

Pragmatic Study of ESG Concepts Practice (Case Study of PT Kaltim Industrial Estate)

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Abstract — This research aims to reveal the in-depth meaning of the implementation of the ESG concept in business models and the impact of ESG performance on PT KIE's sustainability report. This research is qualitative research with an interpretive approach. The informants in this research are accountants and management at PT KIE. The triangulation method used in this research is source triangulation. The research findings are that the implementation of the ESG concept at PT KIE is not an instruction from its holding company but the initiation of management and directors. There is an internalization of environmental, social and governance based on the conceptual framework of institutional theory and legitimacy theory. The Impact of ESG performance disclosure for the company is the importance of reputation in the public or society and the belief that it will have a positive effect on the company's profits and mitigation of risk for long-term business continuity supported by various stakeholders. The implication of this research is that the implementation of the ESG concept in corporate sustainability reporting will encourage the company towards a sustainable business model that provides support for the development of management accounting and sustainability accounting.

Keywords— Environmental, Social, Governance, Reputation, Risk Mitigation, Sustainability Reporting.

I. INTRODUCTION

Environmental, social and governance issues are the main issues that every company pays attention to. The increasing number of negative impacts caused by company activities on the surrounding environment increases the awareness of stakeholders, so they demand companies to protect the environment and carry out social responsibility to achieve sustainable business.

Sustainability is key issue as business is no longer seen only from the level of short-term financial returns, but a business is also required to explain the transparency of every operational activity carried out by the company. However, sustainability is also an important opportunity to build a resilient organization for the long term.

The UN World Commission on Environment and Development defines sustainability as development that meets the needs of the present without compromising the ability of future generations to meet their own needs. Sustainability is often considered to have three pillars or components: economic, environmental and social or, more commonly, profit, planet and people (Triple Bottom Line / TBL). The main concept of TBL is how to create sustainability that extends to the economic, social and environmental aspects of the company. Therefore,

there needs to be integration and linearity of various variables and components in the implementation of TBL.

In order to increase its value, companies must not only pay attention to financial performance but must also pay attention to non-financial performance such as social responsibility and environmental. This is proven to have a positive impact on the company's survival in the future. Every company must improve its business model and sustainability reporting system to be a going concern. Therefore, sustainability reporting practices must result in management thinking and actions that pursue sustainability (Adiasih & Lianawati, 2019). In addition to carrying out social and environmental responsibilities, the implementing of good corporate is also an important factor as a form of risk mitigation for a company.

Environmental, Social, Governance (ESG) is a concept that priorities sustainable development/investment/business activities with three main factors, namely environmental, social and corporate governance aspects. ESG performance measurement aims to assess company performance that is not found in accounting data. The integrating ESG into company valuation models can improve non-financial indicators such as consumer satisfaction, market acceptance, lower debt costs and the social value brought to stakeholders. Thus, ESG is an indicator that is able to cover broader non-financial data on environmental, social and corporate governance performance and can be used to evaluate company's management capabilities and to support risk management (Tarmuji et al., 2016). The evolution of the ESG concept (Bansal, 2022; Haanes, 2022) starts from the shareholder perspective and then the stakeholder perspective, and will evolve to the system value perspective.

ESG, on the other hand, is seen as core to the way an organization's business operates. It measures activities to understand more fully the impact of an organizational actions. A focus that integrates sustainability into an organization's strategic goals, mission, and daily decisions. This evolution includes an expanded role of organizational governance for its entire value chain and long-term responsibilities around issues such as climate change and carbon accounting.

In response to these environmental, social and corporate governance problems, the government issued Law 40 of 2007 concerning Limited Liability Companies and Government regulation PP Number 47 of 2012 concerning social and environmental responsibility in limited liability companies. Sustainable businesses undertake a commitment to reducing the

consequences of economic, environmental and social change . Sustainable business has a shift in goals from maximizing profits to maximizing increasing economic, social and environmental value as well as corporate governance for the company's long-term sustainability. Reporting on company activities is recorded in the form of a sustainability report (*Sustainable Report*).

The implementation of sustainable financial reports aims to maintain economic stability, by creating harmony between economic, social and environmental aspects. The development of sustainability accounting and sustainability reporting has the potential to change an entity's business practices. Sustainability reporting is an effort to expand accountability to stakeholders, companies not only provide *financial* but also *non-financial information* related to social and environmental issues. In additional, sustainability reports also need to disclose corporate governance as a form of management commitment in managing the company.

