Implementation of Sustainable Development Goals in Mining Companies Listed on The Indonesia Stock Exchange in 2018-2020

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ABSTRACT

Sustainable Development Goals (SDGs) is a global initiative designed by the United Nations General Assembly in 2015 to achieve sustainable development by emphasizing the 5Ps: People, Planet, Prosperity, Peace, and Partnership. With 17 integrated global goals, the SDGs are expected to be able to create synergy between humans and social, economic, and environmental aspects that are intended to be achieved by the year 2030. The Government of Indonesia has issued Presidential Regulation No. 59 of 2017 concerning the Implementation of Achieving Sustainable Development Goals (SDGs) to give some directions on how to implement the SDGs in Indonesia. This study aims to determine the implementation of the SDGs in mining companies in Indonesia in 2018-2020. This qualitative research uses the content analysis method using secondary data in the form of a Sustainability Report which contains disclosures of economic, environmental, and social performance. From this data, it will be analyzed whether companies in Indonesia have started implementing the SDGs and are consistently running them even during the Covid-19 pandemic. The population in this study are all mining companies listed on the Indonesia Stock Exchange from 2018 to 2020. The sampling technique in this research is purposive sampling by taking a sample of mining companies that publish a Sustainability Report.

Keywords: Sustainable development goals, mining company, sustainability report

Introduction

Mining companies utilize natural resources in Indonesia to meet market demand in the form of coal, crude oil, gas, metals, and minerals as well as soil and minerals. Mining activities carried out are extracting natural resources that cannot be renewed and play an important role in fulfilling people's lives so that they are controlled by the state and are expected to be able to support sustainable national development. The high risks and significant social and environmental impacts of mining activities trigger lawsuits against mining companies. Sustainability issues must also be considered and used as guidelines in the implementation of mining activities. Mining companies should not only prioritize revenue and profit,

With the exploitation of natural resources and concerns about the availability of natural resources in the long term, the government has made several policies and regulations related to obligations that must be fulfilled by mining companies. Following Law No. 40 of 2007 concerning Limited Company in article 74 paragraph 1, it is stated that companies that carry out their business activities in fields related to natural resources are obliged to carry out Social and Environmental Responsibilities. Social and environmental responsibility is the company's commitment to participate in sustainable economic development to improve the quality of life and

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the environment that is beneficial, both for the Company itself, the local community, and society in general. This social and environmental responsibility will hereinafter be referred to as Corporate Social Responsibility (CSR). From this definition, the government not only regulates the responsibility of companies, especially mining companies, to the environment, but also the company’s responsibility to the surrounding community that may be affected by the massive use of natural resources (Dewi et al., 2015).

Law Number 3 of 2020 concerning Amendments to Law Number 4 of 2009 concerning Mineral and Coal Mining stipulates that the management of mineral and coal mining must be following the principles and objectives, as follows: benefits, justice, and balance; siding with the interests of the nation; participatory, transparency, and accountability; sustainable and environmentally sound. Article 108 paragraph (1) also states that the holders of IUP (Mining Business Permits) and IUPK (Special Mining Business Permits) must arrange community development and empowerment. This shows the form of supervision of mining activities by the government, especially its impact on the community and the surrounding environment.

