a minimum value of 0.00 with a maximum value of 100.00. The gender diversity variable has an average value of 15.77 with a standard deviation value of 22.59, with a minimum value of 0.00 and a maximum value of 100.00. The EMS variable measured by a dummy variable shows that 98 analysis units do not have ISO 14001 certification, while the remaining 40 analysis units have ISO 14001 certification. The profitability variable has an average value of 0.82 with a standard deviation value of 6.70, a minimum value of -18.7 and a maximum value of 42.83.

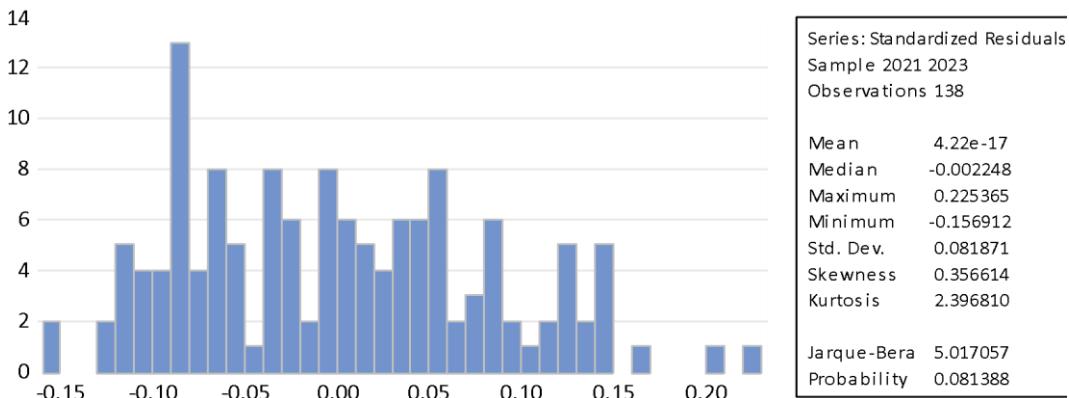
### Panel Data Regression Model Selection

The selection of the best model to be used in research on panel data regression can be done through several tests, such as the Chow test, the Hausman test, and the Lagrange Multiplier (LM) test.

**Table 5.** Model Selection

	Chow Test	Hausman Test	Lagrange Multiplier Test
Prob.	0.0000	0.6194	0.0000
Model Selection	FEM	REM	REM

The selection results of the panel data regression estimation indicate that the Random Effects Model (REM) is the most appropriate approach for addressing the research problem in this study.



**Figure 2.** Normality Test Results  
Source: Eviews Output Results 13, 2025

The results of the normality test in Figure 2 show that the Jarque-Bera probability value is  $0.0813 > 0.05$ , so the results of the normality test in this study have data that has been normally distributed.

**Table 6.** Multicollinearity Test Results

	KM_X1	KA_X2	RAPAT_X3	DI_X4	GD_X5	EMS_X6	ROA_K1
KM_X1	1.000000	-0.193310	-0.034594	-0.296163	-0.083600	-0.184318	-0.059350
KA_X2	0.193310	1.000000	-0.069012	0.180571	0.183037	0.087307	0.043225
RAPAT_X3	-0.034594	-0.069012	1.000000	0.001045	-0.244619	0.019217	0.122378
DI_X4	-0.296163	0.180571	0.001045	1.000000	0.001901	0.185154	-0.135171
GD_X5	-0.083600	0.183037	-0.244619	0.001901	1.000000	0.116314	0.004848
EMS_X6	-0.184318	0.087307	0.019217	0.185154	0.116314	1.000000	0.133259
ROA_K1	-0.059350	0.043225	0.122378	-0.135171	0.004848	0.133259	1.000000

Source: Eviews Output Results 13, 2025

Based on the results of the multicollinearity test in Table 6, it is known that the relationship between independent variables has a value smaller than 0.9 ( $r < 0.9$ ), so it can be concluded that the data does not indicate multicollinearity or there is no relationship between independent variables.

### Panel Data Regression Analysis Results

Through testing conducted on the estimation of panel data regression model, the results obtained that the most appropriate model is the Random Effect Model (REM) which can show the relationship between the variables. The results of panel data regression using the REM model can be seen in Table 7.

