

ANALYSIS OF SUSTAINABLE DEVELOPMENT 2008 REPORT OF PT. HOLCIM INDONESIA Tbk BASED ON INDICATOR PROTOCOLS OF GLOBAL REPORTING INITIATIVE AND KEY PERFORMANCE INDICATORS OF CEMENT SUSTAINABILITY INITIATIVE

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Introduction

Background of Research

The existence of company will give both good impact and bad impact. For the good impact, company can be a tool to help society to fulfill their necessity. In twentieth century, myriad of industrial company give bad impact on their existence. They don't care with natural resources they use to provide something to consumers or don't consider employee, environment, consumers, or community as significant thing to sustain their business. The companies just take natural resources as many as they need to process for their economic activities without doing anything to keep or make renewable natural resources. As for environment, there are many environmental destruction happening since the companies neglect their surrounding. They only care for their own benefit.

As a result, from the economic activities, companies provide externalities (Gray et al. 1996, pg. 1) – consequences of economic activity which are not reflected the cost borne by the individual or organization enjoying the benefit of the activity) as impact of their activities. Many externalities make society affected by the impact. Society claims to get the companies contribute to surrounding environment where the companies are established. Many cases show that the existence of company can make environmental destruction. For example: PT. Lapindo Brantas on their case of hot mud. The other cases are Newmont Minahasa Raya on Buyat Bay and PT. Freeport on Papua.

Day by day, society have awareness concerning with human life cycle and everlasting of nature and for social prosperity. Thus, this awareness makes accounting concept change, not only to concern with stockholder, but also to concern more with environment and social.

Triple Bottom Line (TBL) which was issued by John Elkington in his 1998 book *Cannibals with Forks: the Triple Bottom Line of 21st Century Business* becomes a means for company to implement Corporate Social Responsibility (CSR). According to John Elkington (Wikipedia.com), in practical terms, triple bottom line (people, planet, profit) accounting means expanding the traditional reporting framework to take into account ecological and social performance in addition to financial performance. The concept of

TBL (Triple Bottom Line) demands that a company's responsibility be to stakeholders rather than shareholders. In this case, "stakeholders" refers to anyone who is influenced, either directly or indirectly, by the actions of the firm. According to the stakeholder theory, the business entity should be used as a vehicle for coordinating stakeholder interests, instead of maximizing shareholder (owner) profit.

Because of that condition, companies are expected to do responsibility, which is known as corporate social responsibility. According to World Business Council for Sustainability Development-WBSD (google.com), CSR is the continuing commitment by business to contribute to economic development while improving the quality of life of the workforce and their families as well as of the community and society at large.

Recently, the topic of corporate social responsibility becomes a topic which is often discussed around the world. In Indonesia, execution of CSR, supported with existence of UU No. 25 Tahun 2007 (Code Number 25 Year of 2007), which state that each investor has an obligation to do corporate social responsibility, progressively expand. Besides, the other regulation of corporate social responsibility was issued in UU NO. 40 Tahun 2007 (Code Number 40 Year of 2007). The regulation states that incorporated must do corporate social responsibility. With existence of regulation of corporate social responsibility, companies are expected to execute CSR.

The research uses Holcim as the object of the research because Holcim is of one cement manufacture industries in Indonesia. Making cement poses several sustainability issues. Dust and noise from cement plants and quarries are specific local issues. Fuels and raw materials used in the manufacturing process generate greenhouse gases and sometimes controversy. Land used for quarries must be restored to help retain landscape and local biodiversity. So that, based on the impact which can be happen from cement manufacture industry activities, including Holcim activities, that company must conduct social responsibility activities to contribute sustainability.

Companies which are do social responsibility activities will make report to communicate their role in center of society as companies which have social care to the interested parties, including Holcim. In other words, company can disclose corporate social responsibility activities which have been done in a report (more known as corporate social reporting). So, corporate social reporting becomes a significant thing for companies. Holcim disclose their social responsibility activities on Sustainable Development report, which describes sustainability on three aspects: economic, social, and environment.

Gray et al (1996, pg. 3) defines corporate social reporting as: ... the process of communicating the social and environmental effects of organizations economic actions to particular interest groups within society and to society at large. As such, it involves extending the accountability of organizations (particularly companies), beyond the traditional role of providing a financial account of the owner of capital, in particular, shareholders. Such an extension is

predicted upon the assumption that companies do have wider responsibilities than simply to make money for their shareholders.

Besides, in PSAK (Pernyataan Standar Akuntansi Keuangan) no.1 paragraph 9 states that...

Perusahaan dapat pula menyajikan laporan tambahan seperti laporan mengenai lingkungan hidup dan laporan nilai tambah (value added statement), khususnya bagi industri dimana faktor-faktor lingkungan hidup memegang peranan penting dan bagi industri yang menganggap pegawai sebagai kelompok pengguna laporan yang memegang peranan penting.

So that, based on statement above, company expected to report their social responsibility activities.

In the international level, Global Reporting Initiative (GRI) is the leading CSR/Sustainability reporting standards in use today, with more than 1000 companies and entities creating GRI reports. A key strength of the GRI standard is that it provides a set of reporting indicators, but does not mandate how an organization reports. GRI reporting has the best coverage of all the pillars of CSR. GRI was issued as sustainability reporting guidelines. Sustainability report has concern with three aspects, economic, environmental, and social performance indicator.

GRI provides indicator protocols to economic, social, and environment aspect. The economic dimension of sustainability concerns the organization's impacts on the economic conditions of its stakeholders and on economic systems at local, national, and global levels. The environmental dimension of sustainability concerns an organization's impacts on living and non-living natural systems, including ecosystems, land, air, and water. The social dimension of sustainability concerns the impacts an organization has on the social systems within which it operates.

GRI can help companies as guideline to make a report of their responsibility activities. GRI is international standard for company to make corporate social reporting and companies expected to use that standard in their reporting. But, not all of companies mention what should be report in their CSR reporting according to GRI. Holcim uses GRI as guidelines to make Sustainable Development 2008 Report.

Holcim is a founder member of the Cement Sustainability Initiative (CSI). CSI is a global effort by 18 major cement producers who believe there is a strong business case for the pursuit of sustainable development. Collectively these companies account for 28% of the world's cement production, although they range in size from very large multinationals to smaller local producers. CSI provides key performance indicators. A series of key performance indicators (KPIs) that measure important business and sustainability parameters was established for each core issue.

From this extensive background, the research of which title is **“Analysis of Sustainable Development 2008 Report of PT. Holcim Indonesia, Tbk based on Indicator Protocols of Global Reporting Initiative and Key Performance Indicators of Cement Sustainability Initiative”** is written in order to verify those issues in corporate social responsibility report development.

Problem Statements

The problem statements of the research are:

1. To what extent does PT. Holcim Indonesia, Tbk fulfill indicator protocols which are recommended by GRI in Sustainable Development 2008 Report?
2. To what extent does PT. Holcim Indonesia, Tbk fulfill key performance indicators which are recommended by CSI in Sustainable Development 2008 Report?

