

Implementation of ESG (Environmental, Social, and Governance) Principles in Mining Business in Bangka Belitung: normative review of corporate compliance

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Abstract

Using a normative approach to the level of corporate compliance, this study investigates the application of Environmental, Social, and Governance (ESG) principles in tin mining business activities in Bangka Belitung Province. The purpose of this study is to evaluate the legal basis governing the implementation of ESG principles and evaluate policy and regulatory innovations that can improve companies' compliance with these principles. The study investigated sectoral regulations of the Ministry of Energy and Mineral Resources, such as Law No. 32 of 2009, using a normative juridical approach. The study shows that although there is a legal framework supporting ESG measures, there are still many problems in the field, such as poor supervision, lack of incentives, and lack of corporate transparency. As a result, ESG indicators should be included in mine licenses, sustainability reporting should be more open, and local communities should be involved in supervision. It is hoped that this research will serve as a reference source to build more flexible regulations and encourage more sustainable mining in Bangka Belitung.

Keywords: ESG, tin mining, bangka belitung, corporate compliance, normative review

1. INTRODUCTION

Environmental, Social and Governance (ESG) principles have played an important role in establishing environmentally, socially and ethically responsible corporate governance, especially in mining and natural resource-related industries.¹ The tin mining industry in Bangka Belitung Province faces great challenges in balancing economic growth with environmental protection and social empowerment of local communities amidst increasing global awareness of sustainability and climate change issues.² Thus, ESG principles become an important basis for evaluating a company's sustainability performance in terms of its social and ecological impacts as well as financial aspects (Fitriyani et al., 2022).

Although ESG principles are internationally recognized, their application in national business practices still faces complex challenges.³ Bangka Belitung is the center of national tin production and is vulnerable to social conflict and environmental damage due to non-transparent mining practices.⁴ Therefore, it is important to review how national and regional

¹ Eccles, R. G., Ioannou, I., & Serafeim, G. (2014). *The Impact of Corporate Sustainability on Organizational Processes and Performance*. Management Science, 60(11), 2835–2857. <https://doi.org/10.1287/mnsc.2014.1984>

² Fitriyani, D., Rachmawati, A., & Sudirman, I. (2022). *Tata Kelola ESG di Industri Ekstraktif di Indonesia*. Jakarta: Pustaka Kebijakan.

³ OECD. (2020). *OECD Guidelines for Multinational Enterprises: Responsible Business Conduct Matters*. OECD Publishing. <https://doi.org/10.1787/9789264233165-en>

⁴ Ministry of Energy and Mineral Resources (ESDM). (2021). *Statistik Pertambangan Indonesia 2020*. Jakarta: ESDM Press.

regulations regulate and encourage companies' compliance with ESG principles. Regulations such as Regulation No. 32 of 2009 on Environmental Protection and Management and sectoral regulations of the Ministry of Energy and Mineral Resources (ESDM) have created standards, but it remains unclear how effectively they can be implemented (Handayani & Prasetyo, 2021).⁵

The purpose of this study is to normatively review the legal basis governing the implementation of ESG principles by tin mining companies in Bangka Belitung and to find policy innovations and regulatory methods that can improve corporate compliance with these principles. This study is important for corporate governance and helps in contributing to inclusive and participatory sustainable development.

Various previous studies have discussed the application of ESG in the financial and manufacturing industries (Nasution et al., 2020), but few studies have examined the policy and legal aspects of ESG in the tin mining industry in a particular country such as Bangka Belitung.⁶ To provide a comprehensive overview of the relevance, difficulties, and prospects of applying ESG principles in sustainable mining practices, this study utilizes a normative approach.

2. METHOD

This research adopts the normative juridical method, which focuses on the study of laws and regulations, legal documents, and normative principles related to the application of Environmental, Social, and Governance (ESG) principles in the tin mining sector in Bangka Belitung Province.⁷ This approach was chosen because the research objective is to analyze the legal basis governing the application of ESG principles and identify relevant policies and regulations to encourage company compliance with these principles.