**Table 7.** Results of Panel Data Regression Analysis

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.160670	0.033900	4.739474	0.000000
KM_X1	-0.001584	0.000551	-2.876045	0.004700
KA_X2	-0.000983	0.000333	-2.954351	0.003700
RAPAT_X3	0.011669	0.004099	2.847045	0.005100
DI_X4	0.000651	0.000247	2.640580	0.009300
GD_X5	0.000564	0.000346	1.629970	0.105500
EMS_X6	0.139423	0.018657	7.473015	0.000000
ROA_K1	0.001254	0.001050	1.194406	0.234500

Based on the test results listed in Table 7, the regression equation in this study is:  
 $ED = 0.160670 - 0.001584 KM - 0.000983 KA + 0.011669 MEETING + 0.000651 DI$   
 $+ 0.000564 GD + 0.139423 EMS + 0.001254 ROA + \epsilon$

### Hypothesis Test Results

Hypothesis test in regression analysis is used to identify the significant influence of each independent variable on the dependent variable partially, with a significance level of 5% ( $\alpha = 0.05$ ). If the probability value  $<0.05$ , the independent variable has a significant effect on the dependent variable, and the hypothesis is accepted. Conversely, if the probability value  $> 0.05$ , the independent variable does not have a significant effect on the dependent variable, then the hypothesis is rejected. The results of the hypothesis test can be seen in Table 8.

**Table 8.** Hypothesis Test Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.	Conclusion
C	0.160670	0.033900	4.739474	0.0000	
KM_X1	-0.001584	0.000551	-2.876045	0.0047	H1 Rejected
KA_X2	-0.000983	0.000333	-2.954351	0.0037	H2 Rejected
RAPAT_X3	0.011669	0.004099	2.847045	0.0051	H3 Accepted
DI_X4	0.000651	0.000247	2.640580	0.0093	H4 Accepted
GD_X5	0.000564	0.000346	1.629970	0.1055	H5 Rejected
EMS_X6	0.139423	0.018657	7.473015	0.0000	H6 Accepted
ROA_K1	0.001254	0.001050	1.194406	0.2345	Rejected

Prob (F-statistic)= 0.000000, Adjusted R-Squared = 0.456022

Source: Eviews Output Results, 2025

Table 8 shows that the Prob (F-statistic) value of 0.000000  $<0.05$ . It can be concluded that the test results prove empirically that the hypothesis is accepted, which means that the variables of managerial ownership, foreign ownership, frequency of board meetings, proportion of independent directors, gender diversity and EMS simultaneously affect environmental disclosure. The adjusted R-squared value is 0.456022 or 45.6%. The results of this analysis indicate that the independent variables, namely managerial ownership, foreign ownership, frequency of board meetings, proportion of independent board of directors, gender diversity, and EMS as a whole contribute 45.6% to the dependent variable, namely environmental disclosure, while the remaining 54.5% is influenced by other factors not included in this study.

## Discussion

### The Influence of Managerial Ownership on Environmental Disclosure

The probability value for the managerial ownership variable (X1) is 0.0047  $<0.05$ , which indicates an influence of managerial ownership on environmental disclosure. The t-statistic value is -2.876045, which indicates a negative relationship, so managerial ownership have negative effect on environmental disclosure so that H1 is rejected. This result is in line with research conducted by Gerged (2021), Syafitri et al. (2022), and Wahyuningrum and Amalia (2023), managerial ownership has a negative effect on environmental disclosure. This indicates that companies tend to publish environmental disclosures when managerial ownership declines. According to legitimacy theory, managers with low share ownership are more motivated to increase transparency in order to gain legitimacy from stakeholders, such as the public and investors. They see that although the costs of environmental activities may be high, good disclosure can strengthen the company's image and generate long-term benefits. This can happened because companies tend to prioritize external interests less and perceive the costs of environmental activities as greater than the benefits (Ullah

et al., 2019). Furthermore, managers worry that environmental disclosure can pose risks, especially if the effort fails. As a result, managers focus more on short-term profits and are less open in disclosing environmental information (Gerged, 2021).

### **The Influence of Foreign Ownership on Environmental Disclosure**

The probability value for the foreign ownership variable (X2) is  $0.0037 < 0.05$ , which indicates an influence of foreign ownership on environmental disclosure. The t-Statistic value is -2.954351, which indicates a negative effect, so foreign ownership have negative effect on environmental disclosure so that H2 is rejected. Lower foreign ownership can encourage companies to disclose more information about environment disclosure. When the proportion of foreign ownership decreases, companies feel the need to be more transparent in order to gain the trust of the local community. Legitimacy theory explains that companies want to meet the expectations of the community in order to maintain their support. By increasing disclosure about environmental efforts, companies demonstrate their commitment to sustainability, which helps build a good reputation in the local market, even though pressure from foreign owners has decreased. The results of this study strengthen the empirical evidence from previous research conducted by Wahyuningsih and Meiranto (2021), and Richard and Wijaya (2022). This finding suggests that the amount of foreign ownership, whether significant or not, does not encourage companies to increase transparency in environmental disclosure practices. Companies with foreign ownership do not seem to consider environmental disclosure as a priority to meet stakeholder expectations regarding transparency. This suggests there is a need to increase awareness and commitment to social and environmental responsibility in Indonesian companies.

