**COMPARISON OF HIGHEST AND LOWEST ENVIRONMENTAL DISCLOSURE REPORTS BEFORE ANDDURING THE COVID-19 PANDEMIC (IN THE ANNUAL REPORT OF COMPANIES**

**LISTED ON THE IDX)**

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*Abstract*

*This study aims to compare environmental disclosures made by publicly traded companies in Indonesia before and during the COVID-19 pandemic. The sample used is a company that is included in the list of 50 Biggest Market Capitalization listed on the Indonesia Stock Exchange in 2019 and 2020. From50 companies that meet the requirements, 27 companies in 2 years become 54 companies. This research has never been carried out by previous researchers, in this study the focus is on manufacturing companies because this type of company contributes quite a lot to producing environmental waste. The benefit is to find out how big the difference in the condition of environmental disclosure reports in Indonesia during the COVID- 19 pandemic is. Is it still possible for the government to expect companies to pay attention to the environment? The results of this study indicate that there are material differences in environmental disclosures before and during the COVID- 19 pandemic. The company that provided the highest environmental disclosure at the time and before the COVID-19 pandemic was by the same company, namely PT Chandra Asri Petrochemical Tbk. In this company, the pandemic did not reduce the level of environmental disclosure reporting, it even increased by 30% from 2019. During the Covid-19 period in 2020) companies that did not provide environmental disclosure, reports increased to 4 companies, namely PT HMSampoerna Tbk, PT Astra International Tbk, PT Perusahaan Gas Negara Tbk, and PT Bank Mega Tbk. The highest item in Pengungkapan environment in the period before the pandemic covid-19 is a greenhouse gas emissions glass, water treatment and disposal of water each - each amounted to 11%. While pandemic there is a decrease which is quite significant, namely 54% on items impact activities. On the other hand, there are items with a fairly high increase, namely water disposal by 37%.*

***Keywords****: comparison, environmental disclosure, covid 19 pandemic.*

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1. Preliminary

Industrial Manufacturing Indonesia devastated the impact of pandemic Covid- 19. However, some achievements are positive, especially in the field of investors. Dirjen Resilience, zoning, and Access Industries International Ministry of Industry (Ministry of Industry) Dody Widodo mentions that in quarter II-2020 performance of the processing of non-oil experiencing contractions were very keen to minus 5.74%. However, the balance of export-import experienced a surplus of up to 8.8 billion dollars. So also with the investment reached a value of Rp 129.56 trillion throughout January-June 2020 increased by 23% compared to the period of the same year- ago. Jakarta, CNBC Indonesia.

In quarter IV of the year 2020, the industrial metal base grew 11, 46 percent of the increase in demand outside the country. Then the industrial chemical, pharmaceutical, and medicine have traditionally grown 8, 45 percent, mainly supported by the increase in demand for domestic soaps, hand sanitizers, and disinfectants as well as an increase in the production of medicines, multivitamins, and supplements food.

Besides that, subsectors of manufacturing which also gives contributed positively to the quarter IV-2020 includes the industry of automotive and industrial cement. In the period mentioned, the production of cars reached 206 937 units or rose by 82, 21 percent of the quarter before. While sales of cars in wholesale or sales to the level of dealers reached 159 981 units or rose by 43, 98 percent (q-to-q).

Later visits of environmental conditions Suryani (2020) wrote Pandemic Covid-19 impact on the achievement of Objective Development of Sustainable or Sustainable Development Goals (TPB / SDGs) 2030. Ministry of Planning / Bappenas previously already preparing an implementation plan for SDGs in 2020 until 2030, but the pandemic Covid -19 caused Bappenas to make a new draft to change the plan for implementing the SDGs in Indonesia (kompas.com, 15 May 2020). Also written by Suryani (2020) One of the goals of the SDGs is the handling of climate change (point 13) which aims to take immediate action to combat climate change and its impacts. Therefore, the condition of the global environment as a place for human interaction with the global ecosystem is one of the important things to maintain its sustainability. Their pandemic moves human beings become very limited. Policies lockdown in some countries, the Social Restriction Scale Large (PSBB), until the quarantine has been reducing activities of daily human with very significant. This is considered to have a positive impact on global environmental conditions. But on the other hand, there is an assumption that after the pandemic the environmental pillar will be increasingly neglected because development is prioritized to catch up to economic sectors that were previously lagging.

