



Corporate Social Responsibility Reporting Model for the Environment at Oil and Gas Companies in North Kalimantan

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Abstract. This study aims to identify and analyze the implementation of Corporate Social Responsibility and to formulate environmental reporting models for oil and gas companies in Tarakan City, North Kalimantan Province. The research approach used is descriptive qualitative, data collection is done by literature study, using the CSR disclosure index formula for the environmental category, in depth interviews, as well as theoretical studies on research that has been carried out and is relevant to the problems raised by the researchers. The conclusion from the results of this study is that the environmental report has been well done. The fulfillment of obligations for compliance with the implementation of the CSR program by using elements in GRI and KLH has been implemented properly, thus the existence of a CSR reporting model in the environmental field can provide information to the public regarding program achievements, optimize company performance and actively contribute to maintaining environmental quality towards the Sustainable Development Goals.

Keywords: Reporting · CSR · Environment

1 Introduction

Indonesia contains a diverse range of natural resources, including oil and gas. The existence of the oil and gas industry supports national economic growth and provides national energy security. Oil and gas industry plays a very strategic role in Indonesia because it involves the lives of many people [1]. Natural resources are also utilized for the benefit of society. Indonesia was the world's 21st largest oil production in 2017 and the second largest in the Asia Pacific area.

The consumption of resources is increasing at the same time as the rate of environmental degradation; ecological deficiencies emerge as a result of excessive natural resource exploitation, which generates a lot of waste [2]. These negative effects will have an impact on the natural balance as a result of the company's environmental management



Fig. 1. Production Area of PT. Medco E&P, North Kalimantan

not being maximized and only profit-oriented. Companies that are only concerned with profit without considering environmental and social influences will not be able to sustain their business operations for long [3]. Companies are becoming increasingly aware of the necessity of their part in sustainable development by becoming directly involved in corporate social responsibility as time passes and business processes evolve [4].

Tarakan is a city in North Kalimantan with a land area of 657.33 km². In Tarakan, North Kalimantan, the upstream oil and gas industry continues to expand. PT. Medco E&P is a firm that focuses on oil and gas exploration and production in North Kalimantan, with the goal of being the preferred energy provider. Professional (all workers must behave professionally), Ethical (all employees must aim to promote transparency), Open (all employees must behave ethically), and Innovative are the principles that the organization strives to promote (all employees must maintain a spirit of innovation) (Fig. 1).

Social responsibility is recorded and reported on, as well as a sustainability report, as part of PT. Medco E&P's business activities. However, the report does not assess the level of success of the programs that have been implemented. As a result, the authors focus on developing a model for reporting on environmental corporate social responsibility with the goal of increasing business motivation in reporting performance and measuring the success of the firm's actions. According to Bai et al. [5], CSR measurement is the most complex problem; measurement content and methods make CSR measurement more difficult; however, the mining and energy industries are vulnerable to problems. Environmentalists must have an obligation to disclose their social responsibility reports, particularly information related to environmental issues [6] and, according to ElAlfy and Weber [7], CSR reporting often does not reflect an environmental problem.

1.1 The Concept of Corporate Social Responsibility and Environmental Activities

a. Comprehending CSR

CSR refers to the idea of corporations being held accountable for their actions that affect people, communities, and the environment [8], and is fundamentally a notion

in which businesses choose to contribute voluntarily to a better society and cleaner environment. In addition, CSR is a form of civic responsibility that is expected to be one of the pillars of a sustainable development program [9], and it aims to better integrate social and environmental concerns.

Since the 1970s, CSR has experienced significant changes around the world, including in Indonesia. The 1990s were highlighted by public calls for De Marchi in O'Connor and Spangenberg [10] to monitor performance in the business sector in order to determine the implementation of corporate responsibility programs. CSR refers to a company's contribution to long-term development from a broader development perspective.

It is revealed that the main objectives of social and environmental disclosures and reporting by corporations in general are [11]: Gain legitimacy from the external stakeholders, Demonstrate transparency and accountability, dimensions of good corporate governance, Enhance and sustain corporate credibility and reputation, Create stakeholder value in the long run, Inform the policy makers and regulators of the active role of the modern corporation in CSR, Promote brand equity and market share of the company, Establish linkage between corporate social & financial performance, Participate in international business with globally compatible business practices focusing on stakeholder engagement, Develop organizational capacity-knowledge, skills and attitudes for promoting socially responsive business practices, Comply with global environmental and sustainability standards.

The company's sustainability procedures are designed to improve responsible business operations and the Elkington (1997) Triple Bottom Line (TBL) approach, which consists of three essential elements: environmental, social, and economic [12]. As a result, CSR should be incorporated into the company's strategic planning and operations because it offers long-term benefits [13]. There are several indicators that can be applied in the CSR reporting process [14]:

- 1) Identification directly through a stakeholder consultation process.
- 2) Appraisal of indicator concepts provided by sector association, international agencies, etc.
- 3) Looking at information sets the company uses for the purposes other than CSR reporting.
- 4) Assessment of the indicator concepts identified or deployed at other sites.

1.2 Environmental CSR Activities

Five steps and mechanism Environmental CSR activities by KLH [1] that is before implementing activities, drafting environmental CSR activities, implementation, drafting documentation of environmental CSR activities, the effort to maintain sustainability. Furthermore several field of CSR activities as follow cleaner production, eco office, conservation energy and natural resources, waste management by 3R, renewable energy, climate change adaption, education and environmental (Fig. 2).