### **The Influence of the Frequency of Board of Commissioner Meetings on Environmental Disclosure**

The probability value for the frequency of board of commissioner meetings (X3) is  $0.0051 < 0.05$ , which shows the influence of the frequency of meetings of the board of commissioners on environmental disclosure. The t-Statistic value is 2.847045, which shows a positive relationship, then the frequency of the board of commissioners meeting is stated to have a positive effect on environmental disclosure so that H3 is accepted. The results of this statistical test produce tests that are in line with research by Hilmi and Pasaribu (2018), Effendi (2018), Kurniawan (2019), Suryarahman and Trihatmoko (2021), and Putra and Utomo (2024) because the more often the board of commissioners meets, the better the implementation of environmental disclosure. Regular meetings enable discussion of environmental and sustainability issues, strengthening the company's commitment to long-term social and environmental responsibility. In addition, a high frequency of meetings enhances the company's reputation and benefits all stakeholders.

### **The Influence of the Proportion of Independent Board of Director on Environmental Disclosure**

The probability value for the variable proportion of independent board of directors (X4) is  $0.0093 < 0.05$ , which indicates the influence of the proportion of independent board of directors on environmental disclosure. The t-statistic value is 2.640580, which indicates a positive relationship, then the proportion of independent board of directors is stated to have a positive effect on environmental disclosure so that H4 is accepted. The results of this study strengthen the test results conducted by Gerged (2021), Suwandy and Rahayuningsih (2021), Okere et al. (2021), and Akhter et al. (2023) which shows that independent directors have a positive effect on environmental disclosure. They have a strong incentive to function as effective watchdogs and not collude with managers for the benefit of shareholders, as their reputation depends on independence. In this

way, independent directors are expected to support the transparency of environmental information to ensure fair and impartial accountability (Gerged, 2021).

### **The Influence of Gender Diversity on Environmental Disclosure**

The probability value for the gender diversity variable (X5) is  $0.1055 < 0.05$ , which indicates that gender diversity has no significant effect on environmental disclosure practices. The t-statistic value is 1.629970, which indicates a positive relationship, then gender diversity is stated to have no effect on environmental disclosure so that H5 is rejected. The results of this study are in line with previous research conducted by Nurhayati and Kurniati (2019), Wahyuningrum et al. (2022), Jimantoro et al. (2023), Safitri et al. (2024) which states that gender diversity has no effect on environmental disclosure. The study proves that without a female board, companies will still monitor environmental disclosure. The decision to disclose environmental information does not depend on the number of female directors, but rather on the interests and responsibilities towards society. Both female and male boards have the same responsibility in contributing to environmental disclosure.

### **The Influence of Environmental Management System on Environmental Disclosure**

The probability value for the EMS variable (X6) is  $0.0000 < 0.05$ , which indicates that EMS has a significant influence on environmental disclosure practices. The t-statistic value is 7.473015, which indicates a positive relationship, then EMS is stated to have a positive effect on environmental disclosure so that H6 is accepted. The results of this study support previous research conducted by Suhardjanto and Setiany (2018) and Radzi et al. (2020) which shows that EMS has a significant positive effect on environmental disclosure. Based on legitimacy theory, having an ISO 14001 certificate affects the disclosure of social and environmental information. This international certification shows that companies understand the importance of ISO 14001 as a strategy to compete in the market and gain stronger legitimacy in the eyes of society.

The probability value for the profitability variable (K1) obtained is 0.2345 higher than 0.05, the specified significance limit. The t-Statistic value is 1.194406, which indicates that the resulting relationship is positive towards environmental disclosure practices. These results can be concluded that the profitability variable projected by ROA has no significant effect on environmental disclosure.

## **Conclusion**

This study aims to see the effect of corporate governance and Environmental Management System (EMS) on environmental disclosure in property & real estate sector companies listed on the IDX in 2021 - 2023. The test results show that the frequency of board of commissioners' meetings, the proportion of independent directors, and EMS have a positive effect on environmental disclosure, while managerial ownership, foreign ownership, and gender diversity have no effect. It is recommended for future research to consider different objects and periods and add variables that have not been tested. Companies are expected to improve environmental disclosure practices in accordance with existing regulations.

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