

**SUSTAINABILITY REPORT DISCLOSURE EVALUATION BASED ON
GLOBAL REPORTING INITIATIVE (GRI) STANDARD (A CASE STUDY
AT PT PLN (PERSERO) 2017-2019)**

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MINOR THESIS

**Presented in Partial Fulfillment of the Requirements for the Degree of
Bachelor of Economic and Business**



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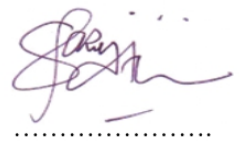
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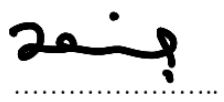
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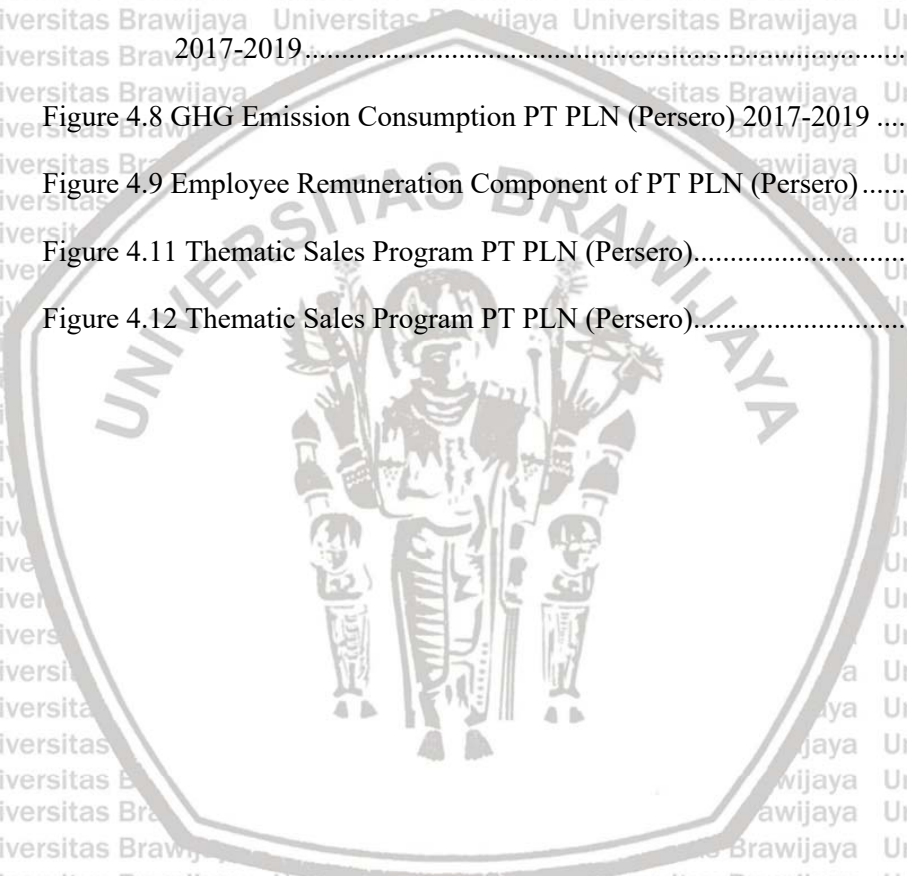
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ABSTRACT**SUSTAINABILITY REPORT DISCLOSURE EVALUATION BASED ON
GLOBAL REPORTING INITIATIVE (GRI) STANDARD (A CASE STUDY
AT PT PLN (PERSERO) 2017-2019)****By:****Swasti Woro Hapsari****165020307141008****Advisor:****Dr. Sari Atmini, M.Si., Ak**

This study aims to analyze the disclosure of Corporate Social Responsibility (CSR) activities in the Sustainability Report of PT PLN (Persero) in 2017-2019 based on the Global Reporting Initiative (GRI) Standard. This study employed a qualitative approach by using secondary data. The results of this study indicate that PT (PLN) Persero has implemented the GRI Standard in the preparation of its sustainability report, although not all topics are disclosed. PT PLN (Persero)'s universal standard disclosure level was 64% in 2017, 59% in 2018, and 61% in 2019. Overall, the disclosure level for company-specific topics was 30% in 2017, 26% in 2018, and 34% in 2019. Specific topics consist of economic, social, and environmental categories. The level of disclosure in the economic category in 2017 and 2018 was 54% each, while it was 62% in 2019. The disclosure rate for the environmental category in 2017 and 2018 was 17% respectively and increased to 27% in 2019. Moreover, the level of social category disclosure in 2017, 2018, and 2019 was 30%, 26%, and 34%, respectively. It can be concluded that the level of disclosure of economic categories is consistently higher than the level of disclosure of the other two categories.