Company Mines that are State-Owned Enterprises (BUMN) such as PT Aneka Tambang Tbk, PT Bukit Asam Tbk, PT Pertamina, PT Sarana Karya Tbk, PT Timah Tbk are also required to make a Sustainability Report. Based on the Regulation of the Minister of State-Owned Enterprises of the Republic of Indonesia No. Per-02/MBU/04/2020 concerning the Third Amendment to the Regulation of the Minister of SOEs No. Per-09/MBU/07/2015 concerning the Partnership Program and the Community Development Program for State-Owned Enterprises, SOEs are required to implement partnership programs and environmental development programs (PKBL). This PKBL must then be reported periodically to the Ministry of SOEs. In addition to PKBL, Sustainability reports prepared by SOEs can also be guided by the Global Reporting Initiative (GRI) which applies internationally and to all types of organizations. For mining companies listed on the Indonesia Stock Exchange, the obligation to report social and environmental responsibility is also regulated by the Financial Services Authority (OJK). Based on POJK No.51/POJK.03/2017 concerning the Implementation of Sustainable Finance for Financial Services Institutions, Issuers, and Public Companies in article 10 paragraph (1) it is stated that Financial Services Institutions, Issuers, and Public Companies are required to prepare a Sustainability Report. This Sustainability Report must be submitted annually following the deadline for submitting the annual report. The Sustainability Report must also be published through the company’s website or print media. and Public Companies in article 10 paragraph (1) states that Financial Services Institutions, Issuers, and Public Companies are required to prepare a Sustainability Report. This Sustainability Report must be submitted annually following the deadline for submitting the annual report. The Sustainability Report must also be published through the company's website or print media. and Public Companies in article 10 paragraph (1) states that Financial Services Institutions, Issuers, and Public Companies are required to prepare a Sustainability Report. This Sustainability Report must be submitted annually following the deadline for submitting the annual report. The Sustainability Report must also be published through the company's website or print media.

The community's awareness of the environmental and social impacts of mining activities requires mining companies to carry out environmental conservation and social responsibility consistently. The United Nations (UN) responds to requests from people around the world to increase corporate awareness not only on social and environmental responsibility but also on prosperity, peace, and partnership. This is stated in The Sustainable Development Goals (SDGs) program which was proclaimed in 2015 by the UN as a global action to end poverty, protect the planet, and ensure that by 2030 all people in the world will achieve peace and prosperity.

SDGs have 17 criteria that are integrated to achieve a balance between social, economic, and environmental sustainability. The 17 criteria include: 1) No Poverty; 2) Zero Hunger; 3) Good Health and Well-Being; 4) Quality Education; 5) Gender Equality; 6) Clean Water and Sanitation; 7) Affordable and Clean Energy; 8) Decent Work and Economic Growth; 9) Industry, Innovation, and Infrastructure; 10) Reduced Inequalities; 11) Sustainable Cities and Communities; 12)
Responsible Consumption and Production; 13) Climate Action; 14) Life Below Water; 15) Life on Land; 16) Peace, Justice, and Strong Institutions; 17) Partnerships for The Goals. Indonesia as a member of the UN participates in efforts to implement the SDGs globally (Moomen et al., 2019).

Based on the Presidential Decree, SDGs aims to maintain a sustainable improvement in the economic welfare of the community, maintain the sustainability of the social life of the community, maintain environmental quality and inclusive development and implement governance that can maintain the improvement of the quality of life from one generation to the next. Currently, the SDGs implemented by companies in Indonesia are in the form of CSR which is disclosed in a Sustainability Report with disclosure guidelines using GRI. Mining companies in Indonesia that are closely related to legal obligations resulting from the impact of their operational activities on the social and surrounding environment are required to carry out CSR activities regularly and are disclosed in the Sustainability Report.

Based on this background, researchers want to analyze the implementation of CSR that has been carried out by mining companies in Indonesia to be able to implement the SDGs in the future. Then due to the Covid-19 outbreak starting in 2019 until now, researchers want to examine the consistency of mining companies in implementing CSR by comparing the Sustainability Report before Covid-19 and when Covid-19 was still ongoing.

**Literature Review**

**Stakeholder theory**

Stakeholder theory is a theory that explains how company management meets or manages stakeholder expectations. The definition of stakeholders according to Jalagat (2016) is all parties that affect the achievement of organizational goals in a responsible company. Stanford Research Institute (SRI) was the first institution to use the stakeholder concept. This institution defines stakeholders as groups who can provide support for the existence of an organization. Ntim (2017) states that the Stakeholder Theory is a shareholder, employee, customer, supplier, creditor, government, and community that is considered powerful in major consideration for companies to disclose or not disclose the information contained in the report.