Reserch Methodology

Business research is a systematic inquiry that provides information to guide managerial decisions. More specifically, it is a process of planning, acquiring, analyzing, and disseminating relevant data, information, and insights to decision makers in ways that mobilize the organization to take appropriate actions that, in turn, maximize performance (Cooper and Schindler, 2008, pg. 4). Research methodology differs from research method. According to Muhadjir (1989, pg. 13), research methodology explains the theoretic concept from various method, strength and weakness, which continue to choosing the used method while research method explains methods which are used technically in the research.

Type of Research

Each research needs a method to help in collecting the data, verifying the reliability, and relevancy of the research. The research applies a qualitative descriptive. Sukoharsono (2006, pg. 231) quoted from Denzin and Lincoln (1994) states that qualitative research is multi methods in focus, involving, an interpretive, naturalistic approach to its subject matter.

Moreover, Sukoharsono (2006, pg. 232) quoted from Chreswell (1997) defines qualitative research as an inquiry process of understanding based on distinct methodological traditions of inquiry that explore a social or human problem. The researcher builds a complex, holistic picture, analyzes words, report detailed views of informants, and conducts the study in a natural setting. Besides, Moleong (2008, pg. 6) states qualitative research as research which is having meaning to understand natural phenomenon whereof by subject of research for example behavior, perception, motivation, action, etc.. by holistic.

and description in the form of words and language, at one natural special context and by exploiting various natural method.

Sugiyono (2008, pg. 388) quote from Borg and Gall (1998) states that qualitative research is much more difficult to do well than quantitative research because the data collected are usually subjective and the main measurement tool for collecting data is the investigator himself. Conducting the qualitative research need 'a strong commitment to study a problem' and demands time and resources' (Sukoharsono, 2006, pg. 233).

While, Cooper and Schindler (2008, pg. 162) state qualitative research is designed to tell the researcher how (process) and why (meaning) things happen as they do. Moreover, Sukoharsono states the reason for researcher in choose qualitative research, are:

1. *Commit to extensive time in the field*
2. *Engage in the complex, time-consuming process of data analysis*
3. *Long and tick passages*
4. *Want take a participate in research object which is building*

Moelong (2008, pg. 9) stated that the valuable points in choosing the qualitative method were variotfs carved up such as:

1. *Adjusting qualitative method easier if given on to double fact.*
2. *Qualitative method present the reality of relation between researcher and respondent directly.*
3. *Qualitative method more sensitive and better able to adapt with many sharpening influence with and to value patterns faced.*

Descriptive research aim to describing, summarizing various conditions, situation, or various social reality phenomenon which are exist in society becoming research object, and make that reality to surface as an characteristic, character, nature, model, sign, or picture about condition, situation, and or certain phenomenon (Bungin, 2008, pg. 68). The research describing how far PT. Holcim Indonesia, Tbk fulfill indicator protocols based on GRI and key performance indicators based on CSI.

Focus of the Research

Focuses of the research are analysis on PT. Holcim Indonesia, Tbk's Sustainable Development 2008 Report, also indicator protocols of GRI, and key performance indicators of CSI. Firstly, doing analysis of Holcim's report based on GRI. Then, giving comments and take conclusions about PT. Holcim Indonesia, Tbk.,'s Sustainable Development 208 Report. Secondly, doing analysis of Holcim's report based on CSI. Then, giving comments and take conclusions about PT. Holcim Indonesia, Tbk.,'s Sustainable Development 208 Report.

Type and Source of Data

Type of Data

Type of data which is used in this research is documentary data. According to Indriantoro and Supomo (2002, pg. 146) documentary data could be define as type of data such as invoice, entries, letters, note of meeting, memo, or report of program. Documentary data load what and when one event or transaction, and who are involve in one event.

Source of Data

Source of data is an important factor to collecting the data for the research. Source of data in this research is primary data and secondary data. Secondary data could be defined as data which are obtained indirectly by researcher through medium media (obtained and record by other side). Generally, secondary data in the form of evidence, note, structured historical report in archives (documenter of data) which are published and not published (Indriantoro and Supomo, 2002, pg. 146). In the research, documentary data comes from Sustainable Development 2008 Report of PT. Holcim Indonesia, Tbk, that taken from official website and relevant literatures.

Technique in Data Gathering and Process of Data Analysis

Technique in Data Gathering

Technique in data gathering will help the researcher to collecting the data which is suitable with required data. In the research, technique in data gathering has been done through documentation. Sugiyono (2008, pg. 422) quote from Bogdan explain about documentation that in most tradition of qualitative research, the phrase personal document is used broadly to refer to any first person narrative produced by an individual which describes his or her own actions, experience and belief. In the research, data which is take from relevant documentation of PT. Holcim Indonesia, Tbk.

Process of Data Analysis

The process of data analysis helps the researcher to arrange the data, organize, categories, and set of base breakdown as what had been stated by Moleong (2008, pg. 280):

Data analysis is a process to organizing and sorting data into pattern, categorize, and unit of basic explanation so that can be found theme and can be formulated work hypothesis such as those which suggested by data.

Sugiyono (2008, pg. 427) quote from Bogdan states that data analysis is the process of systematically searching and arranging the interview transcripts, field notes, and other materials that you accumulate

to increase your own understanding of them and to enable you to present what you have discovered to others. Moreover, Sugiyono (2008, pg. 427) quote from Susan Stainback also states that data analysis is critical to the qualitative research process. It is to recognition, study, and understanding of interrelationship and concept in your data that hypotheses and assertions can be developed and evaluated.

In fact, data analysis in qualitative research is an ongoing activity that occurs throughout the investigate process rather than after process. (Sugiyono, 2008, pg. 429). While, Cooper and Schindler (2008, pg. 93) describe data analysis usually involves reducing accumulated data to a manageable size, developing summaries, looking for patterns, and applying statistical techniques. For this qualitative research, data analysis has been done by inductive model. Inductive research is the type of research which is has purpose to generate theory or hypothesis through fact finding (Indriantoro and Supomo, 2002, pg. 23). Moelong (2008, pg. 10) stated that the valuable points in choosing the inductive model to data analysis were various carved up such as:

1. *Inductive process more able find plural facts which are exist in data.*
2. *Inductive analysis more can make relationship between researcher and respondent become explicit, knowable, and accountable.*
3. *This analysis more can explain background fully and can make decisions about able or not the transfer of at one particular another background.*
4. *Inductive analysis more can find influence with sharpening relations.*
5. *This analysis can calculate values explicitly as part of analytic structure.*

In the research, documentation data has been analysis through content analysis technique. Content analysis is a method to collecting the data through observation technique and analysis on content of document (such as: publication, contract of work, report, note of meeting, letter, entries, magazine or newspaper). The purpose of content analysis is doing indentifying on characteristic or specific information which is exists on a document to result objective and systematic descriptive (Indriantoro and Supomo, 2002, pg. 159). So, the research conducting content analysis on Sustainable Development 2008 Report of Holcim.

Process of data analysis in this research will state below this:

1. Doing analysis on PT. Holcim Indonesia, Tbk.,'s Sustainable Development report 2008 based on indicator protocols of GRI.