With good commitment to ESG disclosure as well as support and policies from the government, it is expected that the understanding of business stakeholders and other entities about sustainability investments will continue to increase significantly. Due to the positive impact on the company, disclosing ESG information will certainly attract investors who use ESG as an indicator of assessing the long-term sustainability of company. This will also increase investor's confidence in investing their capital. In addition, the disclosure of ESG information can also improve the company's image (*corporate identity*) for the better in the eyes of the public. The improved image and good reputation obtained by the company will have an impact on gaining loyalty to the company itself, which will improve the company's long-term performance.

PT Kaltim Industrial Estate (KIE) is a subsidiary of PT Pupuk Kalimantan Timur (PKT) with share ownership of 99.99% and the other 0.01% belongs to Yayasan Kesejahteraan Hari Tua (YKHT) PKT. Initially PT KIE started its business by providing and managing industrial area land for natural gas-based companies in the Bontang area with a total managed land area of 214.08 Ha consisting of the Tursina area 137.66 Ha, the Tanjung Harapan area 48.67 Ha and the Equator area 27.75 Ha. In line with the demands of the development of the business world, PT KIE has developed and grown, not only providing and managing industrial areas, PT KIE has transformed into a multi-level company based on 5 (five) business pillars, namely Industrial Areas, Construction, Property, Concrete and Trading.

PT. KIE is one of the company that is committed to carrying out business practices that do not only pursue profit, but also pay attention to the environment and surrounding communities by encouraging a spirit of independence through the implementation of *the Environment, Social and Governance* (ESG) performance concept which is well implemented, planned and measurable, coordinated, integrated and sustainable so that in the end it will have a positive impact in the long term. From the beginning of its establishment until 2020, PT KIE only published *an Annual Report* (AR), but in 2021, PT KIE made a breakthrough by publishing a *Sustainable Report* (SR). The SR prepared by PT KIE looks different

because it contains disclosures related to environmental performance, social performance, and corporate governance.

The implementation of the ESG concept at PT. KIE can be seen from the disclosure of ESG performance in the PT KIE *Sustainability Report* for 2021 and 2022 which has been published on the company website. PT KIE's success in balancing aspects of economic, environmental, social and *good governance performance* , in 2020 and 2021, PT KIE received a green level of PROPER (Public Disclosure for Environmental Compliance). The application of the ESG concept to non-listed companies is something unique because not many companies understand the meaning and purpose of the ESG performance concept. However, PT KIE has the courage to apply and disclose the ESG performance concept in sustainability report .

II. RESEARCH METHOD

The research that will be carried out is qualitative research with an interpretive approach to find answers to the research questions and present the answers from informants. The focus of this research is to understand in depth the objectives of implementing the ESG concept in business models and disclosures in PT's sustainability reports. Kaltim Industrial Estate (KIE).

The data source in this research uses primary data obtained by researchers from informants through an interview process. In addition, there is also secondary data consisting of literature within the scope of the topic of discussion, as well as several company policies or strategic plans. The data collection techniques used in this research were searches of relevant literature and open/unstructured interviews using the *snowball method*.

The informants involved in this research are accountants and management at PT KIE. Respondents who will be interviewed are parties directly involved in preparing sustainability reports. In addition, the researchers also conducted interviews with PT.PKT management as a form of source triangulation regarding the application of the ESG concept at PT KIE because PT. PKT is the holding company of PT KIE. The following is a detailed list of informants in this study:

TABLE 1. List of Informants

No	Informant Code	Position	Institution
1.	Informant 1	Accountant	PT. KIE
2.	Informant 2	Accountant	PT. IEC
3.	Informant 3	Management	PT . IEC
4.	Informant 4	Management	PT. CCP

Source: Informant data Processed, 2023

Data analysis in this research was carried out during the data collection process and after completing data collection in a certain period. Data analysis in this research consists of several activity flows carried out together and systematically starting from *data reduction, data display* and *conclusion drawing/verification* (Sugiyono, 2018: 91).

In this study, researchers used a credibility test to test the validity of the data by triangulation. The triangulation method used is source triangulation which is one of the three triangulation methods proposed by Sugiyono (2018: 274). The

source triangulation method in this research was carried out by providing several questions which were answered and confirmed from several sources as informants at different times when collecting interview data.