High institutional ownership will lead to greater oversight efforts by investors so that it can hinder the manager’s opportunistic behavior. Thus, it can be concluded that stakeholder theory is a theory that says that the sustainability of a company cannot be separated from the role of stakeholders both internally and externally with various backgrounds of different interests from each of the existing stakeholders. CSR can be a company strategy to meet the interests of stakeholders for non-financial information related to the company’s social and environmental impacts arising from the company’s activities. The better CSR disclosure by the company will make stakeholders provide full support to the company for all its activities that aim to improve performance and achieve the expected profit. Corporate social responsibility is implemented to all stakeholders. Corporate social responsibility that accommodates the needs and interests of stakeholders arises since there is awareness of the long-term sustainability of the company which turns out to be more important than increasing corporate profits alone (Banerjee, 2008).

**Legitimacy theory**

Legitimacy theory is a company management system that is oriented towards the community (society), individual government, and community groups. The difference between company value and community value is often interpreted as a “legitimacy gap” which will affect the company’s ability to continue its business activities. If the company’s operations (corporate activities) are to society’s expectations, there will be conformity including conformity to social values and norms and vice versa. There will be 3 (three) things that cause the legitimacy gap to occur, namely, first, there is a change in the company’s performance, but people’s expectations of the company’s performance do not change.
Social policies are formulated in the evaluation of inclusive policies in the long term to strengthen trust in public trust, and as strategic social capital in carrying out company operations. Be inclusive in serving the wider community to reduce citizen dissatisfaction or distrust of citizens and to increase citizens’ trust in the government as the person in charge of a social policy. Companies can disclose this information in a sustainability report as a form of company accountability to the public.

Previous research

This study aims to determine whether the CSR programs implemented have been effective or not. The results showed the implementation of the CSR program PT. Adaro Indonesia is based on the company’s awareness of environmental responsibility and community development. Furthermore, the implementation of CSR programs in the education sector such as infrastructure assistance programs including effective assistance. However, several problems were found in its implementation, such as there were schools that had been assisted, regarding the official report for the archives of the school, some did not have it which made it difficult for the school to input data or goods, which includes grants.

Research by Nassaji (2015) was conducted using descriptive qualitative methods to reveal the implementation of CSR based on the SDGs criteria for companies that are members of the Indonesia Global Compact Network (IGCN) from 2015 to 2016. The results show that the implementation of CSR based on the SDGs still needs to be developed. Of the 17 SDGs criteria, there are 6 criteria expressed by 7 companies that are the research subjects. The 6 criteria include Good health and well-being, quality education, clean water and sanitation, clean and affordable energy, responsible consumption and products, partnerships to achieve goals. This study also shows that companies that are the subject of research are more likely to disclose their social responsibilities than to the environment.

Research by Hilson and Murck (2000) discusses the relationship between the SDGs and mining. Researchers conducted a literature review and visited three quarry industries located in Monsenhor Gil, Piaui, Brazil. From the literature review, the researcher feels that it is possible to achieve the implementation of the 17 SDG criteria in the mining sector, such as job promotion (SDG 8), contributing to poverty reduction (SDG 1), and the problem of hunger (SDG 2). Based on the results of the visit, it was seen that there were achievements in the field of job promotion where there was an increase in income for residents around the industry and infrastructure improvements so that they could reach poor and remote areas. Unfortunately, there is a weakness in SDG 5 criteria related to gender equality where there are far fewer female workers compared to male workers due to the scope of work that is usually done by men. In addition, there are also weaknesses in improving education for employees and the surrounding community.

Research by Nurfitriana (2020) aims to investigate actions to achieve the SDGs and define sustainable development strategies in the mining industry. This research was developed based on an in-depth examination of case studies of the mining industry in several different countries and continents. Research shows a positive relationship between the dimensions of sustainable development strategy with social, economic, and environmental.