2. Doing analysis on PT. Holcim Indonesia, Tbk.,'s Sustainable Development report 2008 based on key performance indicators of CSI.
3. Giving comments about the result and analysis.
4. Giving conclusion based on the result and analysis.

Review of literature

Social Accounting

Definition of Social Accounting

Social accounting (also known as social and environmental accounting, corporate social reporting, corporate social responsibility reporting, non-financial reporting, or sustainability accounting) is the process of communicating the social and environmental effects of organizations' economic actions to particular interest groups within society and to society at large. Social accounting is commonly used in the context of business, or corporate social responsibility (CSR), although any organization, including NGOs, charities, and government agencies may engage in social accounting (wikipedia.com).

According to Gray, et al. (1996, pg. 3). social accounting is about some combination of:

- a. *accounting for different things (i.e. other than accounting strictly for economic events);*
- b. *accounting in different media (i.e. other than accounting in strictly financial terms);*
- c. *accounting to different individuals or groups (i.e. not necessarily only accounting to the providers of finance); and*
- d. *accounting for different purposes (i.e. not necessarily accounting only to enable the making of decisions whose success would be judged in financial or even only cash flow terms).*

Besides, Belkaoui (2006, pg. 349) define social accounting as process to choose variables, measure, and procedure measurement of social performance on company's grade; which is systematically developing information which good for evaluation of social company performance, and communicate that information to social groups which are have importance, both internal and external of company. Moreover Zarkasyi (2007, pg. 10) defines social accounting is an attempt to redress the balance through recognition that a firm affects, through its actions, its external environment (both positively and negatively) and should therefore account for these effects as part of its overall accounting for its actions. Implicit in this concern with the effects of the actions of an organization on its external environment is the recognition that it is not just the owners who have a concern with its activities.

Hendricksen and Breda (1992, pg.10) describe corporate social accounting concern on issues in the microeconomic view of accounting does not necessarily encompass all the effects companies have on society, are: the cost of environmental pollution, unemployment, unhealthful working condition, and other social problems are not normally reported by a firm, except to the extent that their costs are borne directly by the firm through taxation and regulation.

Characteristics of Various Components from Social Accounting

According to Belkai (2006, pg. 351), characteristic of various components from social accounting are:

1. **Social Responsibility Accounting (SRA)**
This component has purpose to disclose on individual cases which are has social impact.
2. **Total Impact Accounting (TIA)**
This component has purpose to measure total cost (both public and private) from running the organization.
3. **Socio-economic accounting (SEA)**
This component has purpose to evaluation of projects which are fund publicly both financial and non financial.
4. **Social Indicators Accounting (SIA)**
This component has purpose to qualification of long term non financial from social statistics.

The Purposes of Social Accounting

(Wikipedia.com) Social accounting challenges conventional accounting, in particular financial accounting, for giving a narrow image of the interaction between society and organizations, and thus artificially constraining the subject of accounting. Social accounting, a largely normative concept, seeks to broaden the scope of accounting in the sense that it should:

- concern itself with more than only economic events;
- not be exclusively expressed in financial terms;
- be accountable to a broader group of stakeholders;
- broaden its purpose beyond reporting financial success.

It points to the fact that companies influence their external environment (both positively and negatively) through their actions and should therefore account for these effects as part of their standard accounting practices. Social accounting is in this sense closely related to the economic concept of externality. Social accounting offers an alternative account of significant economic entities. It has the "potential to expose the tension between pursuing economic profit and the pursuit of social and environmental objectives". The purpose of social accounting can be approached from two different angles, namely for management control purposes or accountability purposes.

- a. Management control

Social accounting for the purpose of management control is designed to support and facilitate the achievement of an organization's own objectives. Because social accounting is concerned with substantial self-reporting on a systemic level, individual reports are often referred to as social audits. Organizations are seen to benefit from implementing social accounting practices in a number of ways, e.g.:

- Increased information for decision-making;
- More accurate product or service costing;
- Enhanced image management and Public Relations;
- Identification of social responsibilities;
- Identification of market development opportunities;
- Maintaining legitimacy.

b. Accountability

Social accounting for accountability purposes is designed to support and facilitate the pursuit of society's objectives. These objectives can be manifold but can typically be described in terms of social and environmental desirability and sustainability. In order to make informed choices on these objectives, the flow of information in society in general, and in accounting in particular, needs to cater for democratic decision-making.

Society is seen to profit from implementing a social and environmental approach to accounting in a number of ways, e.g.:

- Honoring stakeholders' rights of information;
- Balancing corporate power with corporate responsibility;
- Increasing transparency of corporate activity;
- Identifying social and environmental costs of economic success.

According to Gray et al., (1996, pg. 38) accountability can be simply defined as the duty to provide an account (by no means necessarily a financial account) or reckoning of those actions for which one is held responsible. Accountability involves two responsibilities or duties: the responsibility to undertake certain actions (or forbear from taking actions) and the responsibility to provide an account of those actions.

Social Responsibility Accounting

Definition of Social Responsibility Accounting (SRA)

Social Responsibility Accounting (SRA) was defined in the U.K. Government's Green Paper in 1977 to be the reporting, of individual items such as anti pollution or health and safety measures, which was largely done on an ad hoc basis (Muhammad, et al, 2008).

Content of Social Responsibility Accounting (SRA) Reporting

According to Muhammad, et al, 2008 quoted from D.Little, 2004, Social Responsibility Accounting provides a means whereby companies can

manage and influence the attitudes and perceptions of their stakeholders. To communicate SRA activities to stakeholders, many top companies now produce reports on their environmental, social, and /or ethical performance. Such activities can enhance relationships with stakeholders, and can lead to increased market value.

Environmental Accounting

Definition of Environmental Accounting

Environmental accounting is a subset of social accounting, focuses on the cost structure and environmental performance of a company. It principally describes the preparation, presentation, and communication of information related to an organization's interaction with the natural environment (Wikipedia.com).

Environmental accounting can be considered either a subset or superset of accounting proper, because it aims to incorporate both economic and environmental information. It is a growing field that identifies measures and communicates costs from a company's actual or potential impact on the environment. Costs can include costs to clean up or remediate contaminated sites, environmental fines, penalties and taxes, purchase of pollution prevention technologies and waste management costs (wikipedia.com).

Environmental accounting aims at achieving sustainable development, maintaining a favorable relationship with the community, and pursuing effective and efficient environmental conservation activities. These accounting procedures allow a company to identify the cost of environmental conservation during the normal course of business, identify benefit gained from such activities, provide the best possible means of quantitative measurement (in monetary value or physical units) and support the communication of its results (Ministry of the Environment, Japan, 2002).