In this research, the data collection technique applied is document study or literature study.⁸ This method includes the collection of primary legal materials such as relevant laws, government regulations, and ministerial regulations, as well as secondary legal materials such as scientific journals, books, research reports, and policy articles related to the topic of ESG and the mining industry. In addition, secondary data was also obtained from reports of government agencies, including the Ministry of Energy and Mineral Resources (ESDM), Ministry of Environment and Forestry (KLHK), as well as local agencies in Bangka Belitung, along with information from civil society organizations.⁹

Then the data that has been collected is analyzed with a qualitative descriptive approach. This process involves interpretation of the applicable legal provisions, as well as comparison with real practices and conditions in the field.¹⁰ This analysis aims to identify gaps between existing norms and their implementation. In addition, the results of this analysis are used to formulate innovative and applicable policy recommendations, with the hope of strengthening mining companies compliance with Environmental, Social, and Governance (ESG) principles in Bangka Belitung.

⁵ Handayani, R., & Prasetyo, T. (2021). *Efektivitas Regulasi Lingkungan di Industri Pertambangan Indonesia*. Jurnal Hukum dan Kebijakan Publik, 19(2), 211–229.

⁶ Nasution, A., Dewi, T., & Yusuf, R. (2020). *Integrasi ESG dalam Industri Finansial dan Manufaktur di Indonesia*. Jurnal Ekonomi dan Keuangan Berkelanjutan, 8(1), 65–80.

⁷ Marzuki, P. M. (2010). *Penelitian Hukum*. Jakarta: Kencana Prenada Media Group.

⁸ Ardi, R. (2018). *Metodologi Penelitian Hukum Normatif*. Yogyakarta: LaksBang PRESSindo.

⁹ Kementerian Energi dan Sumber Daya Mineral. (2023). *Laporan Kinerja ESDM 2022–2023*. Retrieved from <https://www.esdm.go.id>

¹⁰ Moleong, L. J. (2014). *Metodologi Penelitian Kualitatif*. Bandung: Remaja Rosdakarya.

3. RESULTS AND DISCUSSION

Environmental, Social, and Governance (ESG) principles have now become an increasingly important sustainability framework, especially in the extractive industry sector such as tin mining in Bangka Belitung Province. This research shows that although ESG principles have gained recognition globally and started to be adopted in the national legal framework, its implementation at the local level especially in tin mining practices still faces many challenges.

Most Indonesian laws and regulations regulate the application of ESG in the mining industry. One of the key laws is Law No. 32/2009 on Environmental Protection and Management, which emphasizes the importance of sustainability and precautionary principles in every business operation.¹¹ Other laws, Law No. 4/2009 and Law No. 3/2020 on Mineral and Coal Mining, also set out clear provisions on reclamation and post-mining.¹² The ESG legal framework is also strengthened by additional technical regulations, such as Minister of Energy and Mineral Resources Regulation No. 26/2018 and OJK Regulation No. 51/2017 on sustainability reporting.¹³ However, its implementation on the ground has not been optimal, especially in areas with intense mining activities such as Bangka Belitung.

The results show that ESG principles are still partially and incompletely applied in Bangka Belitung. Many businesses do not conduct reclamation and environmental restoration, especially in the case of artisanal or illegal mines that do not have official licenses. This condition has a direct impact on ecosystem damage and water pollution. As a result, the surrounding communities experience changes in their lives.

In terms of the social dimension, there is still very little participation of local communities in public consultations and decision-making processes, even though it should be a central part of ESG principles. The difference between economic benefits and ecological burdens is still quite stark, which can lead to social conflicts between companies and residents. Meanwhile, most companies have not reported their ESG activities transparently from a governance perspective. In fact, as a form of their responsibility to stakeholders, the Financial Services Authority (OJK) has required companies to prepare sustainability reports.¹⁴

According to the normative analysis, the level of compliance of mining companies in Bangka Belitung with ESG principles is still in the low to medium category. Due to the lack of supervision at the local level, the lack of strict sanctions against ESG violations, and the lack of implementation of ESG principles in a measurable digital licensing system, there is a significant gap between real implementation and legal regulations. In addition, ESG awareness in many companies is driven more by global market demands and reputation than internal awareness of the importance of social responsibility and sustainability.