TABLE 2 . Source Triangulation Analysis

No. (1)	Aspect (2)	Triangulation Analysis (3)
1.	Sources of information	1. Accountant involved in preparing the Sustainability Report at PT KIE (primary) 2. Management involved in formulation of policies related to ESG implementation at PT KIE and PT PKT (primary) 3. PT KIE's sustainability report (2021 and 2022, secondary)
2.	Objective	The aim of this research is to find out and explain the meaning, objectives and impact of implementation of the ESG concept in the business model and sustainability report at PT KIE
3.	Formulation of the problem	How does PT KIE interpret the ESG concept from the perspective of accountants and management? What is the impact of ESG performance disclosure in sustainability reports?
4.	Analysis Tools	In-depth interviews from several informants from PT Kaltim Industrial Estate and PT Pupuk Kaltim as well as analysis of related data and documents
5.	Validation	Accommodation of information sources that help solve research problems (triangulation)

Source: processed data (2023)

III. RESULTS AND DISCUSSION

PT Kaltim Industrial Estate (KIE) is a company that has grown and developed since it was founded on August 29 1990. Initially, KIE started its business by providing and managing industrial area land for natural gas-based companies in the Bontang area. PT KIE is a subsidiary BUMN, namely PT Pupuk Kalimantan Timur (PKT).

Source Triangulation Analysis Process

Based on the results of interviews conducted separately with PT KIE (Son) and PT PKT (Parent), several main themes that emerged in both interview sessions could be identified. Some of these themes are:

1. Environmental Social Responsibility (ESG): It was evident from the presentations of persons at PT KIE and PT PKT, both companies have a focus on the Environmental Social Responsibility aspect within the ESG (Environmental, Social, and Governance) framework. It includes strategies and programs designed to achieve sustainability goals in a social and environmental context.
2. Environmental preservation: PT PKT has specifically demonstrated their commitment to environmental conservation by reducing carbon emissions through decarbonization programs. This includes the use of renewable energy, carbon capture technology, as well as cutting CO2 emissions from various operations. Meanwhile, PT. KIE on the other hand, focuses on environmental preservation, which is also reduces carbon emissions.

3. Evaluation of Stakeholder Satisfaction: Although to date there has been no formal evaluation assessing the impact of CSR programs, both PT KIE and PT PKT recognize the importance of listening to feedback and evaluation from stakeholders and plan to do so in the future.
4. Relationship with *Good Corporate Governance* (GCG): Implementation of CSR programs is also related to GCG in the company. GCG serve as a guideline in carrying out sustainability programs.
5. Cooperation with SMEs and Community Empowerment: beside focusing on environmental aspects, PT KIE and PT PKT also have community and MSME empowerment programs in the areas around their operations.
6. Awareness of Company Reputation and Image: Both companies realize the importance of maintaining company reputation and support sustainability actions as a preventive measure in maintaining harmonious relations with society.

Discussion, Coding, and Research Findings

Pragmatism in Revealing the Meaning of Implementing the ESG Concept at PT KIE

Basically, research is always based on data as material for study or analysis. The data in the research must not still be raw research materials/data, but must have the qualifications as finished materials, ready-to-use materials, materials ready to be analyzed. Therefore, pragmatic studies can be used to explain the meaning of the implementation of a concept, theory or method in an organization or business entity. Pragmatics is the linguistic science of meaning. The main focus of pragmatic studies is how to find the meaning of a concept, theory or method based on information and interpretation from someone according to the background knowledge of the speaker (Yuliantoro, 2020:43).

In uncovering the meaning of the ESG concept for PT KIE in implementation and disclosure it in the sustainability report, it is necessary to obtain information and interpretation from management and accountants at PT KIE. Recently, the concept of sustainability has become the basis of responsible business practices in order to build trust with stakeholders, whether customers, investors or communities who depend on the company's commitment to sustainable actions and business ethics. In the meaning of the ESG concept, the meaning of sustainability is not only preserve the future of the earth but also foster trust in the integrity and sustainability of the company.

ESG can be a real financial implication of ESG performance on a business, as well as dispell the myth that sustainability and profitability cannot co-exist. This also reinforces the view that in a modern business framework, ESG is a critical component of an entity's financial success. In an evolving global market, integrated ESG is not only an ethical choice but also a sound financial strategy. Indonesia has been undertaking and improving the implementation of sustainability reporting among its companies, especially among companies listed on the IDX and companies operating in sectors that have significant environmental and social impacts.

PT KIE is a subsidiary of PT PKT which was founded in Bontang City, where both companies have not yet listed in capital market. However, this does not prevent PT PKT and PT

KIE from implementing the ESG concept in their operations. Furthermore, PT KIE even made a "breakthrough" by disclosing its ESG performance in the 2021 and 2022 Sustainability Reports which, after being investigated, turned out to be different from the Sustainability Report format of PT PKT, which is the parent company. This is interesting to know about how PT KIE interprets the implementation of the ESG concept in daily operations as well as the meaning of disclosing ESG performance in the Sustainability Report.