Basically, clarification concerning environmental accounting concept have to follow some factor following, for example:

1. Environmental conservation cost
2. Environmental conservation benefit
3. Cost and benefit of environmental conservation activities

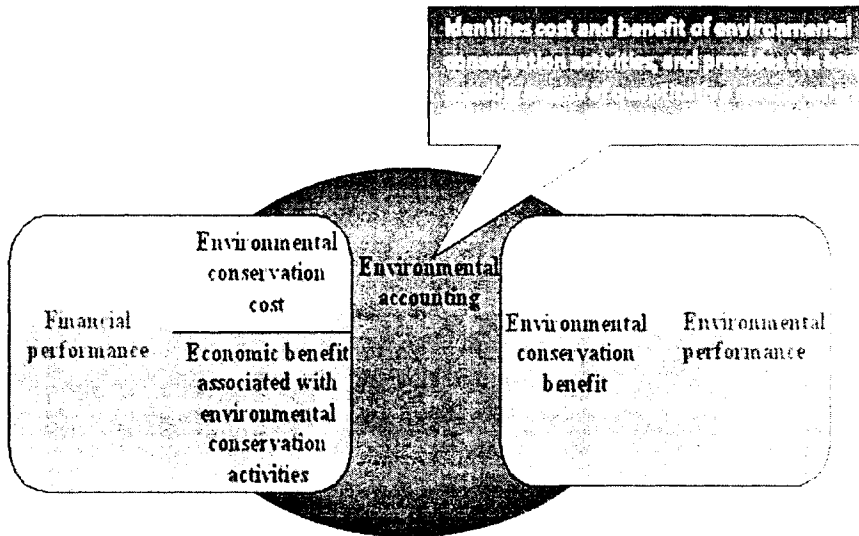


Figure 1 Ministry of the Environment, Japan, 2002. *Environmental Accounting Guidelines.*

Gray, et al, (1993, pg. 13) states the definition of environmental accounting, are:

- Recognizing and seeking to mitigate the negative environmental effects of conventional accounting practice;
- Separately identifying environmentally related cost and revenues within the conventional accounting system;
- Taking active steps to set up initiatives in order to ameliorate existing environmental effects of conventional accounting practice;
- Devising new forms of financial and non-financial accounting systems, information system and control systems to encourage more environmentally benign management decisions;
- Developing new forms of performance measurement, reporting and appraisal for both internal and external purposes;
- Identifying, examining and seeking to rectify area in which conventional (financial) criteria are in conflict;
- Experimenting with ways in which sustainability may be assessed and incorporated into organizational orthodoxy.

Environmental accounting is a method for improving business decision making in recognition of the increasing environmental challenges and opportunities facing business today. It does this by identifying hidden or misallocated internal and external environmental costs and allocating them to particular products or processes. Environmental accounting provides firms with truer costs of their products and processes, thus leading to better business decisions and sustained profitability (Sukoharsono, 2005, pg. 22).

The Areas of Environmental Accounting

According to Gray, et al, (1993, pg. 6) environmental accounting will cover:

- *accounting for contingent liabilities/ risks;*
- *accounting for assets revaluation and capital projections;*
- *cost analysis in key area such as energy, waste and environmental protection;*
- *investment appraisal to include environmental factors;*
- *development of new accounting and information systems;*
- *assessing the cost and benefit of environmental improvement programs;*
- *developing accounting techniques which express assets and liabilities and cost in ecological (non-financial) terms.*

The Functions of Environmental Accounting

The functions of environmental accounting can see in two forms (Ministry of the Environment Japan, 2002):

1. Internal Function

As one step of a company's environmental information system, internal function makes it possible to manage environmental conservation cost and analyze the cost of environmental conservation activities versus the benefit obtained, and promotes effective and efficient environmental conservation activities through suitable decision making.

2. External Function

By disclosing the quantitatively measured results of its environmental conservation activities, external functions allow a company to influence the decision-making of stakeholders, such as consumers, investors, and local residents.

The Benefits of Environmental Accounting

According to Sukoharsono (2005, pg. 23), all benefits, however, contribute to improving a firm's profitability in both the short term and the long term (sustainability). By implementing environmental accounting the company will:

- *Better discern opportunities to minimize compliance costs and reduce operating costs;*
- *Reduce costs through energy and resource conservation;*
- *Aid strategic decision making regarding continuing or abandoning a particular product or process;*
- *Gain a competitive advantage by minimizing environmental impacts through improved design of products, packages and processes, and*
- *Help to ensure your company meets compliance and due diligence requirements.*

Sustainability

Definition of Sustainability

Sustainability means thinking about the impact of economic activities – things bought, investments made, waste thrown away, pollution generated – on the natural and human resources on which they ultimately depend (a report from the accounting for sustainability group, pg. 8). Besides, sustainability is an attempt to provide the best outcomes for the human and natural environments both now and into the indefinite future. Sustainability relates to the continuity of economic, social, institutional and environmental aspects of human society, as well as the non-human environment. (wikipedia.com).

According to Crowther and Aras (2008, pg. 46), component of sustainability are:

1. *Social Influence*
Define as a measure of the impact that society makes upon the corporation in terms of social contract and stakeholder influence.
2. *Environmental Impact*
Define as the effect of the actions of the corporation upon its geophysical environment.
3. *Organizational Culture*
Define as relationship between the corporation and its internal stakeholders, particular employees, and all aspects of that relationship.
4. *Finance*
Define in terms of an adequate return for the level of risk undertaken.

Sustainability Accounting

Definition of Sustainability Accounting

There are three key dimensions of sustainability: the economic, the social and the environmental. As a result sustainable development can be measured in terms of these three dimensions:

- The economic impact might be the effect on local employment and livelihoods by the organizations operations
- The social impact might include staff terms and conditions or projects in the community
- The environmental impact might include the quality of waste water discharged or greenhouse gas emissions from operations.

Sustainability accounting provides a useful tool to identify, evaluate and manage social and environmental risks by identifying resource efficiency and cost savings and link improvements in social and environmental issues with financial opportunities. It also allows comparison and benchmarking of performance and identification of best practice (constructing excellence, 2004).

Benefits of Sustainability Accounting

Organizations committed to sustainability look beyond immediate profits to returns and value, which can be achieved over many years and in ways that have consideration of environmental and social issues. The sustainability accounts can be used to:

- Collect information on environmental and socially related expenditure and link them to financial benefits
- Show how environmental and social external costs can decline over time with commitment to sustainability
- Highlight the social and environmental risks associated with current financial performance and aid risk management
- Identify which stakeholder relationships present sustainability risks and benefits
- Encourage partnership between stakeholder organizations

Sustainable Development

Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs (Brundtland report). The concept of sustainable development has brought in its wake an increased awareness of energy, environmental and ecological issues. The need to conserve biodiversity, to protect the rainforests, to consider in a systematic fashion environmental impacts, and the preservation of resources, has led to new paradigms of design. Expanding environmental awareness is reflected in both new regulations and new ethical positions adopted by designers and conceptual models of sustainability are beginning to emerge.

(Wikipedia.com) Sustainable development is a collection of methods to create and sustain development which seeks to relieve poverty, create equitable standards of living, satisfy the basic needs of all peoples, and establish sustainable political practices all while taking the steps necessary to avoid irreversible damages to natural capital in the long term in turn for short term benefits by reconciling development projects with the regenerative capacity of the natural environment. The notion of sustainable development encompasses three primary areas: the economic, the social, and the environmental. As such, sustainable development can be said to rest on three fundamental principles: economic development, social development, and environmental protection (Baker, 2008, pg. 1).