Environmental Disclosure is part of CSR (Corporate Social Responsibility). CSR disclosure is a mechanism carried out by an organization to always pay attention to the environment, both the environment and the social environment in every activity or operation carried out by the company (Effendi, 2016). The company's environmental disclosures are reported in the company's annual report so that the public or interested parties can directly monitor the company's activities in carrying out social responsibility. According to Chanifah et al (2019), the higher the level of the environmental performance of a company, the environmental information disclosed by the company will increase. Research conducted by Sari et al (2019) that environmental performance has a positive and significant effect on environmental disclosure. This research is in line with research conducted by Aulia & Agustina (2015), Yendrawati & Tarusnawati (2013), and Julianto & Syarief (2016). However, this research is not in line with the research conducted by Oktalia (2014).

The Global Reporting Initiative (2006) has issued guidelines that can be used to measure sustainability management practices by pointing out several important elements related to economic, environmental, and human aspects.

Disclosure in the company's annual report is grouped into two parts, namely mandatory disclosure and voluntary disclosure. According to a government regulation issued through the decision of the chairman of BAPEPAM No. SE-02 /PM/2002 concerning guidelines for the presentation and disclosure of financial statements of issuers or public companies, mandatory disclosure is the minimum disclosure required by applicable accounting standards. Meanwhile, voluntary disclosure is a free choice of company management to provide accounting information and other information deemed relevant for decisions by users of the financial statements. According to the existing regulations regarding financial reporting in Indonesia, this is possible to do. If included in the type of disclosure group, sustainability reporting is included in the voluntary disclosure group.

This study aims to examine environmental disclosures reported by companies (manufacturers) listed on the Jakarta Stock Exchange in December 2019 and December 2020. To find out companies that are concerned about reporting environmental disclosures (highest and lowest).

**Regulation and Literature Review**

United States Environmental Agency (US EPA), which issued the data toxic Release Inventory International Organization for Standardization the set ISO4000, United Nations (UN) through the United Nations Environment Program(UNEP), United Nation Framework Conventionon Climate Change (UNFCCC), Global Initiative (GRI) which issued guidelines for reporting the disclosure of the environment, by Law No. 23/1997 on the management environment Living Article 5, IAS 33 on the cost of the environment, PP on performance Finance, SFAS No. 1 (2015: 3), provides information about the position of finance, the performance of finance and the flow of cash entities are beneficial for most large among users report in the making of decisions economics.

According to Hendriksen and Breda (2004), the disclosure is: " The presentation of the information that is required to achieve operation that is optimum in market capital efficiently It is implied that should be presented information that is sufficient to allow predictability tendency (trend) dividend period ahead as well as the variability rewards future ahead in the market is. The emphasis should be on the preferences of investors and analytics finance that has been experienced ".

According to Suratno, et al (2006) Environmental disclosure or disclosure of the environment is the disclosure of information that is connected with the environment in the report annual enterprise. According to Bethelot (2002) in Al Tuwaijri, et. al, (2004) defines environmental disclosure is a collection of information that is associated with the activity of the management of the environment by the company the days past, present, and that will come.

The information is to be obtained in many ways, such as statements qualitative, assertion or fact quantitatively, the form of statements of financial or notes feet. The field of environmental disclosure includes matters as follows: expenditures or the cost of operation for the facility of the equipment control pollution in the past then and now.

Al Tuwaijri, et. al, (2004) in the context of his research defines environmental disclosure as follows: “environmental disclosure is the disclosure of specific pollution measures and occurrences (toxic waste emissions, oil spills, Superfund sites, etc.) that an investor might find useful in estimating future cash flows. This definitional constraint focuses on the disclosure of cost drivers of future environmental costs and intentionally excludes the “greenwash” commonly found in annual financial reports.

From the definition in the above can be explained that disclosure of the environment is the disclosure of acts of pollution or can also occur of certain (emission of waste toxic, spill oil, Superfund sites, etc.) that it can be found things useful for example to see the flow of cash future that will come in the handy for the investor. This can usually be found in the company's annual financial statements.

It is can be seen from the provisions of SFAS No. 1 (revision 1998) regarding the presentation of reports finances on a piece of information additional, namely: " Companies can also present a report extra such as statements regarding the environment of life and report value-added (value-added statement) especially for industries where factors of neighborhood life holding role important and for the industry which considers employees as a group of users report that holding the role is important."