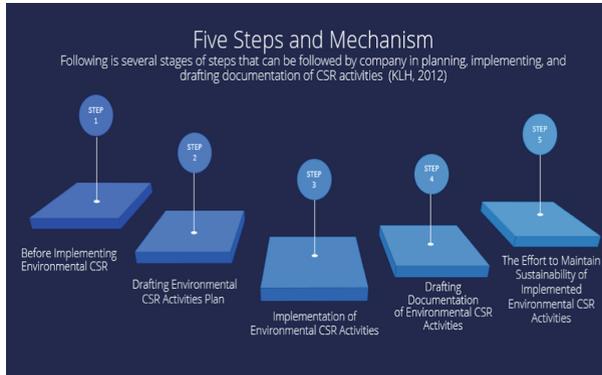


Fig. 2. Step and Mechanism Environmental CSR

2 Methods

2.1 Types of Research

This study employed qualitative procedures, which included research strategies, data collection and analysis steps, narrative structure, and the use of primary data [15]. The researchers conducted a literature review, utilizing the CSR disclosure index formula for the environmental category, using purposive sampling and in-depth interviews, thus theoretical studies on previous research that was relevant to the issues raised by the researchers. The respondent is a employee of the PT. Medco E&P, PASEC Department and the surrounding community. This study was conducted at PT Medco E&P's in North Kalimantan.

2.2 Conceptual Framework

The purpose of this study begins with the Conceptual Framework for ECSR reporting, there are two collaborative standards, namely KLH 2012 consisting of seven CSR activities, ISO 26000 consisting of pollution prevention, use of over-resources, climate change and biodiversity and GRI Standard 2021 with more adaptive topics. The next process is at this stage aligning elements and programs of each CSR guide, then list all elements or programs that are possible to collaborate with, then study the benefits or problems that may arise from each element or program that is collaborated. The result is a procedure, in disclosing or explaining CSR reporting and ultimately objectives, the environment. Carried out achievable, relevant, and time bound and continuous improvement this will help the company in making development strategies and planning for a better direction.

3 Result and Discussion

The social responsibility program carried out by the company is:

- a. Construction and infrastructure: improvement of social and public facilities, village road rehabilitation, support to waste park “Sampah Semesta Mandiri” through groups “Swadaya Masyarakat (KSM): Bank Sampah KSM BAIS” which is located in kelurahan Karang Balik and Bank Sampah. TIS-KEBAL in kelurahan Pamusian, waste bank construction at Kelurahan Karang Balik dan Mamburungan Timur,
- b. Agriculture: support the strengthening of organic and hydroponik farming, supporting local government program in the form of management “The company conduct training hidroponik Ibu-ibu PKK Kelurahan Mamburungan Timur, integrate principle Kurva-S in the process of involvement and community development in the form of community forums to further motivate farmers to apply environmentally friendly methods, thus the program of strengthening agribusiness based on organic agriculture.
- c. Education and public health: support for educational facilities and health living campaigns, mobile library, Sokola Kegiatan Alam, support for religious, health, educational and cultural activities and also Petani Organik Olahan Kreatif Anak Tarakan (POLA KATA) it’s community based program, AAPIMB in Kelurahan Kampung Satu, KWT Hidayatullah in Kelurahan Mamburungan, Kampung Salak in Kelurahan Mamburungan Timur and POKLAHSAR ANIISA in Kelurahan Mamburungan Timur.
- d. Business: funding campaign for healthy living, government green program support, developing revegetation programs to conserve Tarakan local habitat’s.
- e. HSEMS: HSE performance monitored and reviewed by management on a weekly basis to ensure effective implementation of HSE programs.

Preparation of criteria related to the implementation of CSR environmental reporting based on the collaboration of various standards on CSR and continuous reports as in Fig. 3. The fulfillment of obligations for compliance with the implementation of the CSR program by using elements in GRI and KLH has been implemented properly and environmental reporting performance has been done very well.

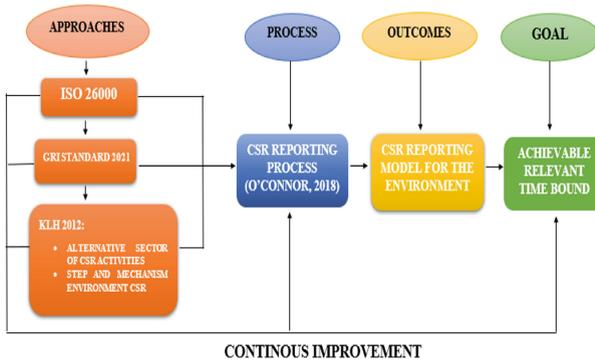


Fig. 3. Conceptual Framework ECSR Reporting

4 Conclusion

From the discussion it can be concluded that the mechanism of social responsibility activities has been implemented well and in accordance with company policy, all indicators in the preparation of the model are fulfilled and openness to the reporting system.

5 Recommendation

- a. The report needs to be implemented to build information systems, both for the purposes of the decision-making process and information needs for stakeholders.
- b. To carry out a comprehensive, environmental CSR reporting the company needs to improve its responsibilities increase the awareness of the environment and can support the sustainability of the company.

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