The implementation of the ESG concept has been implemented for the first time by PT PKT since 2020 until now. The aim of implementing the ESG concept at this stage is to instill values and understanding of the ESG to all internal companies, including all subsidiaries. This is confirmed from the following statement from informant 4:

"Yes, the PKT itself has been implementing the ESG concept for the past 3 years. However, until now we are still in the stage of internalizing the concept or values in ESG to all employees and the board of directors. So it is not yet in accordance with the existing ESG taxonomy..."

"...in formulating a roadmap related to the implementation of the ESG concept, we always ask all subsidiaries to contribute their opinions and policies..."

Based on the statement above, it can be concluded that the process of internalizing the values contained in the ESG concept is a short-term goal to be achieved by PT PKT as the holding company of PT KIE. The process of internalizing by PT PKT is expected to be a good "example" for its subsidiaries. This is confirmed by the following statements from Informant 3 and Informant 4:

Informant 3:

"No, there is no instructions or mandates or obligations from the PKT regarding the application of the ESG concept in KIE. So yes, implementing the ESG concept is our own initiation to follow our holding company, namely PKT. Because we feel that the ESG concept is suitable to be applied in KIE which carries the "Green Business" model..."

Informant 4:

"... there are no instructions or obligations for all PKT subsidiaries to participate in every activity that applies the ESG concept. This is because the ESG concept is an important matter for PKT which must be implemented as early as possible, but this does not necessarily apply to subsidiaries such as KIE for example, so because there is no urgency, we do not require the application of the ESG concept to subsidiaries."

Based on the statement above, it can be concluded that the implementation of the ESG concept at PT KIE was not an instruction from its holding company but rather an initiation by management and directors. However, PT PKT as the holding company has a responsibility to be an example or *role model* for its subsidiaries. So, with no compulsion for every PKT subsidiary to follow, it will create *voluntary awareness* on the part of PT KIE management to implement the ESG concept.

Internalization of the "Environment" Concept at PT KIE

In building and developing environmental performance, PT KIE is always guided by central government and regional government regulations so that every environmental-based

activity carried out by the company can be in line with government programs. This is as conveyed by Informant 1 and Informant 3 below:

"... yes, so in formulating a roadmap for environmental conservation activities, we always conduct FGDs with several stakeholders, such as our holding company, PT PKT, Government and the community. ..."

"...every environmental activity we undertake is always endeavored to support activities undertaken by the local government. This is a form of our synergy in supporting environment- based government programs..."

Based on the above statement, it can be concluded that every formulation of environment-based activity plans carried out by PT KIE always involves interested parties so that each program is right on target and mutually supportive. In addition, this is a form of synergy between PT KIE and local governments in supporting environmental- based government programs.

In general, PT KIE's Environmental Policy covers 6 (six) environmental aspects, namely: water efficiency, energy efficiency, air pollution, reduction of B3 waste, reduction of non-B3 solid waste, and biodiversity. Implementation of PT KIE's Environmental Policy is carried out through various activities including efficiency and conservation of natural resource utilization. In formulating environmental conservation policies and activities, the management of PT KIE always prioritizes efforts to prevent environmental damage. This is as stated by informants 2 and 3 below:

Informant 2

"That's right... in implementing environmental performance we always prioritize prevention efforts so that the risk of damage can have an impact the society. This is a form of risk mitigation that we do in the context of implementing the ESG concept..."

Informant 3

"Our current prevention efforts include using LED lights throughout the office, going paperless, using lead-free fuel, and later we plan to also follow PKT's efforts to build a PLTS (Solar Power Plant) for renewable energy sources at KIE. This is certainly a sustainable investment for environmental risks mitigation."

Based on the statements of the two informants above, it can be concluded that every environmental activity carried out by PT KIE is an effort to mitigate the risk of environmental pollution impacts that may arise due to the company's operational activities. This statement is in line with the environmental policy implemented by PT PKT as the holding company of PT KIE. As the parent of PT KIE, the environmental policies implemented at PT PKT certainly serve as guidelines for all subsidiaries. This is also expressed in PT KIE's sustainability report where the company is building an integrated management system to maintain environmental sustainability. The Environmental Management System consists of environmental targets and programs that focus on pollution prevention, conserving natural resources and protecting biodiversity. PT KIE has carried out the management and monitoring required according to environmental documents. In addition to environmental documents, PT KIE also conduct risk analysis for environmental categories for each

business process. Business processes that have a high environmental risk (impact) value are mitigated until the risk value becomes low.

