

Adaro CSR Program Evaluation Towards Indonesia Green Economy

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ABSTRACT

This study aims to describe and analyze the evaluation of the implementation of its Corporate Social Responsibility in Indonesia (PT Adaro Energy Tbk), as Adaro is one of the biggest mining companies in Indonesia using a strategic planning perspective. The method was Information according to the company experience. Data was based on the researcher's information and the company history. Corporate Social Responsibility (CSR) is a business approach by adding to feasible advancement by giving financial, social, and natural advantages to all partners. CSR program was is a program that helped a lot of people and the whole planet. CSR programs are fundamental since they will help the organization as far as reacting to worldwide ecological difficulties. This paper examined the recent concerns on the improvement of corporate social responsibility in Indonesia, especially the overall presumptions about the advantages of corporate social responsibility (CSR) rehearses. Numerous regrettable underlying meanings on CSR endure inside the general public including the apparent job of CSR and a free advancement instrument. However, CSR programs play an important role as part of business strategy.

Keywords: *Corporate Social Responsibility, Evaluation, Indonesia.*

1. INTRODUCTION

Corporate Social Responsibility (CSR) is a business approach by contributing to sustainable development by providing economic, social and environmental benefits to all stakeholders. CSR programs is essential because it will help the company in terms of responding global environment challenge. The programs that the companies create should be represented in business strategies, written and published. Business strategies very important because it explain how the companies meet customer's expectation, fulfil their needs, how to deal with competitors, and examine the long-term growth and sustainability of organisation. Of late CSR has become a common practice among many businesses.

CSR is believed to have a positive relationship with a company's goodwill and also be a mean to a more profitable operation. Lenguyen (2011) mention that a company should integrate CSR programs into its business strategies, broaden its CSR network to its various stakeholders, put more emphasis on

environmental issues, and employ an efficient measurement mechanism for evaluating the impacts and benefits of its CSR programs. With the emergence of public standards for social performance, society is putting companies under strong pressure to embrace social responsibility and embrace new approaches in their business strategies, such as, for example, green innovation, social entrepreneurship and new models of philanthropy (Pirsch et al., 2007). World Business Council for sustainable development define CSR as business' commitment to contribute to sustainable economic development, working with employees, their families, the local community, and society at large to improve their quality of life.

In the mid-1990s, mining companies faced a serious reputational crisis. Concerns about the environment and growing awareness of the environmental destruction associated with mining on the part of the public led to closer scrutiny of mining operations. Opposition to new mining projects in advanced industrialized countries resulted in large tracts of land being closed off to mining, when land was set aside for nature reserves or

national parks. The adoption of corporate social responsibility (CSR) policies can be understood as a strategic response for most major mining companies. To address reputational issues surrounding public concern over the environmentally damaging practices associated with mining. So, by the early 2000s, many of these same companies began to frame their CSR policies in terms of sustainable development or sustainability.

Sustainable Development is a strong indication of senior management's intention to provide leadership and executive-level oversight of CSR initiatives consistent with sustainable development. Mining companies are now expected to justify their activities, not just on economic grounds, but on social and environmental grounds, since most governments had adopted sustainable development as a key part of their national agenda.

In Indonesia, research result (Sari & Setiahad, 2019) shows that 39 mining companies in Indonesia globally do CSR on their companies, but not all of the company's CSR activities are disclosed in the nonfinancial report. This happens because the company reporting on social responsibility and also identify the advantages gained through disclosing their social responsibility activities to stakeholders. Which complete information is the foundation for stakeholders to determine the decisions related to the company the conclusion of the analysis of mining company CSR report disclosed in the annual report of the company can conclude that there are three reasons why a company conducts CSR, among others: The company complies with national policies; Minimizing social, economic, political and environmental impacts; and Value Creation.

In recent years, CSR has been a major concern in Indonesia. Many people talk about the positive impact of the presence of CSR, as well as the companies that carry out CSR programs. Adaro, as one of biggest mining company in Indonesia, inevitably, should create CSR programs that written and published in their business strategies. Adaro has responsibility to obey the government rules and regulation in terms of protecting social, culture, economic, health, and environmental aspect for communities that it might be destructed by their exploration and exploitation activities.