PSAK No. 1 shows that companies in Indonesia are given the freedom to disclose or not disclose information about the environment in the statements financial. So from that, there are companies that disclose information about the environment in reporting its financial and there are companies that do not disclose it. Although including voluntary disclosure, now aware of the company public in Indonesia to conduct environmental disclosure began to emerge along with the increased awareness will be Corporate Social Responsibility (Sudaryanto, 2011).

**Disclosure Type**

According to Hariyanto (2009), information that is disclosed in the report annually can be grouped into two, namely disclosure mandatory (Mandatory Disclosure) and disclosure voluntary (Voluntary Disclosure). Regulations regarding the standard of disclosure of information in annual reports for companies are contained in regulation number Kep-38/PM/1996 issued by BAPEPAM on January 17, 1996.

Mandatory disclosure is information that must be disclosed by issuers is governed by the rules of the market of capital in a country (Sudaryanto, 2011). According to Eiffeliena (2010), Mandatory disclosure is: "The disclosure of information relating to the activity/state companies that are required and stated in the rules of law. In contrast to reporting that is voluntary, mandatory type reporting will receive attention and control from the authorized institution. Some standards ensure similarity shape is relative in practice reporting and also there is a requirement the minimum that must be met. Mandatory disclosure can also be a bridge over information asymmetry between investors and company managers over information needs”. Voluntary disclosure is that the disclosure of which is done voluntarily by the company without being required by the standards that exist (Sudaryanto, 2011). Voluntary disclosure according to Eiffeliena (2010) are: " Disclosure of various information which is related to the activity/state companies is voluntary. Despite the fact that the disclosure is voluntary does not really happen because there is a tendency for companies to save with deliberate information that nature can decrease the flow of cash. This is considered to cause losses to the company. By because it was, the manager of a company simply will disclose information that is good (good news) that can benefit the company ".

Explanation and things that relate to the disclosure of environment companies can be found in the disclosure voluntary (Voluntary Disclosure). On the part of the company should do the disclosures about the activity of its operations that have an impact on the environment, as well as the contribution that carried the company to its environment (Hardiyanto, 2009). According to Hendriksen and Breda (2004), the purpose of the disclosure is to provide information that is significant and relevant to the users' report the financial year to assist them in taking decisions by way of the best, with estimates that the benefits must be large compared with the costs. It is meant to indicate that the information that is not material or not relevant had better be removed so that the presentation has a meaning that can be understood.

2. Discussion

**Method**

The method used is a quantitative method using statistical testing. The data used are 50 Biggest Market Capitalizations listed on the IDX in December 2019, and December 2020. The month was chosen to represent conditions before the COVID-19 outbreak and during the Covid-19 outbreak. The test instrument used in this study was paired samples test. Reasons choosing a company that is included in the list of the 50 Biggest Market Capitalization is to show the size of the company as a basic determinant of various characteristics that are of interest to investors, of course including risk. To find out the market capitalization of a company is quite easy to do, you only need to multiply the total number of shares traded by the price per share. Of the 50 companies, 9 companies did not provide annual reports for 2 consecutive years, 3 companies did not disclose the environment and 3 companies did not comply with the IER so that the remaining 27 in 2 years became 54 companies that met the requirements to be sampled.

The paired sample test is used in comparative research by comparing the scores of two related groups. Related groups mean that data are obtained from two groups with the same subject but at different testing times. In addition to survey research, this technique is also often used for Experimental Research Analysis With A One-Group Design (Hanif Aktar, 2018).

