

# INVESTOR RESPONSIBILITY IN ENVIRONMENTAL RECOVERY FOR THE REALIZATION OF ENVIRONMENTAL COSTS FOR COAL MINING

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## Abstract

The purpose of this study is to outline the task of investors in environmental restoration, specifically in completing the calculation of environmental costs in coal mining. This study used qualitative descriptive research methodology. Data collection techniques use qualitative analysis. The findings of this study show how strict Law Number 32 of 2009 concerning Environmental Protection and Management regulates the responsibility of environmental restoration investors in the application of environmental levies in coal mining. This section also outlines obligations, such as containing sources of pollution, cleaning up contaminants, and using other measures that are in line with scientific progress. Naturally, there will be significant costs involved in having this done. In this situation, the operations manager and coal mining company must be able to maintain current operations. milieu

**Keywords:** Investor Responsibility, Environmental Restoration, Environmental Costing, Coal Mining.

## 1. INTRODUCTION

Humans build various facilities to exploit, transform, and produce things that can meet their needs for survival. This is shown by the large number of people who create industries to convert raw resources into semi-finished products and finished goods suitable for human use. For example, humans take coal and use several energy-related processes to convert it into electrical energy using steam power. However, such procedures have a significant negative impact on the environment. As environmental pollution became more severe, countries began holding conferences to address the problem.

There are many high-level conferences. The 1982 Rio Summit in Rio de Janeiro was one of them. The idea of sustainable development became one of the main topics that became the basis of discussion at the Rio Summit. According to Bruntland's World Commission for Environment and Development, sustainable development is "if it meets current needs without compromising the ability of future generations to meet their own needs." (Maramis, 2013).

In the discussion of sustainable development, at least three main pillars are covered. First of all, development should be focused on increasing income or the economy, but it is also necessary to consider the environment. In other words, mining must pay attention to the capabilities of the ecosystem and strive not to damage it. Third, development must not only promote economic growth and protect the environment but also provide great social benefits. This is in addition to its economic and environmental focus. Thus, the three pillars are integrated sustainably on the basis that future generations also have rights to existing natural resources.

As a nation with exceptional natural circumstances, abundant biodiversity, and abundant natural resources, Indonesia has no choice but to pursue sustainable

development if it is to achieve a balance between wealth and a good and sustainable environment. Based on the archipelago's insight, this wealth needs to be maintained and managed effectively in an integrated environmental protection and management system between marine, terrestrial, and air ecosystems, both by the government and the community.

Indonesia's environment must be safeguarded and preserved as a result. To uphold the government's principles of accountability, sustainability, and fairness, Indonesia's environment must be effectively safeguarded. Environmental management must also be able to help society, economy, and culture. Prudence, environmental democracy, decentralization, recognition and respect for intelligence, local wisdom, and the environment are adhered to to achieve this. For environmental management and protection, a national policy is needed that must be implemented synchronically and consistently by all governments, government agencies, and communities from the central to the regions.

Mining is one of the most significant development industries and has a positive impact on the surrounding community as well as national and regional income. Sustainable development must be achieved. The mining industry significantly aided regional growth in order to maintain and improve the standard of living of people who still depend on mining resources and raw material extraction, making mining an important strategic component of human progress that cannot be separated from the topic. Environmental effects include heavy metal pollution (mercury, arsenic), disposal of mining debris, etc.

To maintain a balance between meeting human needs and preserving the environment while ensuring profitable investments, it is important for large businesses and large-scale mining investors to pay attention to various issues related to hostile mining activities and environmental damage to the mining atmosphere. In MiningMagazine (2012), it is affirmed that, although certain mining activities have resulted in clean and environmentally friendly industries, mining waste management practices carried out by mining companies have not been able to stop biophysical and social environmental damage. Since environmental changes near mining activities can occur at any time, efficient waste management is a sign of mine survival in the long run.

The creation of conservation sites is one strategy to make up for the inevitable residual effects of mining development on biodiversity near mines (Hubert & Campbell, 2023). The mining industry advocates this method as a best practice for biodiversity, as it is increasingly used in development projects around the world (ICMM, 2005).

Brundtland Commission (WCED, 1987), Sustainable development is defined as development that meets existing demands without jeopardizing the ability of future generations to meet their own needs. This triple bottom line, or sustainable focal point, makes it clear why businesses must balance aspects of economic sustainability (profit-related) with two other dimensions: environmental and social. (Dyllick & Hockerts, 2022).

Three legal difficulties can be inferred from the above differences, including the tendency for promises of sustainable mining investment not to be supported by the effective implementation of governance duties. However, it has not been able to fully achieve good and healthy environmental recovery results, including the restoration of the social, physical, and economic environment in a sustainable manner. The direction

of community involvement in mining investment operations is still unilateral and passive, and there is little opportunity for participation in decision-making. Community rights in mining investment, especially those related to the preservation of a clean and healthy environment.

## 2. LITERATURE REVIEW

The conceptual motive of corporate sustainability builds on two well-known theories: shareholder theory (Friedman, 1970) and stewardship theory (Davis et al., 1997). Shareholder theory centers around external motives and instrumentals and argues that companies can only be seen in sustainability practices if they see some important internal issues, such as avoiding bad publicity, protecting brand image, and increasing competitiveness and profitability (Paulraj et al., 2017). In comparison, management theory centers on altruistic, pro-organizational, and collective actions underpinned by intrinsic and moral motivations to do right (Davis et al., 1997). Therefore, even if costs exceed benefits, social and environmental practices are implemented because fulfilling corporate responsibility obligations has its value and does not depend on profitability (Cater et al., 2023; Graham, 2020).