PT KIE's environmental management system has also received various certifications including ISO 14001 version 2015 and received Green PROPER from the Governor of East Kalimantan and Blue PROPER from the Ministry of Environment and Forestry of the Republic of Indonesia in 2020-2021. PROPER performance is also information and data disclosed in the 2021 PT KIE Sustainability Report. This was conveyed by the following informant 2:

Informant 2

"...we prepare a Sustainability Report using data from the PROPER awards we receive, then we translate it into environmental performance, in a sustainability report"

Based on the statement above, it can be concluded that in preparing sustainability reports, especially on environmental performance, PT KIE uses data from PROPER, not based on GRI. This is different from Sustainability report by PT PKT which uses the GRI standards.

Internalization of the "Social" Concept at PT KIE

In building and developing social performance, PT KIE has created a social mapping of the environment around the company to be able to map the needs of the community around the company. In PT KIE's social mapping document, there is demographic information regarding the Guntung Village and Loktuan Village areas which are closest to the Company's location, so that the community can feel the direct impact of the Company's activities.

One form of the Company's direct contribution to the local economy is through community development program activities, infrastructure development, and direct assistance which have an impact on improving the quality of life of the community and improving community welfare, which will ultimately make a positive contribution to community income, and can be related to increased economic activity in the area. This is as stated by Informants 1 and 2:

Informant 1

"The community empowerment activities that KIE has carried out so far include training for SMEs, providing free land for SMEs to sell and providing financial assistance for people who want to do business"

Informant 2

"We are trying to focus on helping communities around the KIE buffer zone first. This is to build synergy with the community around the company"

Based on the informant's explanation above, it can be seen that for now PT KIE is focuses on providing assistance to communities around the company's buffer zone. This is of course reasonable to do because the community around the buffer zone is at risk of being impacted by the company's operational activities. The social activities carried out by PT KIE are divided into several fields, namely the education, the health, the economy, religion, social and community. This categorization is determined by PT KIE according to what is needed by the community around the PT KIE's buffer zone.

The amount of benefits provided to the community around the company is also adjusted to the profit obtained in the

previous year, which is around 10% of the previous year's profit. This was conveyed by Informant 1 as follows:

"... the value of CSR funds or benefits that we budget for is around 10% of the previous year's profit, of course this can change depending on leadership policy"

Based on the statement above, it can be concluded that in providing assistance to the community either in the form of funds or land utilisation, PT KIE has set a policy of percentage rates from profits. This means that the greater the profit earned, the greater the value of the benefits or CSR funds that will be distributed to the community.

PT KIE understands that the sustainability and success of a company will always be driven by the contribution of all employees. Therefore, PT KIE always facilitates employee self-development so that existing reliability is maintained. Employee management patterns are based on targets, achievement of competency standards and development of individual added value for the organization. In addition to participating in various training to improve the competency of its employees, PT KIE also supports and help its employees who wish to continue their studies. This is confirmed from the following statement from informant 3:

"... we also always provide training for all our employees to be able to improve competence and add soft skills to employees"

Gender equality is also part of the social performance aspects upheld by PT KIE . PT KIE views self-development and career opportunities as part of the individual rights of all KIE personnel. At PT Kaltim Industrial Estate, development and promotion policies are based on employee contributions, innovation and competency achievements of KIE personnel, so that every individual has the same rights and opportunities to compete without distinction of religion, race or gender. This can be seen from the company structure where there are several women who occupy strategic positions as managers at PT KIE.

Internalization of the "Governance" Concept at PT KIE

PT KIE makes Good Corporate Governance (GCG) the foundation in facing changes in the business environment and capturing every business opportunity dynamically to encourage the Company's superior cultural performance. KIE realizes the importance of implementing GCG as a means of achieving the Company's Vision and Mission. The implementation of Good Corporate Governance is also a means of creating sustainable added value for Company's Stakeholders, both in the short and long term. There are several GCG principles implemented and disclosed by PT KIE in the Sustainability Report, namely openness, accountability, responsibility, independence and equality.

