

## CHAPTER I

### INTRODUCTION

#### 1. Background

The main objective of the company is to generate profit and business growth. But along with the development of the era, the company is required to pay attention to two important aspects in addition to the benefits summarized in the concept of Triple Bottom Line (TBL). TBL aligns the goal of corporate profits with the public and environmental aspects (profit, people, and planet). The company is required to be more sensitive to the impact of its operational activities on society and the environment. Moreover, having ignorance on the society and environmental impact will cause the firm to the bigger trouble rather than cost that threatens the sustainability of the firm and the environment. The firms which implement the environmental accounting are able to efficient and enhance the quality of services continuously.

Transparency is an important concern for companies because the company is obliged to disclose its activities to the stakeholders of the company (stakeholders). Easter and Irene (2014) state that the company is expected to be useful not only for the benefit of management and owners of capital (managers and investors), but also employees, customers and society. Along with the increased awareness and sensitivity of corporate stakeholders, the concept of social responsibility emerges and becomes an integral part of the company's future survival (Prasida, 2012). To adjust with the people needs related about company social and environmental impact, the company should implement and report on progress of CSR principles.

According to Daniri in Nurkhin (2010), Corporate Social Responsibility (CSR) is a statement about the responsibility of company that is not only focused in single bottom line, which is in financial condition, but the company also run the triple bottom line which is paying attention in social and environmental problem.

Thus, beyond making profit, a company is responsible for the totality of their impact on people and the planet (Chnadler in Rionda). “People” constitute the company’s stakeholders: its employees, customers, business partners, investors, suppliers, vendors, the government, and the community (Rionda, 2002). “Planet” constitute company’s environmental aspect. Combining profit, people, and planet means that company runs triple bottom line as basic component of corporate social responsibility disclosure.

Corporate Social Responsibility (CSR) information can be seen in sustainability report. Sustainability report is a report published by a company or organization about the economic, environmental, and social impacts caused by its everyday activities. Sustainability reporting enables organizations to consider their impacts of wide range of sustainability issues, enabling them to be more transparent about risks and opportunities they face.

The demands on the companies to provide transparent, accountable information and disclose good corporate governance increasingly require companies to provide information about their social and environmental activities. Information on social activities and related performance of the company's environment can be reviewed by stakeholders through a report issued by the company that is a sustainability report.

To prepare sustainability report, companies must follow certain standards and rules. The international standard that already adapted by Indonesia is Global Reporting Initiative (GRI). Right now, GRI provides the world’s most widely used standards on sustainability reporting and disclosure, enabling businesses, government, civil society, and citizens to make better decisions based on information that matters. In fact, 93% of the world’s largest 250 corporations report on their sustainability performance (GRI, 2013a).

The topic about sustainability reports are already studied several times before. The first research is studied by Mazelfi (2015). The research analyzes the application of the principle of materiality principle in determining the sustainability report content of PT Bukit Asam (Persero) Tbk 2014. The result shows that the company already follows general standard disclosure of materiality aspect and boundaries set by GRI G4, but not completely.

The second research is studied by Wulandari (2016). The research analyzes generic DMA disclosure of environmental aspect in the sustainability report of PT. Aneka Tambang Tbk (ANTAM) 2014. The result shows that the company generic DMA disclosures for Environmental Category disclosed in the 2014 Sustainability Reports of PT. Aneka Tambang Tbk. has not fully in accordance with GRI-4.

This thesis examines about the commitment of the cement companies to use the non-renewable resources in order to protect the environment as the result of the company's daily operational activities. The use of non-renewable resources is the part of materiality aspects in environmental category disclosed in company's sustainability report. The author will take PT Holcim Indonesia Tbk and PT Semen Padang as the part of cement companies operated in Indonesia. These companies are chosen because both companies report more detail the non-renewable materials usage in their daily operation activities. It is necessary for analysis in order to achieve the thesis objective.