CSR is an integral part of sustainable development. Exactly where it fits in is vigorously debated, mainly because the concept of sustainable development also has many different interpretations (Watts, et al, 1999). According to Watts. et al, 1999. pg. 6, the scope of corporate responsibility (sustainable development) could be categorized on three aspects, are:

Corporate Financial/Economic Responsibility

Financial responsibility refers to understanding and applying financial concepts to supply management decisions to address allocation of funds, accurate reporting and management of risk (Certified Professional in Supply Management, 2009).

According to Watts, et al, 1999 quoted from Tony Juniper, Friends of the Earth, pg. 25, Companies need to start investing in social capital. The public's expectations of companies are altering dramatically. People want to spend their money responsibly and want companies to help them do that. The first companies to stop 'green-washing' and start really delivering will emerge as the winners.

Corporate Environmental Responsibility

Corporate environmental responsibility means responsibilities which are conduct from company to maintain and keep environment. Companies can undertake many environmentally responsible activities. Those activities could include:

- *Reusing parts, supplies, and so forth;*
- *Recycling;*
- *Eliminating or reducing pollution;*
- *Manufacturing products that are recyclable;*
- *Reducing unnecessary packaging;*
- *Reducing energy consumption;*
- *Manufacturing energy efficient product;*
- *Manufacturing product with longer lives;*
- *Manufacturing products that are easy to repair;*
- *Reclaiming products from consumers (Sukoharsono, 2005, pg. 6. quote from Roth and Keller, 1997:51).*

Protecting the environment from the impact of operations is a core responsibility. Besides their legal obligations, which differ according to region and country, corporations are seen to have a broad responsibility to protect the physical environment throughout their supply chains. They should commit to continuous improvements in eco-efficiency (doing more with less) and managing the full lifecycle of their product or service.

According Watts, et al, 1999 dialogue session noted:

- Companies should be proactive on the environment and seek solutions that can lead to competitive advantage.
- Responsible and leading companies pave the way for others but laggards ride free on such progress.
- The severity or acuteness of a particular issue can create action. The non-governmental community is largely responsible for driving an issue up the 'acuteness scale'.
- Environmental issues are inter-linked with many aspects of CSR.

Corporate Social Responsibility

Definition of Corporate Social Responsibility

(Wikipedia.com, 2009) Corporate social responsibility (CSR), also known as corporate responsibility, corporate citizenship, responsible business, sustainable responsible business (SRB), or corporate social performance, is a form of corporate self-regulation integrated into a business model. Ideally, CSR policy would function as a built-in, self-regulating mechanism whereby business would monitor and ensure their adherence to law, ethical standards, and international norms. Business would embrace responsibility for the impact of their activities on the environment, consumers, employees, communities, stakeholders and all other members of the public sphere. Furthermore, business would proactively promote the public interest by encouraging community growth and development, and voluntarily eliminating practices that harm the public sphere, regardless of legality. Essentially, CSR is the deliberate inclusion of public interest into corporate decision-making, and the honoring of a triple bottom line: People, Planet, Profit.

According to Asian–Oceanian Computing Industry Organization – ASOCIO. CSR is often used interchangeably for other terms such as Corporate Citizenship and is also linked to the concept of Triple Bottom Line Reporting (TBL), which is used as a framework for measuring an organization’s performance against economic, social and environmental parameters.

The other definition from Canadian Business for Social Responsibility defines CSR as a company’s commitment to operating in an economically, socially and environmentally sustainable manner, while recognizing the interests of its stakeholders, including investors, customers, employees, business partners, local communities, the environment and society at large. While The Conference Board of Canada defines CSR as the overall relationship of the corporation with all of its stakeholders. These include customers, employees, communities, owners, investors, government, suppliers and competitors. Elements of social responsibility include investment in community outreach, employee relations, creation and maintenance of employment, environmental stewardship and financial performance.

The rationale for CSR has been articulated in a number of ways. In essence it is about building sustainable businesses, which need healthy economies, markets and communities. The key drivers for CSR are (Asian–Oceanian Computing Industry Organization → ASOCIO):

1. *Enlightened self-interest*
Creating a synergy of ethics, a cohesive society and a sustainable global economy where markets, labor and communities are able to function well together.
2. *Social investment*
Contributing to physical infrastructure and social capital is increasingly seen as a necessary part of doing business.

3. *Transparency and trust*

Business has low ratings of trust in public perception. There is increasing expectation that companies will be more open, more accountable and be prepared to report publicly on their performance in social and environmental arenas

4. *Increased public expectations of business*

Globally companies are expected to do more than merely provide jobs and contribute to the economy through taxes and employment.

History of Corporate Social Responsibility

In global context, CSR start on 1970s and more popular since book which title *Cannibals with Forks: The Triple Bottom Line in 21st Century Business* was issued (1998) by John Elkington. He introduce Corporate Social Responsibility into three aspects, there are: profit, planet, and people (3P). Good company not only try to get much proceeds (profit), but also care with continuity of environment (planet) and prosperity of society (people).

In Indonesia, CSR being a popular term in 1990s. Many companies execute social activities which are known with Corporate Social Activity (CSA). The recent form of CSR which is done by companies not always doing by self, but the company can make coordination with Non Governmental Organization (NGO) or another Human Social Institute to do social activities.

The Type of Corporate Social Responsibility

According to Harahap (2003, pg. 360) quote from Bradshaw, the type of corporate social responsibility are:

1. *Corporate philanthropy*

That company responsibility limited to generous or volunteer, not yet come up with responsibility. The type of this responsibility can represent activity of charity, contribution, or other activity which might possibly indirectly related to company activities.

2. *Corporate responsibility*

Activity of that responsibility has represented the part of company responsibility is capable because the rule of Code Law or part of willingness or readiness of company.

3. *Corporate policy*

Social responsibility of that company has represented the part of company policy.

The Principles of Corporate Social Responsibility

The principles of corporate social responsibility are (Crowther and Aras, 2008, pg. 14):

1. *Sustainability*

Sustainability is concerned with the effect which action taken in the present has upon the option available in the future. The starting

point for every definition of sustainability comes from the Brundtland Report, which is published in 1987.

2. **Accountability**

This is concerned with an organization recognizing that its actions affect the external environment, and therefore assuming responsibility for the effects of its actions. This concept therefore implies a quantification of the effects of action taken, both internal to the organization and externally.

More specially, the concept implies a reporting of those quantifications to all parties affected by those actions. This implies a reporting to external stakeholders of the effects or actions taken by the organization and how they are affecting those stakeholders.

3. **Transparency**

Transparency, as a principle, means that the external impact of the actions of the organization can be ascertained from that organization's reporting and pertinent facts are not disguised within that reporting. Transparency is of particular importance to external user such information as these user lack the background details and knowledge available to internal users such information.

Indicator Protocols of Global Reporting Initiative (GRI)

The Global Reporting Initiative (GRI) has the potential to significantly improve the usefulness and quality of information reported by companies about their environmental, social and economic impacts and performance. The GRI aims to develop a voluntary reporting framework that will elevate sustainability reporting practices to a level equivalent to that of financial reporting in rigor, comparability, audit ability and general acceptance.