We will discuss corporate social responsibility (CSR) after we finish talking about investor accountability. According to ISO 26000, Social Responsibility Guidelines, published in January 2006, social responsibility is the obligation of an organization to consider how its actions and decisions may affect society and the learning environment. This definition used by Djalil, (2003) includes:

- a. In line with the continuous growth and enjoyment of people;
- b. Keep in mind the interests of stakeholders;
- c. According to worldwide norms and current legislation;
- d. In this view, all organizational activities—including activities, goods, and services—are integrated.

## 3. RESEARCH METHOD

Descriptive qualitative research is the preferred approach to this study. This approach is used based on how the object of study is viewed, which can be normative or specific. By using literature research as a data collection method, the author collects books, scientific journals, and other relevant scientific papers for further research. The analytical approach used in this study is qualitative analysis, which involves a thorough evaluation of the data collected through a literature review and drawing inferential conclusions from the data.

## 4. RESULT AND DISCUSSION

The management of pollution and environmental destruction must be integrated, global, and sustainable in line with the increasing cases of this problem. Environmental rules are developed for the benefit of society because they are created with the dual purpose of protecting the environment and benefiting society. Environmental law establishes rules and guidelines to control human behavior in order to protect the environment from pollution, damage, and deterioration in quality and maintain its sustainability so that current and future generations can directly utilize it.

As long as a person, society, or country is harmed, pollution and environmental damage will always have victims, thus requiring compensation from responsible parties or business entities. In accordance with the provisions of Article 87 of Law Number 32 of 2009 concerning Environmental Protection and Management, due to pollution and destruction. Everyone has a responsibility to conserve the environment's ability to support sustainable development, so it makes sense that those who breach those obligations should be held accountable and paid.

Article 54 Paragraph (1) of Law Number 32 of 2009 states that everyone who pollutes and damages the environment must carry out environmental rehabilitation. This section of the law regulates procedures for restoring the environment. The following stages of environmental restoration are completed:

1. Exclude Pollution-Causing Factors And Remove Pollutants;
2. Solve Problems;
3. Compared To Rehabilitation;
4. Catering, And;
5. Alternative methods that are in line with research and technological advances.

Environmental recovery from polluting components and damage to environmental functions is closely related to mining investment activities. Every mining investment activity (mining permit) requires an environmental permit from the person in charge of carrying out environmental restoration activities in the area.

Articles 15 and 17 of Law Number 25 of 2007 concerning Capital Investment contain requirements related to the responsibility to invest (investors), apply the principles of good corporate governance, conduct responsible social enterprises, and the obligation to strive in the field of non-renewable energy. Resources for natural resources should gradually set aside money for site restoration to meet environmental feasibility requirements.

The people give the power to manage natural resources to the state and its ruling institutions. Because it controls land, water, and other natural resources, the state has broad authority to manage natural resources to fulfill its objectives through sustainable development for the welfare of the state and the benefit of society. Law Number 32 of 2009 affirms the government's obligation to manage the environment. The foundation of government accountability in environmental management is as follows:

1. The State guarantees that the utilization of natural resources will produce maximum benefits for human health and quality of life, both now and in the future.
2. The government upholds citizens' constitutional right to a safe environment.
3. The government prohibits the exploitation of natural resources that damage the environment or cause pollution.

When viewed from the point of state responsibility in (Law No. 32 on Environmental Protection and Management, 2009), it can be categorized as a form of state responsibility in general for environmental problems or all matters related to public policy on issues concerning natural resources. Not in the sense of ecological responsibility but in the sense of responsibility involving political responsibility, administrative responsibility, social responsibility, and accountability. moral

responsibility; ethics. In particular, the form of state responsibility is no longer merely regulating in the traditional sense but now includes regulating for the benefit of the people. In addition to state accountability, the accountability of legal entities or business entities is an important component of the accountability system in environmental management in modern times.

There are several problems caused by mining. Saleng, (2004) emphasized that environmental management, protection, and restoration in the mining sector are three challenges that are still a problem in the industry both now and in the future. Social conflicts can also result from mining. "Social license to operate" is a concept used in the mining industry. (Kiroyan, 2012). This is a permission that the community grants. Naturally, the community will only grant this authorization if it feels comfortable doing so. No group brags when society gives social permission, which is one of its advantages.

The premise polluters pay is, therefore, connected to the application of environmental costs. The United Nations Conference on the Human Environment, held in Stockholm from 5 to 16 June 1972, also examined the idea of polluter payments, as noted by Rangkuti (1987), also raising financial problems associated with environmental management. The polluter pays principle is not explicitly stated at the top. It is anticipated that increased public spending on more general environmental demands will increase the limit on public consumption. Public spending, which comes mostly from taxes, is needed to eradicate urban poverty and pollution, build sewage treatment facilities, repair damaged habitats, create public parks, and establish amusement parks.

## 5. CONCLUSION

Law No. 32 of 2009 on environmental conservation and management strictly regulates investor accountability in environmental assessment for the application of environmental costs in coal mining. This section also outlines obligations, such as containing sources of pollution, cleaning up contaminants, and using other measures that are in line with scientific progress. Naturally, there will be significant costs involved in having this done. In this situation, it is the job of the operations manager and coal mining company to be able to maintain the flow.

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