A policy breakthrough is needed that can improve the effectiveness of the implementation of ESG principles. The integration of ESG principles into the digital licensing system is one example. In this case, every company that obtains or maintains a mining license

¹¹ Law of the Republic of Indonesia Number 32 of 2009 on Environmental Protection and Management.

¹² Law of the Republic of Indonesia Number 4 of 2009 on Mineral and Coal Mining, as amended by Law Number 3 of 2020.

¹³ Regulation of the Minister of Energy and Mineral Resources Number 26 of 2018 on the Implementation of Good Mining Technical Principles; and Regulation of the Financial Services Authority (OJK) Number 51/POJK.03/2017 on Sustainable Finance Implementation for Financial Service Institutions, Issuers, and Public Companies.

¹⁴ Financial Services Authority Regulation (OJK) Number 51/POJK.03/2017 on Sustainable Finance Implementation for Financial Services Institutions, Issuers, and Public Companies.

must submit an ESG plan and report. In addition, fiscal incentives, such as tax deductions for companies with certain ESG scores, can voluntarily encourage compliance.

Local governments should also improve their monitoring capacity by using remote monitoring technology and involving local communities in participatory monitoring systems. Finally, the government of Bangka Belitung Province should create a regional ESG roadmap that can be used as a strategic guide. So that mining sector development does not only concentrate on economic growth but also on social justice and environmental protection, this roadmap will set local sustainability indicators.

TABLES

Table 1. Number of Active Tin Mining Companies and ESG Compliance in Bangka Belitung (2022–2024)

Year	Total Active Mining Companies	Companies Registered in MODI	Companies Reporting ESG	ESG Compliance (%)	Remarks
2022	27	23	8	29.6%	Voluntary ESG reports
2023	25	22	9	36%	Stricter ESDM regulation began
2024	24	20	12	50%	Implementation of OJK ESG roadmap

Source: Estimated from MODI ESDM, OJK ESG Roadmap (2022–2024), and ESG reports from public tin mining companies.

4. CONCLUSION

In the tin mining industry of Bangka Belitung, the application of Environmental, Social, and Governance (ESG) principles demonstrates the importance of more sustainable and responsible corporate governance reforms. The normative study conducted shows that national regulations such as Law No. 32/2009 on Environmental Protection and Management and sectoral regulations of the Ministry of Energy and Mineral Resources (ESDM) have provided the basis for the implementation of ESG. However, the success of its implementation is still in doubt, especially in terms of transparency and oversight.

With the enactment of the ESG roadmap by OJK and the increased supervisory role of local governments, the trend of mining companies' ESG reporting compliance will increase from 29.6% in 2022 to 50% in 2024, according to recent data. However, an integrated monitoring and evaluation system, as well as a more participatory and locally-appropriate regulatory approach, is still needed. Consequently, to encourage companies' compliance with ESG principles as part of their contribution to sustainable development, policy innovation and strengthened inter-agency cooperation are required.

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the results of this research in a trusted scientific forum. Local governments should also improve their monitoring capacity by using remote monitoring technology and involving local communities in participatory monitoring systems. Finally, the government of Bangka Belitung Province should create a regional ESG roadmap that can be used as a strategic guide. In order for mining sector development to concentrate not only on economic growth but also on social justice and environmental protection, this roadmap will set local sustainability indicators.

NOVELTY

This study introduces a new method of applying ESG principles using a normative framework and concentrates on the tin mining sector in Bangka Belitung. Despite the strategic location of the region, mining operations pose a threat to social and ecological stability. This study presents updated data from 2022 to 2024 that reflects trends in companies' compliance with ESG reporting, while linking it to ongoing regulatory and policy dynamics. In addition, a key contribution of this study is the proposed strengthening of sectoral regulations and enhanced inter-agency coordination as keys to driving more effective ESG implementation at the regional level. As such, this study not only enriches the ESG legal and policy literature in Indonesia, but also makes a tangible contribution in designing systemic solutions to promote more responsible and sustainable mining practices.

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