Material and Methods

This research is qualitative research with a descriptive method of analyzing data. A qualitative approach is a method that emphasizes more aspects of an in-depth understanding of a problem. This research prioritizes the research process based on phenomena or real evidence in the field. The descriptive method aims to see a clear picture or description of certain conditions or symptoms.

In qualitative data analysis, there are three flows of activities that occur simultaneously. Activities in data analysis are Data Condensation, Data Display, and Conclusion Drawing/Verifications. Data Condensation refers to the process of selecting, simplifying,
abstracting, and/or transforming data that approximates all parts of written field notes, interview transcripts, documents, and other empirical materials. Data display is an organized, unified collection of information that enables inference and action. Presentation of data helps in understanding what is happening and for doing something, including deeper analysis or taking action based on understanding. Conclusions Drawing is drawing conclusions and verification.

The data used is secondary data derived from the Sustainability Report published by companies listed on the Indonesia Stock Exchange. The population of this study is all companies listed on the Indonesia Stock Exchange in 2018. The sampling technique used is purposive sampling. Selection of samples with the criteria of mining companies that publish Sustainability Reports for 2018-2020. The purpose of selecting the three years is to compare the implementation of CSR before and during the Covid-19 pandemic. A total of 47 companies in the mining sector consist of 4 sub-sectors including coal, oil and gas, metals and minerals, and soil and excavation.

**Results and Discussion**

**No poverty**

Several mining companies have implemented CSR policies in eradicating poverty. The way to do this is to provide operational assistance from village funds to be given to underprivileged families in villages around the company. In addition, some provide household finance training so that each household can manage its finances. Several companies that provide assistance for this criteria include Alfa Energi Investama Tbk, Indo Tambangraya Megah Tbk, Ginting Jaya Energy Tbk.

**Zero hunger**

No company has implemented Zero Hunger in its CSR yet. This is due to the possibility that there are no cases of hunger around the company operating so the Company is still not concerned about the Zero Hunger criteria.

**Good health and well-being**

In the current era of the Covid-19 pandemic, many companies are concerned about public health. This is shown by almost all mining companies carrying out CSR in the form of health activities to prevent the spread of the Covid-19 virus. Some examples of companies that carry out activities related to these criteria are Adaro Energy Tbk, Atlas Resources Tbk, and Borneo Olah Saran Sukses Tbk. These activities include organizing events to build awareness of a healthy lifestyle or proper handwashing, holding mass vaccinations for both employees and the community where the company operates.

**Quality education**

The criteria for quality education are held by the company as a manifestation of the company’s concern for quality education. This is realized by the company by implementing the improvement of Human Resources or employees in the company by sending employees to continue their education to a higher level. In addition to sending their employees to school, there are companies that also assist in the form of educational scholarships to outstanding students in schools around the company's operations. Some examples of companies that carry out activities related to these criteria are Adaro Energy Tbk and Atlas Resources Tbk.

**Gender equality**

Not many companies have disclosed the Gender Equality criteria in the Sustainability report. However, the company PT Baramulti Suksessarasana Tbk discusses a lot about corporate responsibility for employment practices, which includes gender equality. The company states that gender equality is evidenced by the diversity in the composition of employees.
**Clean water and sanitation**

The Clean Water and Sanitation Criteria are criteria implemented by almost all mining companies because of the nature of their businesses that generate clean water waste so that the company’s concern for clean water and sanitation in the area where it operates is also highly highlighted. Companies do a lot of CSR in this criteria by treating their waste before being dumped into the river. In addition, the company also builds clean water channels for villages in the areas where the company operates so that residents do not have problems with clean water.

**Affordable and clean energy**

Several mining companies implement CSR in the field of clean and affordable energy. For example, PT Baramulti Suksesarana Tbk in collaboration with the State Electricity Company (PLN) is financing the installation of electricity in areas that do not have adequate electricity. With the installation of electricity, it is hoped that it will facilitate community activities and reduce the use of kerosene to create a cleaner and more affordable environment and use of energy.