The cement company is the company which uses significant natural resources in its main operational activities. The natural resources usage are renewable resources and non-renewable resources. It is really important to pay more attention on the natural resources usage by cement companies because it may lead to endanger the environment if it is not used efficiently in accordance to consider the environmental impacts.

This thesis discusses the environmental protection commitment of the PT Holcim Indonesia Tbk and PT Semen Padang through sustainability report. To be exact, the thesis discusses about material usage as part of non-renewable resources in environmental category of the company's sustainability reports. Thus, the focus of this thesis is to analyze the non-renewable materials usage by the both companies and measure its commitment by the non-renewable material usage trend for the period of 2012-2016.

### **1.2. Problem Definition**

Based on the background, the problem of the study is: how is the commitment of management of the PT Holcim Indonesia Tbk and PT Semen Padang in reducing non-renewable resources to protect and consider the environment for the period of 2012-2016?

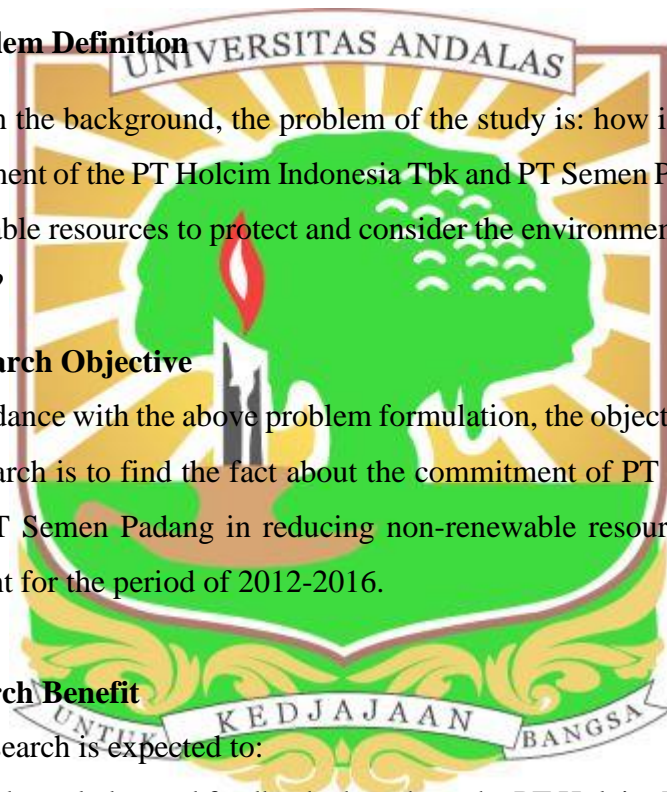
### **1.3. Research Objective**

In accordance with the above problem formulation, the objective to be achieved in this research is to find the fact about the commitment of PT Holcim Indonesia Tbk and PT Semen Padang in reducing non-renewable resources to protect the environment for the period of 2012-2016.

### **1.4. Research Benefit**

This Research is expected to:

1. Give knowledge and feedback about how the PT Holcim Indonesia Tbk and PT Semen Padang commit to protect and consider environmental impacts on its daily operational activities
2. Give additional information for stakeholders about the environmental performance of the both companies



## 1.5. Writing Systematic

Writing this research will divided into 5 chapters, they will be prepared as following:

Chapter I, Introduction, discusses about general description that become research basic. It consists of background, problem definition, research objective, research benefit, and writing systematic.

Chapter II, Literature Review, discusses about theory that has relation with research problem. This is helpful as think base to solve the problem.

Chapter III, Research Methodology, provides overview of plan in doing the research. Along with theories from literature review, this chapter will encompass the research. This chapter includes type of research, research limitation, types and source of data, and analysis method.

Chapter IV, Analysis and Discussion, contains data processing result based on research methodology.

The last chapter, Chapter V, Conclusion and Suggestion, contains conclusion about research result. It also contains suggestion for the next research.