This research seeks to analyze the perception of CSR activities in Adaro as one of the biggest mining companies in Indonesia, its program, impact and evaluation result of CSR activities and corporate image also reputation. Adaro runs its CSR program based on the principles of Good Corporate Governance. One of the principles of GCG is responsibility which is not only manifested in fulfilling obligations to shareholders, but corporate social responsibility is also manifested in a broader form, namely towards the environment. This company has a responsibility to comply with

government regulations and regulations for the protection of socio-cultural, economic, health, and environmental aspects for the community. Therefore, to deal with this, the company is actively developing CSR programs to support the sustainability of the company's business and help create a smart and prosperous society. The Adaro company itself has received many awards, especially in CSR community empowerment. So, this company is interesting to study in terms of CSR.

As a company engaged in coal mining, Adaro faces many obstacles related to natural resources. The company is also facing problems. with the community due to public dissatisfaction regarding environmental pollution, as well as massive exploitation of energy and natural resources that causes damage to nature itself. The existence of this CSR program can maximize the positive impact in dealing with the problems of the community who are starting to become aware of the negative impacts caused by Adaro's mining.

Adaro's community empowerment CSR program is quite varied, covering the fields of economy, education, health, and socio-culture. Various fields and programs in them are implemented in an integrated manner and involve various elements of the community, environment, government, company partners, and internal companies. Examples of Adaro's CSR programs are the provision of a mobile library, building a traditional hall for the Upau community, cataract eye surgery program, and helping farmers with the rubber plantation program. The social activities carried out by the company are useful for attracting attention and proving to the public that this coal mining company does not only think about the company's profits, but also thinks about the welfare and empowerment of the people who live around the company's environment. That way the company will be well known by the community, and it will be easy for the company to develop its business. This study aims to describe and analyze the evaluation of the implementation of its Corporate Social Responsibility in Indonesia (PT Adaro Energy Tbk), as Adaro is one of the biggest mining companies in Indonesia using a strategic planning perspective.

2. MATERIALS AND METHODS

The paper presents a multidisciplinary theoretical framework for explaining the adoption of CSR practices on the part of mining companies, and applies that framework to case studies of one of major mining company with national operations. The data are collected through literature review (Table 1).

Table 1 Content and data sources

Data	Content	Data Sources
Secondary	Theory and definition	Literature review and internet

	CSR programs	Adaro Sustainability Report [1]
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3. RESULTS

3.1. Impact, Response, and Mitigation of Environmental Quality

PT Adaro Energy Tbk in carrying out environmental quality mitigation efforts has implemented several programs in accordance with the estimated impacts that will occur on the environment. There are several environmental programs run by PT Adaro Energy Tbk:

1. Applying the Good Mining Practices;
2. Planting and tending plants on borders of coal transport roads as well as in the supporting area between land conveyors and residential settlements;
3. Noise monitoring activity;
4. Managing mining water and rainwater runoff in the setting ponds before being released into the body of water;
5. Constructing a domestic water waste treatment facility;
6. Managing B3 waste in accordance with the applicable regulations and storing B3 waste in authorized B3 waste landfills before being transported by an authorized third party;
7. Using machines that have passed emission test;
8. Installing an air quality control device in the form of electrostatic precipitator (ESP);
9. Processing waste water into clean water using water treatment plant facility (WTP);
10. Execution on biodiversity program;
11. Development of restoration area/biodiversity zone; and
12. Implementation of perennial and endemic plant nursery in the plant nursery facility.

The Adaro Group on sustainability report 2020 explained that there were no significant environmental incident or violation of regulations, and the company committed to compensate for the environmental residual risk caused by company's operation through reclamation, post-mining program, and watershed rehabilitation. Company also have identified the banned materials mentioned on Stockholm Convention.