PT KIE's principle of openness is implemented by providing all relevant information related the company in the form of posts/news, *annual reports* and *sustainable reports* which are shared on the company's *official website and social media*. PT KIE's accountability principle is implemented by holding a General Meeting of Shareholders (GMS) when ratifying the RKAP (Company Work Plan and Budget), the Board of Directors always follows the rules in managing the company, the Board of Commissioners always supervises and provides advice to the Directors, and the implementation of taks and

work according to tupoksi and instructions by employees. The principle of accountability of PT KIE is shown by formulating and implementing policies related to employees, carrying out tax obligations, carrying out social responsibilities, and always remaining neutral in external political affairs.

The principle of independence of PT KIE is shown by avoiding all kinds of conflict risk that may occur in decision making and not interfering with the affairs, work or rights and obligations of other people. Meanwhile, the principle of equality PT KIE is shown by treating stakeholders fairly and providing space and authority to attend and give opinions to all shareholders without exception in the General Meeting of Shareholders. The management of PT KIE always complies with all applicable regulations and always involves stakeholders in formulating policies.

Impact of ESG Disclosure in Sustainability Reports

Sustainability reports publish information related to the company's commitment and actions in the social and environmental fields. This report is used by stakeholders to monitor the company's commitment to supporting sustainable development and ensuring the company is within the limit of existing regulatory. For companies, *sustainability reports* can serve as a measure of work achievement levels. Meanwhile, for investors, this report as a medium for consideration in making investments and a medium for controlling the performance achievements of a company.

The sustainability report of PT KIE is a requirement for participating in the ARA (*Annual Report Award*) which was created and published since 2021 through the company's website.

"From those who are given freedom like that, but from a proper perspective it is still mandatory. But even if it is not required at all, we as practitioners will still do it because it is necessary to evaluate success and so on. From the practical perspective, we will still do it, be asked to or not. After all, the data already exists, it's not just following the template." (Informant 3)

"Yes, that's right, because so far in our management, we have really focused on Proper. Proper itself has rigid requirements. But, back again, the question is, if for example there is no Proper, so if we don't do it, there will definitely be complaints, maybe from the surrounding community or people who are directly affected by the existence of this company. And in the end it will come back to reputation. Later the problem is, because maintaining a reputation is more difficult than maintaining profits or something like that. If the image is already bad, on average it is difficult to restore or clean it up again. Of course, we will continue to do this, because we are dealing with the public. So, in the end, it should still be connected to profit, really. Because if it becomes a habit to behave in accordance with existing norms, then yes, it will become a habit." (Informant 1)

From the above statement, it can be concluded that the company publishes a *sustainability report* with direction from the holding company and in order to participate in the Annual Report award, but on the other hand the company feels the importance of reputation in the eyes of the public.

PT KIE still focuses on *governance* in ESG disclosures in the *Sustainability Report*, even though it still carries out social and environmental disclosures, there is no direct impact yet, but informants believe that ESG disclosures in SR have a positive effect on company profits. This is in accordance with informant 2's answer that:

"Actually, we are not yet towards implementing ESG in full disclosure, especially using what is called a green taxonomy, some time ago we attended a workshop but we have not yet implemented ESG fully. ... For now, we are still focused on complying with governance first. But of course we also try to improve social and environmental performance."

PT KIE management's explanation regarding other impacts of implementing the ESG concept on the company is:

"...Until now, there has been no assessment of how successful it was. Usually, we just use *self-assessment*, so we just look at progress. So, from the Proper team, maybe next year it will start running, you see, we can see from the customer questionnaire. We have explored it with several community organizations, we are just starting. So later we will measure how big the impact is."

Based on the statement above regarding the impact of ESG, the company cannot yet measure its impact because so far no measurements have been carried out, but in the future plans will be to measure the impact of the programs that have been implemented.

In a business environment that increasingly emphasizes social, environmental and governance responsibility, transparency in terms of SR can become an obstacle for companies to obtain investment and capital accumulation that is important for their growth and development. Therefore, compiling a sustainability report is not just a legal obligation, but also a crucial step to ensure long-term business continuity and get full support from various stakeholders including the community.

IV. CONCLUSION

Based on the results of the previous analysis and discussion, it can be concluded that the meaning of implementing the ESG concept at PT KIE is currently limited to instilling values in order to gain legitimacy from company stakeholders such as local government, the community and potential clients. The ESG concept is also in line with the business model built by PT KIE, namely green business. Apart from that, the SR prepared by PT KIE at this time is only to fulfill the requirements to take part in the 2021 and 2022 Annual Report Awards. The impact of ESG performance disclosure in the 2021 and 2022 PT KIE SR is only limited to fulfilling obligations but has not yet increased profits or income for PT KIE.

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