**Result and Discussion**

**Tabel 1.** *ENVR 2019 & ENVR 2020*

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **No** | **CODE** | **Company Name** | **ENVR 2019** | **%** | **ENVR 2020** | **%** |
| 1 | BBCA | PT Bank Central Asia Tbk. | 0,07 | 2% | 0,22 | 8% |
| 2 | BBRI | PT Bank Rakyat Indonesia (Persero) Tbk | 0,17 | 5% | 0,11 | 4% |
| 3 | HMSP | HM Sampoerna Tbk | 0,1 | 3% | 0,01 | 0% |
| 4 | TLKM | PT Telkom Indonesia (Persero) Tbk | 0,13 | 3% | 0,11 | 4% |
| 5 | UNVR | Unilever Indonesia Tbk | 0,16 | 4% | 0,06 | 2% |
| 6 | BMRI | PT Bank Mandiri (Persero) Tbk | 0,28 | 7% | 0,24 | 8% |
| 7 | ASII | Astra International Tbk | 0,06 | 2% | 0 | 0% |
| 8 | BBNI | PT Bank Negara Indonesia (Persero) Tbk | 0,16 | 4% | 1 | 4% |
| 9 | GGRM | Gudang Garam Tbk | 0,29 | 8% | 0,12 | 4% |
| 10 | TPIA | PT Chandra Asri Petrochemical Tbk | 0,39 | 10% | 0,36 | 13% |
| 11 | UNTR | United Tractors Tbk | 0,17 | 5% | 0,06 | 2% |
| 12 | SMRG | Semen Indonesia (Persero) Tbk | 0,12 | 3% | 0,16 | 6% |
| 13 | KLBF | Kalbe Farma Tbk | 0,07 | 2% | 0,11 | 4% |
| 14 | BYAN | Bayan Resources Tbk | 0,12 | 3% | 0,12 | 4% |
| 15 | PGAS | PT Perusahaan Gas Negara Tbk. | 0,1 | 3% | 0 | 0% |
| 16 | SMMA | PT Sinar Mas Multiartha Tbk | 0,01 | 0% | 0,05 | 2% |
| 17 | PTBA | Bukit Asam Tbk | 0,29 | 8% | 0,21 | 7% |
| 18 | BRPT | Barito Pacific Tbk | 0,02 | 1% | 0,2 | 7% |
| 19 | ADRO | ADARO ENERGY Tbk | 0,14 | 4% | 0,14 | 5% |
| 20 | JSMR | PT Jasa Marga Tbk | 0,26 | 7% | 0,09 | 3% |
| 21 | MLBI | Multi Bintang Indonesia Tbk | 0,07 | 2% | 0,06 | 2% |
| 22 | PNBN | Bank Pan Indonesia Tbk | 0,08 | 2% | 0,07 | 2% |
| 23 | AMRT | PT Sumber Alfaria Trijaya Tbk | 0,1 | 3% | 0,06 | 2% |
| 24 | MEGA | Bank Mega Tbk | 0,06 | 2% | 0 | 0% |
| 25 | ACES | Ace Hardware Indonesia Tbk | 0,13 | 3% | 0,06 | 2% |
| 26 | BNLI | Bank Permata Tbk | 0,13 | 3% | 0,04 | 1% |
| 27 | AALI | Astra Agro Lestari Tbk | 0,06 | 2% | 0,07 | 2% |

2019 presentence highest environmental disclosure by PT Chandra Asri Petrochemical Tbk with a large presentence 10%. For the lowest percentage of 0%, the company is PT Sinar Mas Multiartha Tbk. T ear 2020 presentence highest in conducting environmental disclosure by PT Chandra Asri Petrochemical Tbk with presentence 13% while the disclosure of the lowest environmental carried out by four companies namely PT HM Sampoerna Tbk, PT Astra International Tb k, PT Perusahaan Gas Negara Tbk and PT Bank Mega Tbk.