3.2. Biodiversity

Biodiversity management is applied by the company from pre-operation to preparation of post-mining operations. There are several biodiversity efforts that carried out by the company, there are conservation efforts; land management; reclamation, revegetation, and rehabilitation; endemic flora and fauna conservation; flora and fauna restoration.

3.3. Environmental Monitoring and Management

There are several managements and its details that carried out by the company for the environmental monitoring and management:

1. Material Management

The company use recycled material to improve and produce explosives for blasting activity which the usage is depend on the characteristics of rocks and water content in soil.

2. Energy Management

Including energy consumption and energy efficiency efforts, PT Adaro Energy Tbk using its energy management policy to increase the target of energy saving and using the Fleet Management System (FMS) for the optimalization of coal production. The FMS has a positive result on environmental impact because it can reduce the energy usage up to 66,362 GJ.

3. Emissions Management and Reduction

PT Adaro Energy Tbk have implementing various strategic initiatives at the operational levels to reducing emissions, as follows:

- Load management on generators by applying minimum load of 63% in power generation process;
- Usage of biodiesel;
- Implementation of energy management system on coal productions; and
- Process efficiency and application of energy management system on power plants and logistics sector.

Based on company sustainability report 2020, the company have reduced the greenhouse gas emission intensity up to 21.67% from 2019 to 2020. Emission from immovable sources measured using CEMS (Continuous Emission Monitoring System) and for the emission which come out from the stacks are managed by using electrostatic precipitator as the form of air pollutant control facility and ensuring the emission meet with the government emission quality standard. Also, the company using the KANSAI (Kelanis Smart Inverter) Solar Cell to reduce the emissions by replacing conventional genset and reducing the CO₂ gas up to 155.48 tons. Not only that, Adaro Land and its subsidiaries as the part of Adaro Group have the forest management permits for the restoration of ecosystem and carbon absorption, there are forest areas including peat dome that can absorb the CO₂ emissions.

4. Water Management

The Adaro Group still manages domestic liquid waste in accordance with the law and regulations although more focused on the treatment of mine water. Water from mining activity and rainwater are

directed into the setting pond for further processing. Wastewater that has met the quality standard will be released into the water body and the treated water will be distributed to community and the company operational needs. Water management is carried out automatically and can be done remotely in real time during monitoring process of WTP operations. Through Water Treatment Plant (WTP) programs, wastewater can be cleaned and used by the company needs and community empowerment programs to reduce water pollution as an effort to conserve water.

5. Waste and Wastewater Management and Treatment PT Adaro Energy Tbk using the setting pond in mining operational areas to manages and monitors the quality of wastewater. The company took initiatives to reducing the usage of chemicals in managing minewaters by implementing the chemical injection system for all setting pond in the mining operational areas, these initiatives also for reducing the chemicals that received by the water body. For the solid waste, PT Adaro Energy Tbk manages solid waste from operational activities based on the type of waste (organic, inorganic, and B3 waste). The organic waste will be transformed into fertilizer from waste composting process in reclamation activity, the company using drums and vibrating screen composting to add value for increasing the quality and quantity of compost produced. The organic solid waste is managed and transported into the landfills, but the solid waste that can still be used will transformed into Kalulut bees hives for CSR program. The inorganic solid waste that not useful will transported to the landfills. For B3 waste, or hazardous waste is managed by keeping it in an authorized temporary B3 waste storage area before being transported by third party in accordance with the law and regulations, and the company in sustainability report 2020 reported that there is no waste was spilled into the water body. PT Adaro Energy Tbk also using Filtakleen Magnetic Oil Flushing System to clean the oil and less load during filtration process. With this system, the B3 waste in form of used oil reduced to 1,307.76 kg.

