PT Adaro Indonesia Case Study

PT Adaro Indonesia (AI) is the largest mining company operating under the ISX listed company, Adaro Energy. AI mining operations are based in Tanjung regency of South Kalimantan province, while the AI logistics chain also operates in Central Kalimantan. AI operates under a Coal Cooperation Agreement (CCA) as provided by the Government of Indonesia.

Envirocoal is the main coal product of AI, with production exceeding 50 million metric tonnes annually. Envirocoal is moderate-energy, subbituminous coal with ultra-low sulfur, ash and nitrogen, making it one of the cleanest fossil fuels. It has been trademarked internationally as “Envirocoal”.

Envirocoal has been widely used since 1992 across Asia, Europe and the Americas. Envirocoal is predominately used in power generation, cement manufacturing and industrial applications, particularly where environmental restrictions are stringently controlled. Otherwise, Envirocoal is used as a blending coal with high-ash, high-sulfur coals. Results have consistently shown that the use of Envirocoal can significantly lower environmental impact compared with standard coals.

AI completed the Bettercoal Self-Assessment Questionnaire in September 2014 and the Site-Assessment in January 2016. AI believes that the Bettercoal approach of engagement and continuous improvement, through examination of management system, behaviors and sustainability performance, is in line with our own operating ethos. The Site-Assessment included a mine site, coal plant, jetty and village tour. Interviews were also conducted with management, employees, union representatives, contractor’s representatives, local government and council and with local farmers.

During the assessment, ERM Certification and Verification Services (ERM CVS) visited AI to independently verify further engagement with employees, unions and external stakeholders. ERM CVS also observed AI’s continuous improvement actions relating to health and safety training for employees and the community; including but not limited to health and safety awareness sessions within local community schools and families of employees to address road safety, sanitation and communicable diseases prevention.

AI and Bettercoal have worked together to further improve ethical, social and environmental practices and performances through participation in the Bettercoal Assessment Process.

Furthermore, AI believes that our participation in the Assessment Process has given valuable opportunity to gain exposure to the latest international assessments and standards. Recommendations received during the assessment have most certainly added value to company our process.
Adaro’s Board of Directors have stated that: “Our community development effort focuses on five main areas namely education, economic development, health, environmental enhancement and socio-cultural enrichment. We engage with the community based on the philosophy to inspire, connect and engage people in a holistic approach to empowerment.” 

At AI we value the additional and international perspectives gained through our collaboration with Bettercoal. The external assessment conducted by Bettercoal has assisted in our efforts to continuously improve our performance. It has also provided our customers with a higher level of assurance that we are acting responsibly.