The GRI Reporting Framework is intended to serve as a generally accepted framework for reporting on an organization's economic, environmental, and social performance. It is designed for use by organizations of any size, sector, or location. It takes into account the practical considerations faced by a diverse range of organizations – from small enterprises to those with extensive and geographically dispersed operations.

Key Performance Indicators of the Cement Sustainability Initiative (CSI)

CSI represents leading cement producers who have committed to work toward a sustainable future through the following initiatives: to make more efficient use of natural resources and energy, to meet the expectations of stakeholder communities through greater transparency of operations and open engagement to foster positive change, and to build new market opportunities through process, product and service innovation, cost savings and a reduced environmental impact (SD 2008 Report of Holcim, pg. 3).

A series of key performance indicators (KPIs) that measure important business and sustainability parameters was established for each core issue.

Individual companies are committed to setting targets for measurable performance against these key indicators, and to publicly reporting on progress against these targets. To date, CSI companies have begun to report their performance against these indicators, and a majority has displayed year-on-year improvements.

Climate Change Management

Effective management of CO₂ emissions is keys to climate protection.

1. Number of facilities and percentage using the WBCSD CO₂ Protocol Guidelines for emissions inventory.
2. Company-wide total CO₂ emissions (gross and net), tonnes/year.
3. Company-wide gross and net CO₂ emissions per tonne of cementitious product.

Fuels and materials use

To become more eco-efficient and reduce demand for fossil fuels, the cement industry has had to become smarter in the way it use, reuses and recycles raw materials, energy and waste

- a. Energy use
 1. Specific heat consumption of clinker production, in MJ per tonne of clinker.
 2. Alternative fossil fuel rate: consumption of alternative fuels, as a percentage of thermal consumption.
 3. Biomass fuel rate: consumption of biomass, as a percentage of thermal consumption.
- b. Raw materials use
 1. Alternative raw materials rate: consumption of alternative raw materials, as a percentage of total raw materials for cement and clinker production (calculated on a dry basis).
 2. Clinker/ cement factor: ratio between clinker consumption and cement production calculated according to cement protocol.

Health and Safety

Employee health and safety ranks at the top of CSI priorities. Every CSI member is strongly committed to continuously improving safety performance, and to providing a healthy working environment.

- a. Fatalities
 1. Number of fatalities and fatality rate per 10,000 for directly employed.
 2. Number of fatalities indirectly employed (contractors and subcontractors).
 3. Number of fatalities involving 3rd parties (not employed).
- b. Lost-time injuries

1. Lost time injuries and injury frequency rate (per 1,000,000 man-hours directly employed).
2. Number of lost time injuries for indirectly employed (contractors and subcontractors).

Emission monitoring and reporting

Notwithstanding the intense worldwide political and media attention fixed on emissions of carbon dioxide, CSI members have not overlooked their responsibility toward curbing the cement industry's emissions of other significant pollutants. In particular, the CSI has aimed to reduce emissions of nitrogen oxides (NO_x), sulfur oxides (SO_x), dust, and of certain organic compounds.

1. Percentage of clinker produced by kilns covered by a monitoring system, either continuous or discontinuous for main and other pollutants.
2. Percentage of clinker produced by kilns which have installed continuous measurements for the main pollutants.
3. Company-wide specific (g/tonne of clinker), and total (tonnes/year) releases for:
 - NO_x
 - SO_x
 - Dust

Local impacts

Producing cement has significant local impacts on surrounding communities, both positive and negative. Job creation and the provision of products and services are a significant positive outcome, particularly in remote locations in developing countries where there may be few other opportunities for economic development. Negative impacts of cement production include disturbance to landscape and local biodiversity caused by limestone quarrying, as well as dust and noise.

1. Percentage of sites with community engagement plans in place.
2. Percentage of active sites with quarry rehabilitation plans in place.
3. Number of active sites where biodiversity issues are addressed.

Result and Analysis

Company Overview

PT. Holcim Indonesia, Tbk.

Holcim Indonesia is a leading fully integrated producer of cement, ready mixed concrete and aggregates with a unique and expanding retail franchise offering the most complete end-to-end solution to home building, from building materials supply to design and speedy, safe construction.

Vision and Mission

Vision

To be the best performing and most respected Indonesian company in our industry, ranked amongst the best in the Holcim Group.

Mission

PT Holcim Indonesia Tbk through the manufacture and sale of cement, concrete, aggregates and the development of people, will deliver the maximum sustainably profitable return to shareholders while maintaining a responsible duty of care to all stakeholders.

Products and Services

Products and services of PT. Holcim Indonesia, Tbk.. consist of five business segments, are:

1. Cement

Holcim Indonesia annually produces about 7 million tonnes of clinker and cement combined; a range of high quality cement products in various bag and bulk formats both for local customers and export markets in the region. Innovative range of PT. Holcim Indonesia, Tbk.. is at the forefront of improved building standards and has developed a growing following among pre-cast concrete manufacturers and concrete product producers in the construction sector.

a. Holcim Serba Guna

Characteristics found in PT. Holcim Indonesia, Tbk.,'s flagship multi-purpose cement, Holcim Serba Guna are: strength, durability, workability. The combination will answer all of customer construction needs perfectly. The application for this product, are:

- General reinforced concrete construction
- Concrete paneling for architectural purposes
- Mortar for bricklaying
- Plastering & skim coating
- Lightweight concrete application
- Concrete block & wall panel
- Pre-cast product

b. Holcim Smooth Fiber

Holcim Smooth Fiber does exactly what its name tells to creating the smooth, strong fiber-reinforced sheets available. All of this is possible thanks to a quality that is controlled under tight standards. The application for this product, are:

- Pre-cast product
- Fiber roof & sheet

c. Holcim Ready Flow

Holcim Ready Flow is a product which is has high workability in ready mix application or pre-cast concrete product. This product was designed with an advantage on high volumetric civil engineering unit, it also comes with a quality. The application of this product, are:

- General reinforced concrete construction
- Lightweight concrete application
- Concrete drainage channels and pre-cast piping
- Concrete road & paving block
- Concrete block & wall panel
- Pre-cast product
- Bridge and dams

d. Holcim Ready Flow Plus

This product offers great combination between optimum strength development and workability – making it the perfect choice for ready mix application and pre-cast concrete product. The application of this product, are:

- General reinforced concrete construction
- Load bearing pre-cast concrete element (e.g. bridge girders, piles, concrete box)
- Towers and chimneys
- Structures constructed using traveling forms or slip forms
- Lightweight concrete application
- Irrigation canals, tanks and reservoirs
- High early strength concrete application

e. Holcim Durable

Aggressive environments can be a daunting challenge for large pour applications – but not for Holcim Durable. Holcim Durable provides medium resistance to environments such as sulphates. The application of this product, are:

- Raft foundation
- Dam or heavy abutment
- High performance concrete application
- Bored pile and concrete retaining walls
- Mass concrete pouring