3.4. Preparation and Management of Post-Mining Areas

The post-mining plan consist of 3 main programs, the reclamation, socio-economic, and maintenance program as follows:

1. Reclamation Programs
 - Dismantling and reclamation of mining and processing facility, haul road, remaining building, electric transmissions, pipes, ports, and others facilities;
 - Reclamation of the ex-setting pond, surface post-mining areas, ex-processing facilities, ex-landfill facilities, building sites and concrete foundations;

- Protection from all mine openings that dangerous to human;
 - Disassembly of engines, equipments, oil tanks, and lubricants;
 - Former transportation areas; and
 - Remediation of land contaminated by B3 waste, chemicals, and oils.
2. Socio-Economic Program
 - Handling of layoff and termination of employment, guidance and assistance for the employee to change job; and
 - Development of alternative business for local communities.
 3. Maintenance and Treatment Program

Maintenance and treatment of post-mining areas, ex-processing facilities areas, and former supporting facilities areas.

PT Adaro Energy Tbk also have the community welfare empowerment as a part of the CSR program that carried out by the company. There are several programs of community welfare empowerment as follows:

3.4.1. Adaro Ignites Education Program

This program focused on developing education and improving the quality of human resources by integrating knowledge, skills, and characters. The programs carried out include:

1. Adaro PAUD Berkarakter
2. Adaro Vokasi Mandiri
3. Program Adaro Santri Sejahtera (PASS)
4. Adaro Guru Cerdas Teknologi
5. Indonesia Bright Future Leaders (IBFL)
6. Adaro Community Based Education (ACBE)
7. Adaro Cinta Baca
8. Adaro Bangun Ilmu

3.4.2. Adaro Ignites Wellbeing Program

This program focused on increasing awareness on sanitation, improving access to clean waters, and prevention of blindness due to cataracts. The programs carried out include:

1. Sehat Bersama Adaro
2. Adaro Akses Terang
3. Adaro Air Bersih dan Sanitasi
4. Adaro Bangun Raga

3.4.3. Adaro Ignites Welfare Program

This program focused on developing economic potential of the community and improving human resource skills by integrating with local culture and expertise. The programs carried out include:

1. Adaro Bina Insan Sejahtera (BISA)
2. Adaro Tani Sejahtera
3. Adaro Wirausaha Berdaya
4. Adaro Local Recruitment

5. Adaro Bangun Sejahtera

3.4.4. Adaro Ignites Diversity

This program focused on mentoring and developing the skills of local communities in promoting local culture and wisdom while maintaining their ancestral belief and values. The program carried out include:

1. Adaro Sigap Bencana
2. Adaro Bina Komunitas
3. Adaro Bina Budaya dan Olahraga
4. Adaro Bangun Budaya

3.4.5. Adaro Ignites Life

This program focused on increasing environmental awareness among the community to produce agent of change who will become the initiators of environmental preservations. The program carried out include:

1. Adaro Energi Bersih
2. Adaro Flora Lestari
3. Adaro Bekantan Lestari
4. Adaro Bangun Lestari

The Adaro Group always strives to realize sustainable community development to create prosperous, intelligent, and independent society in a sustainable environment. These efforts are carried out to prepare independent post-mine communities. The significant indirect impact of all of these programs is to gain the community support for the seamless operation of business.

3.5. Sustainable CSR Model Canvas

Based on model in [2], it shows that sustainable CSR Model Canvas, with the addition of complementary element in channels element and key metrics element had been done. With the addition of complementary elements in outcomes element (key metrics), there was a change in the name of the element became key metrics.

1. SDGs

SDGs are 17 goals with 169 achievements that can be measured and standardized by United Nations as the world development agenda for the sustainability of people and the earth. The goals include education, poverty, and health aspect. The continuation of the CSR activities is expected to create the society prosperity and improve the quality of the environment. Element SDGs is mapped in Sustainable CSR Model Canvas because the SDGs element and CSR elements have the same goals which encouraging the wellbeing society and environment. Therefore, it is important to link the CSR activities with the SDGs in order to encourage the achievement of the SDGs goals.

2. Problems

Problems is defined as the element that have to be finished through the CSR activities. Problem element is divided into three aspects: people (society), planet (environment), and profit (benefit). The CSR activities is based on the society or a community, environment and company problem.

3. Key Activities

Key activities are defined as the element in Sustainable CSR Model Canvas which are all forms of activities carried out through the CSR in order to be able to solve the problems elements in Sustainable CSR Model Canvas. The element of key activities is categorized into three aspects, namely: people (society), planet (environment), and profit (benefit). The activity of CSR haa to solve the problems that are faced by the society or a community, environment, and also the company.