**Tabel 2.** *ENVR 2019 & ENVR 2020 in IER Item*

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **No** | **IER ITEM** | **ENVR 2019** | **%** | **ENVR 2020** | **%** |
| 1 | Impact of water use | 0 | 0% | 0 | 0% |
| 2 | Incidents and fines | 0 | 0% | 0 | 0% |
| 3 | Program for protection | 8 | 7% | 9 | 9% |
| 4 | Waste by type | 10 | 9% | 9 | 9% |
| 5 | Impact of activities | 13 | 11% | 5 | 5% |
| 6 | Material by type | 0 | 0% | 0 | 0% |
| 7 | Environmental load | 0 | 0% | 0 | 0% |
| 8 | Water disposal | 9 | 8% | 11 | 11% |
| 9 | Other air emissions | 5 | 4% | 3 | 3% |
| 10 | Groundwater extraction | 4 | 3% | 3 | 3% |
| 11 | Land information | 0 | 0% | 0 | 0% |
| 12 | Water usage volume | 7 | 6% | 6 | 6% |
| 13 | Affected red list species | 0 | 0% | 0 | 0% |
| 14 | Supplier performance | 1 | 1% | 0 | 0% |
| 15 | Impact of water disposal | 1 | 1% | 0 | 0% |
| 16 | Impact of transportation (transportation) | 1 | 1% | 2 | 2% |
| 17 | Product impact | 2 | 2% | 0 | 0% |
| 18 | Land for extraction | 2 | 2% | 0 | 0% |
| 19 | Chemical spill | 0 | 0% | 0 | 0% |
| 20 | Indirect energy | 2 | 2% | 3 | 3% |
| 21 | Renewable initiative | 5 | 4% | 3 | 3% |
| 22 | Habitat change | 0 | 0% | 0 | 0% |
| 23 | Other indirect energy | 0 | 0% | 0 | 0% |
| 24 | Water treatment | 12 | 10% | 11 | 11% |
| 25 | Hazardous waste | 10 | 9% | 8 | 8% |
| 26 | Surface impermeable (not see-through) | 0 | 0% | 0 | 0% |
| 27 | Affected red list species | 0 | 0% | 0 | 0% |
| 28 | Impact of activities on protected areas | 3 | 3% | 1 | 1% |
| 29 | Material waste | 0 | 0% | 0 | 0% |
| 30 | Direct energy | 5 | 4% | 7 | 7% |
| 31 | Greenhouse gas emissions (GGEs) | 11 | 10% | 11 | 11% |
| 32 | Recycled material | 1 | 1% | 0 | 0% |
| 33 | Ozone layer eroding emissions | 2 | 2% | 5 | 5% |
| 34 | Other indirect GGEs | 0 | 0% | 0 | 0% |
| 35 | Operations in protected areas | 1 | 1% | 0 | 0% |

In 2019 the most disclosed items were activity impact items with a percentage of 11% and in 2019 there were 12 items for which there were no disclosure items. In 2020, the most disclosed items were 3 items with a percentage of 11%, namely greenhouse gas emissions, water treatment and water disposal.

**Paired Test**

Paired Sample Statistics

**Tabel 3*.*** *Paired Samples Statistics*

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  | Mean | N | Correlation | Sig. |
| Pair 1 | ENVR 2019 | .1385 | 27 | .09172 | .01765 |
|  | ENVR 2020 | .1048 | 27 | .08400 | .01617 |

Based on the table above, the average in 2019 is greater than in 2020, namely 0.1385 > 0.1048 with a larger standard deviation in 2019 of 0.01765 > 0.01617.

**Tabel 4*.*** *Paired* *Samples Correlations*

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | N | Correlation | Sig. |
| Pair 1 | ENVR 2019 & ENVR 2020 | 27 | .590 | .001 |

Based on the table above shows that the t value of 2.194 with a significance of 0.037 there is a difference between before and after. With a value of 0.037 < 0.05, it means that there is a difference before and after the covid-19 pandemic in the company doing environmental disclosure.

3. Conclusion

Results of analisis perbandingan report pengungkapan environments tertinggi and terendah in the period before and during the pandemic Covid 19 indicate where, PT Chandra Asri Petrochemical Tbk in the period beginning pandemic and in future pandemic covid-19 still provide disclosure of environmental supreme in reporting its financial, even in times of a pandemic is high, namely by 13% from the year 2019 is 10%. (Up 30%) In the year 2019 company with the disclosure of environmental lows are PT mas Multi Arta. While the year 2020 the number of companies that disclose the report environment lows grow much namely PT HM Sampoerna Tbk, PT Astra International Tbk, PT Perusahaan Gas Negara Tbk and PT Bank Mega Tbk.The highest type of environmental disclosure item in 2019 was the impact of activities at 11%, followed by water management and greenhouse gas emissions each at 10% In 2020 the highest disclosure items were water disposal, water treatment and GHG emissions, 11% each. Meanwhile, the impact of activities decreased from 11% to 5% (down 54%). Water discharge increased from 8% to 11% (up 37%).

From the results of relationship testing in 2019 and 2020, there is an influence of the COVID-19 pandemic in environmental disclosure, with the Covid-19 pandemic causing an increase in the number of companies that do not report environmental disclosures compared to the period before the COVID-19 pandemic.

**Research Limitations**

This study has limitations that can be taken into consideration for future researchers who will examine the same theme. The limitations of this study are: Test period only in december 2019 and december 2020 The scope of companies used as specific respondents for manufacturing companies listed on the Jakarta Stock Exchange. The sample used only represents a small part of the population of public companies in Indonesia.

**Upcoming Research**

 It is better to compare all business sub-sectors in Indonesia and the impact of a decrease in environmental disclosure nationally.

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