**Decent work and economic growth**

In every mining company, CSR must be in the form of Health, Safety, and Environment (HSE) where the company upholds occupational health and safety. This is done to protect the company's assets, namely its employees, to reduce work accidents at the place of operation. Therefore, many activities are carried out by the company to reduce the number of work accident cases and also improve the economy of employees. Like Adaro Energy Tbk, they have critical hour observations where accidents often occur and install security and cameras for surveillance in operational areas to reduce the risk of work accidents. In addition, work accident insurance is also covered by the company so that employees are expected to work longer and be loyal to the company.

**Industry, innovation, and infrastructure**

Not too many companies provide CSR in this criteria. The most frequent is in the infrastructure criteria, where the company builds a lot of infrastructure such as road construction, opening road access to areas that are difficult to reach but are still in the vicinity of the company's operations. Examples of companies that carry out this activity are PT. Atlas Resources Tbk repairs road access to several villages around the company.

**Reduced inequalities**

There are no mining companies that have implemented CSR in this criteria.

**Sustainable cities and communities**

Most mining companies participate in building and supporting community activities to become more advanced and developing. Several companies provide business assistance to local MSMEs as additional capital for operations.

**Responsible consumption and production**

Mining company operations often trigger significant environmental impacts from large-scale dredging. Therefore, the CSR of mining companies is mostly focused on reclamation programs. From this, the company has implemented many programs related to the use of reclamation areas for the surrounding area. In addition, companies such as Adaro Energy Tbk also carry out waste recycling to reduce the amount of waste and can create added value for existing waste so that it can be used for a long time.
Climate action
Waste treatment and waste gas emissions that cause the greenhouse effect can provide benefits for climate change that are quite extreme. This is done by several companies such as Adaro Energy Tbk and PT. Atlas Resources Tbk.

Life below water
Mining companies in Indonesia are required to carry out the processing of their liquid waste before being discharged into the wild. This is done by mining companies both coal, precious metals and gas, and minerals. This is one form of CSR that is carried out to meet these criteria.

Life on land
Replanting deforested forests, revegetation, conservation of rare animals that exist around the company's operations are also the CSRs disclosed in the Sustainability Reports of several mining companies in Indonesia.

Peace, justice, and strong institutions
No form of CSR has been carried out by mining companies to meet these criteria.

Partnerships for the goals
No form of CSR has been carried out by mining companies to meet these criteria.

Conclusion
Mining companies in Indonesia are required to compile a sustainability report as a form of corporate responsibility for the environmental impacts created by the company's operational activities. In the Sustainability Report, it can be seen that mining companies in four sectors still need to be improved, especially with the declaration of the Sustainability Development Goals program as a 2030 program that is carried out simultaneously throughout the world to achieve the 5Ps: People, Planet, Prosperity, Peace, and Partnership. Based on the results of research on the 13 SDGs criteria, it can be seen that there are still many criteria that have not been met by mining companies. The most widely disclosed criteria in the Sustainability Report of mining companies in Indonesia include criteria 3 (Good Health and Well-Being), criteria 6 (Clean Water and Sanitation), criteria 8 (Decent Work and Economic Growth), criteria 11 (Sustainable Cities and Communities), criteria 12 (Responsible Consumption and Production), criteria 13 (Climate Action) and criteria 15 (Life on Land). From these criteria, it can be concluded that the CSR carried out by mining companies in Indonesia is still centered on the environmental impact caused by the company's operational activities on the surrounding community. It can be seen that there are still not many SDGs criteria that have not been implemented. Even though the company's CSR does not only apply to the affected surrounding communities but can also come out of the surrounding community, for example by creating partnerships and peace in the wider community so that the 2030 agenda can be achieved.

References