- Jetties, piers or wharves with highly reinforced structures
- Underwater concreting
- Concrete application with marine environmental exposure

f. **Holcim Extra Durable**

Holcim Extra Durable is maximum resistance to environments such as sulphate. With excellent benefits such as these, Holcim Extra Durable is ready to answer construction challenges. The application of this product, are:

- High durability concrete application
- Jetties, piers or wharves with highly reinforced structures
- Underwater concreting
- Concrete that will be exposed to environmental chlorides from de-icing salts or high sulphate content

g. **Holcim Drillwell Plus**

Holcim Drillwell Plus brings optimum performance from your drilling and exploration activities. It offers high compressive strength, excellent resistance to chemical attack, optimum hydraulic seal between soil strata and low admixture consumption to optimize your well performance. Holcim also complies with the API (American Petroleum Institute) certification as well as the ISO 9001:2000. The application for this product, are:

- Recommended for oil wells where the temperature conditions rise up to 500oF and pressure of 30,000 Psi in extremely deep holes
- Ideal cement to make grouts used to cement oil & geothermic wells

2. **Concrete**

Holcim Beton offers one of the most comprehensive ready-mixed concrete services in Indonesia with a network of batching plants available to serve major projects across Java. Holcim Beton, a wholly owned subsidiary operates a coordinated 24 hours a day network of concrete batching plants, mobile batching plants, MiniMix and regular mixer trucks to ensure fast and on time delivery. Holcim Beton has extensive experience in handling large scale pours. It offers extensive experience in mix design. No job is too small for nimble and adaptable MiniMix of Holcim service fleet who deliver a door to door phone service including payment by credit card for maximum customer convenience.

a. **Ready Mix Concrete**



The quality of your construction is the main priority. Holcim has computerized batching plants which can supply mix designs to meet needs of using high quality cement, carefully selected sand and aggregates graded for cleanliness and size, water and admixture to maximize workability and performance. It offers additional services to help you manage any difficulties during the construction period. Reduce administrative cost by working with Liaison Officer. Build in remote areas by utilizing mobile batching plants of Holcim. And pride Holcim in track record of ensuring on time delivery and regular monitoring to ensure construction project progresses as planned and on time. All Holcim ready mixed concrete is produced in accordance with ISO 9001 quality specifications and meets the environmental requirements of ISO 14001.

b. MiniMix

MiniMix is the latest addition to our fleet of concrete mixer trucks. One-third smaller than the average mixer truck, MiniMix is able to go through narrow streets, making it perfect for houses, shops and other small-scale construction projects. Other benefits offered by MiniMix are:

1. Practicality

Customers can order our high quality concrete mix in smaller volumes – anywhere between 1 to 2.5 m³. Just pick up the phone. Holcim accept cash, credit card and debit card.

2. Time Saving

With MiniMix, concrete mix applications can be completed faster, more efficiently.

3. Accuracy

Compared to manual concrete mixing, MiniMix provides a more accurate mix with less wasted materials – which means cost efficiency.

4. Reliable strength

Choose between the Duracon 225 (for columns, staircases and flooring) and the Duracon WT (for walls and flooring). Both types are easy to apply, and made with quality materials in our very own batching plants

3. Aggregates

Holcim Indonesia is one of the leading suppliers of aggregates in Indonesia drawing upon the largest stone quarry in West Java, at Maloko, a number of other quarries under our management and the Jeladri quarry near Surabaya. It also supplies high quality sand. PT. Holcim Indonesia's broad range of premium aggregates for concrete and a variety of building applications includes:

- Coarse aggregates
For concrete, asphalt, sealing and drainage material
- Fine aggregates
Manufactured sand, crusher dust and silica sand
- Other aggregates
Boulder rock, gabion stone, railway ballast and road base

4. Solusi Rumah

Holcim has created Solusi Rumah so customer can realize the dream of their home, quickly and affordably. A new paradigm for the cement and building materials sector in Indonesia, Solusi Rumah provides homeowners with everything they need in one place – flexible design, cost information, building materials, skilled masons and the right channels to help customers secure appropriate finance from leading banks. Our unique and comprehensive service serves you in four ways:

a. Design consultation

Our range of designs offers healthy, comfortable homes that allow for future expansion and can be tailored to your needs (rumah tumbuh).

b. Quality construction material

All of our construction materials are made using concrete pre-cast technology - which means better quality and cost efficiency.

c. An effective and efficient construction system

Solusi Rumah provides you an effective and efficient construction system and qualified building expertise for a fast completion to a standard that delivers strength and economy over traditional building methods.

d. Easy access to finance

Our computer designs automatically calculate the building materials requirements for your new home so it's easy to work to a budget. Holcim can then introduce to a reputable partner bank for financing needs.

5. Geocycle

Geocycle is a reliable, safe and secure waste management service for leading industrial companies, manufacturers and municipalities. Holcim's expertise and experience provides peace of mind and a complete solution to unwanted waste. Holcim can provide the problems of solutions to alleviate over pressed landfills, groundwater contamination and illegal dumping.

Sustainable Development of PT. Holcim Indonesia, Tbk.

Vision and Strategy

Holcim Indonesia is committed to Sustainable Development (SD). This means that, as grow of business, Holcim contribute to economic development, to livelihoods and living standards while at the same time managing environmental resources responsibly: to help future generations meet their own resources needs.

SD is integral to PT. Holcim Indonesia, Tbk.,’s brand and reputation – point of difference in a competitive market. It is embedded in corporate policies and management systems. It is central to Holcim’s communications with stakeholders. And it is literally part of day-to-day life for Holcim’s employees.

PT. Holcim Indonesia measure progress using a triple bottom line:

- **in economic terms**
How work with retailers, cement and concrete products manufacturers, masons and the construction sector in general.
- **in environmental terms**
How manage natural resources and the impact of our operations on climate and ecosystems and how Holcim give back to society, such as through the disposal of agricultural and other waste.
- **in social terms**
How play a role in helping support the needs of local communities, caring and contributing, in education, safety and healthcare, in daily life and in times of need, with both a local and an international perspective.

Sustainable Development Priorities

PT. Holcim Indonesia, Tbk., group priorities under six choices that have made to tackle the daily challenges in balancing a sustainably profitable return to shareholders, better living standards and a responsible management of Holcim’s environment. Six priorities of PT. Holcim Indonesia, Tbk., are:

1. Economic impact and sustainable construction
New standards in commercial and retail markets
2. Care over health and safety
Safety first, no compromise
3. Differentiating people through skills
Qualifications and livelihoods
4. Social responsibility
Self help and motivation
5. Climate & Energy
Conserving resources, eliminating waste
6. Compliance & Governance
Promoting innovative ideas, ethical and fair practices

Environmental Performance

PT. Holcim Indonesia, Tbk., take environmental responsibilities very seriously, with close monitoring of the impact of Holcim's operations daily. Goals of PT. Holcim Indonesia, Tbk., are optimal production with effective management of emissions and efficient use of energy and raw materials. Through Geocycle waste management team PT. Holcim Indonesia, Tbk., contributing to the removal of harmful wastes from society and the elimination of environmental risks associated with over-pressed landfills and illegal dumping.