4. Channels

Channels is defined as the element in Sustainable CSR Model Canvas that works as tool, media or the way to deliver the key activities element to beneficiaries' element. Channels element can be linked with three aspects, which are: people (society), planet (environment), and profit (benefit). In channel elements, before and after as the attribute is used to see the change of the CSR activities.

5. Beneficiaries

Beneficiaries are the parties that achieve the CSR activities.

6. Providers

Providers are the parties that supports the CSR activities.

7. Key Metrics

Key metrics is defined as the elements of Sustainable CSR Model Canvas which used as the success and the effectiveness indicators of CSR activities. Key metrics elements are divided into three aspects, which are: people (society), planet (environment), and profit (benefit). Thus, the success indicator or the target that wants to be achieved have to be set based on people, planet and profit aspect and can be measured with a certain measurement (capacity, amount, and time). In key metrics element, before and after as the attribute is used to see the change of the CSR activities.

With that model, it can be designed Adaro CSR into Sustainable CSR model canvas. Sustainable The CSR Model Canvas is a framework created to assist company in formulating strategies for the company's CSR model [2]. The purpose of the Sustainable CSR Model Canvas is to define clearly the things that are needed and must be done on the company's CSR programs to increase the effectiveness of CSR programs and also to help achieve the aims of the company's CSR programs. In addition, until now, there has been no form or canvas that contains strategies in helping companies to formulate CSR programs so that the programs that are run would work better.

3.6. SDG Aspects of Adaro

PT Adaro Energy Tbk as one of the leading integrated mining and energy companies in Indonesia, has a vision “To be a leading Indonesian mining and energy group”, and is fully committed to support the achievement of sustainability goals. The general

company sustainability report 2020 are divided into environmental management and community welfare empowerment. Furthermore, the environmental management consists of impact, response and mitigation of environmental quality; biodiversity; environmental monitoring and management; preparation and management of post-mining areas. Besides that, the

SUSTAINABLE CSR MODEL		SDGs	SDGs
COMPANY'S NAME For Period ADARO			
PROVIDERS Community Indigenous people MSME actors	PROBLEMS Commitment mining sector company to SDGs programs, that need measurable CSR program KEY ACTIVITIES <ul style="list-style-type: none"> • Implementation of Responsibilities to Consumers/Customers. • Management and Implementation of Community Social Development Programs • Environmental Management • Human Resources Management • Occupational Health and Safety 	BENEFICIARIES Top management Stakeholders Staff in field Local people Local government Vendors	
CHANNELS		KEY METRICS	
BEFORE "Adaro Ignites Change" programs, CSR SOP & mechanism for handling complaints	AFTER "Adaro Ignites Change" CSR SOP & mechanism for handling complaints, sustainability report, local policy, CSR in pandemi era	BEFORE As result: From the economic aspect, the benefit of the group's CSR program is the emergence of new community businesses in the form of MSMEs that support the economic activities of the low and medium-income communities.	AFTER

Figure 1 Sustainable CSR model of Adaro

strategies used to achieve sustainability goals are:

1. Work in an inclusive manner, i.e. designate the community as a strategic partner and embrace all community groups.
2. Uphold local wisdom so that the program is implemented according to needs, utilizing the potential of the community, and not conflicting with positive values that already exist in the community.
3. Build multi-party partnerships.
4. Geared to the principle of sustainability through capacity-building and institutional strengthening.
5. Ensure that the CSR program is carried out transparently, accountably, effectively and efficiently.
6. Knowledge-sharing through local and national media.

4. CONCLUSION

In general, The Corporate Social Responsibility Program that run by PT Adaro Energy Tbk based on

company has shown its commitment to reduce the greenhouse gas emissions using the company's energy management policy that must be implemented in all subsidiaries in the Adaro Group and also the company has formulated the Adaro Environmental Management Standard to guarantee that all business or mining activity is not harmful for the environment.

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