PT. Holcim Indonesia, Tbk., are pioneers in the region for the development of waste solutions and renewable resource utilization. It was first to develop a destruction facility for handling ODS (Ozone depleting substances) including highly harmful CFC gases. Holcim operate the largest biomass alternative fuel project under the UNFCCC's Clean Development Mechanism, and a first of its type for Holcim worldwide. In substitution for burning coal Holcim use discarded rice husks and palm kernel shells, which otherwise would give off large amounts of CO₂ emissions in natural decomposition. This is not only a contribution to saving coal stocks, but provides economic opportunities for local businesses to develop earnings from the regular supply of biomass.

PT. Holcim Indonesia, Tbk., manage cement dust dispersal through electrostatic dust precipitators, it is cultivating fast growing trees in fuel forests to act as carbon sinks around plant sites and reducing both the clinker level in final cement (saving heat and CO₂ emissions) but also water usage and electricity per tonne of finished cement. Close attention is also paid to noise abatement.

Social Commitment

As a responsible neighbor, Holcim Indonesia continues to seek opportunities to add value in our local communities. Holcim Indonesia believes there are important choices to be made in building understanding and cooperation with local communities. Holcim builds civic partnerships and speakeasy panels exploring beyond the creation of jobs, through active participation in self-help initiatives in key areas such as education, health and micro business development – another aspect of PT. Holcim Indonesia, Tbk.'s motto "Building Together."

Based on comparison analysis of PT. Holcim Indonesia, Tbk with indicator protocols of Global Reporting Initiative (GRI), can be seen that the following each performance indicator is:

- Economic Performance Indicator

Based on Sustainable Development report 2008, Holcim has been done three corporate responsibility activities and then report the activities in Sustainable Development report 2008. The three corporate

responsibilities are having implication of climate change, having retirement plans, and having remuneration.

- Environment Performance Indicator

Based on Sustainable Development report 2008, Holcim has been done eight corporate responsibility activities and then report the activities in Sustainable Development report 2008. The eight corporate responsibilities are using recycled of material, consummating indirect energy, improving energy efficiency, using water withdrawal, having greenhouse gas emission report, reducing greenhouse gas emission, having ozone-depleting substance emission report, and mitigating environmental impact of products and services.

- Labor Practice and Decent Work Performance Indicator

Based on Sustainable Development report 2008, Holcim has been done six corporate responsibility activities and then report the activities in Sustainable Development report 2008. The six corporate responsibilities are having workforce structure, having report of employee turnover, having union membership, having safety indicator, and raising OHS (Occupational Health and Safety) awareness.

- Human Rights Performance Indicator

Based on Sustainable Development report 2008, Holcim has been done four corporate responsibility activities and then report the activities in Sustainable Development report 2008. The four corporate responsibilities are having discrimination policy, freedom of association, having child labor policy, and having compulsory labor.

- Society Performance Indicator

Based on Sustainable Development report 2008, Holcim only has been done ne corporate responsibility activity and then report in Sustainable Development report 2008. The corporate responsibility is having effectiveness and impact of CSR operations.

- Product Responsibility Indicator

Based on Sustainable Development report 2008, Holcim only has been done one corporate responsibility activity and then report in Sustainable Development report 2008. The corporate responsibility is conducting customer satisfaction surveys.

Matrix of Fulfillment on Indicator Protocols of Global Reporting Initiative

Performance	Total	Core/ C	Add/ A	Total	Core (%)	Add (%)
Economic	9 (7 core and 2 add)	2	1	3	11%	50%
Environment	30 (17 core and 13 add)	6	2	8	35%	15%
Labor and	14 (9 core	5	1	6	55%	20%

Practices Decent Work	and 5 add)					
Human Rights	9 (6 core and 3 add)	4	0	4	67%	0%
Society	8 (6 core and 2 add)	1	0	1	17%	0
Product Responsibilit y	9 (4 core and 5 add)	0	1	1	0%	20%
Average					30,83%	17.5%

From the analysis above, can know that Holcim only fulfill 18 core elements and 5 add elements (23 performance indicators) from 49 core elements and 30 add elements in (79 performance indicators). In percentage of fulfillment on indicator protocols of GRI, Holcim only fulfill 30.83% for core indicators and 17% for add indicators. Based on that analysis, Holcim has been reported more than 20 performance indicators in Sustainable Development 2008 report. So that, based on application level criteria of GRI on G3 Performance Indicators & Sector Supplement Performance Indicators, can be concluded that Holcim can be graded with B (according standard issued by Global Reporting Initiative as sustainability reporting guidelines).

Based on that analysis above, can know that Holcim not report all of the key performance indicators of Cement Sustainability Initiative. Holcim only report two performance indicators from three key performance indicators for climate change management. Holcim has been reported all of key performance indicators for fuels and material use also indicators for health and safety. Holcim didn't report key performance indicators for emission monitoring and reporting also indicators for local impacts. From clarification above, can be concluded that Holcim still not yet fulfill key performance indicators on Cement Sustainability Initiative, though Holcim is member founder of Cement Sustainability Initiative.

CONCLUSIONS, RECOMMENDATION, AND LIMITATION

Conclusions

The research has two purposes. Firstly, to know how far PT. Holcim Indonesia, Tbk fulfill indicator protocols of Global Reporting Initiative (GRI), as sustainability reporting guidelines in compiling corporate social reporting. Secondly, to know how far PT. Holcim Indonesia, Tbk fulfill key performance indicators of Cement Sustainability Initiative (CSI), as a founder member of CSI.

Based on the analysis that has been conducted, it can be concluded that:

1. Holcim has been reported 23 performance indicators, so can be graded with B. It happens because based on application level criteria which has been stated by GRI, grade B will be given to report that reporting on a minimum of 20 performance indicators, at least one from each of: economic, environment, human rights, labor, society, product responsibility. Average percentage of fulfillment indicator protocols based on GRI by Holcim is 30.83% for core indicators and 17% for add indicators.
2. According to analysis on Sustainable Development 2008 Report of PT. Holcim Indonesia, Tbk based on CSI, Holcim still not yet fulfill key performance indicators on Cement Sustainability Initiative, though Holcim is member founder of Cement Sustainability Initiative.

Recommendations

Based on analysis has been conducted, recommendation could be given are:

1. In compiling sustainable development report, PT. Holcim Indonesia, Tbk should fulfill indicator protocols which have been recommended by GRI, especially in indicator protocols of product responsibility. It happens because Holcim didn't reported one of from nine core indicators, only reported one add indicator.
2. PT. Holcim Indonesia, Tbk should more reporting key performance indicators which are issued by Cement Sustainability Initiative. It happens because Holcim is a founder member of Cement Sustainability Initiative. So, key performance indicators of CSI should to more report in SD 2008 Report.

Limitation of Research

Limitation of research is the research only conducted based on secondary data, Sustainable Development 2008 Report of PT. Holcim Indonesia, Tbk. The research doesn't conduct research fields so there is no primary data which used in the research. So, result and analysis only based on knowledge of researcher according to relevant literatures.

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