Keywords:**Corporate Social Responsibility, Global Reporting Initiative (GRI) Standard, Sustainability Report**

ABSTRAK

**EVALUASI PENGUNGKAPAN LAPORAN KEBERLANJUTAN
BERDASARKAN GLOBAL REPORTING INITIATIVE (GRI)
STANDARD (STUDI KASUS PADA PT PLN (PERSERO) 2017-2019)**

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Penelitian ini bertujuan untuk menganalisis pengungkapan aktivitas Corporate Social Responsibility (CSR) di dalam laporan keberlanjutan PT PLN (Persero) tahun 2017, 2018 dan 2019 berdasarkan Global Reporting Initiative (GRI) Standard. Penelitian ini menggunakan pendekatan kualitatif dengan menggunakan data sekunder sebagai metode pengumpulan datanya. Hasil dari penelitian ini menunjukkan bahwa PT (PLN) Persero telah mengimplementasikan GRI Standard dalam penyusunan laporan keberlanjutannya meskipun tidak semua topik diungkapkan. Tingkat pengungkapan standar universal PT PLN (Persero) di tahun 2017 sebesar 64%, 59% di tahun 2018 dan 61% di tahun 2019. Secara keseluruhan, tingkat pengungkapan topik spesifik perusahaan di tahun 2017 sebesar 30%, 26% di tahun 2018 dan 34% di tahun 2019. Topik spesifik terdiri atas kategori ekonomi, sosial, dan lingkungan. Tingkat pengungkapan kategori ekonomi di tahun 2017 dan 2018 masing-masing sebesar 54%, sedangkan di tahun 2019 adalah 62%. Tingkat pengungkapan kategori lingkungan tahun 2017 dan 2018 masing-masing adalah sebesar 17% dan naik menjadi 27% di tahun 2019. Sementara itu, tingkat pengungkapan kategori sosial tahun 2017, 2018, dan 2019 berturut-turut adalah sebesar 30%, 26%, dan 34%. Hal ini dapat disimpulkan bahwa PT PLN (Persero) dari tahun 2017-2019 memiliki fokus pengungkapan di dalam kategori ekonomi dan dilanjutkan kategori sosial. Sedangkan pada kategori lingkungan, perusahaan konsisten dengan teori sinyal yang menyebutkan bahwa perusahaan selalu berusaha mengungkapkan informasi-informasi tambahan yang sekiranya menjadi nilai tambah perusahaan di mata para investor.

Kata Kunci:

Corporate Social Responsibility, Global Reporting Initiative Standard, laporan keberlanjutan

CHAPTER I INTRODUCTION

1.1 Research Background

The economic activities performed by a company must be based on ethical principles in business. The resulting output produced by a company is not only beneficial for the company but also the surrounding society. Business ethics is a form of concern and social responsibility from a company to the society and the environment. Basically, the main goal of a company is to reach out the maximum possible profit. However, these goals will not be achieved without the society's participation.

Companies and societies have a reciprocal relationship. Both are mutually giving and needing each other, therefore, a company should maintain a good relationship with society. A company should take a social approach and pay attention to the impacts of the company's operations on society. Social responsibility from a company may be given to the environment and/or the societies, and it is called Corporate Social Responsibility (CSR).

Binoto (2013:144) defines CSR as a corporate social and moral responsibility towards employees in the company (internal) and outside the company (external). By CSR, companies can manage their business not only for the interest of stakeholders but also the stakeholders. One of the primary stakeholders is employees. Employees can illustrate whether the company has a good or bad image in the eyes of society. If a company gives a good social responsibility towards the employee, the employee will work pleasantly and fully dedicated to their job.

Therefore, there will be no internal conflict as a labor strike that will disrupt its operations.

A company is an economic entity responsible not only to the stakeholders but also to society around the operating company, and the general public who do not have a contractual relationship with the company (Ahmad and Kurniawan, 2007). A society that is not part of the consumer company will still affect its operations in the form of positive and negative statements about the company.

Corporate Social Responsibility (CSR) activities can be done by a company to build good relations with the society to reduce issues and negative sentiment towards the company. Moreover, CSR can form a good public attitude and raise their trust towards the company.

CSR is important to do and not volunteerism. The obligation for companies to carry out CSR in Indonesia is stipulated in *Undang-Undang Perseroan Terbatas* (UUPT) No. 40 Article 74 of 2007 which regulated that companies whose business activities are in the sector and/or related to natural resources are obliged to carry out social and environmental responsibility. The companies referred to the law are companies whose business activities are managing and utilizing natural resources, as well as companies that do not manage and utilize natural resources. Still, their business activities have an impact on natural resources.

The increased importance of CSR for companies in Indonesia also reflects the increasing importance of corporate accountability CSR implementation.

Corporate accountability is important for the information related to CSR activities will be more transparent. Transparency of CSR activities can be done with CSR

disclosure. CSR disclosure is important to build, maintain, and legitimize company contributions from an economic and political perspective (Haniffa and Cooke, 2005). The survival of the company will be threatened if there is no alignment between the corporate value system and the social value system. It may cause the company to have no legitimacy.

With the increasing variety of corporate CSR activities, it takes a means that can provide information on social, environmental, and financial aspects at one blow, namely sustainability report. The preparation of a sustainability report is essential because it contains principles and standards of CSR disclosure that describe the company's activities as a whole, which does not only focus on economic aspects.

In order to compile the disclosure of CSR activities to run well, the report must be balanced with good measurement standards as well. This standard is a Global Reporting Initiative (GRI) Standard published by a network based on an independent international standard organization that also pioneered sustainability report development.

Many previous studies have discussed Corporate Social Responsibility (CSR), as done by Saputra and Sirajuddin (2015), who examined the disclosure of CSR at PT Hevea MK, which social costs consisted of environment (fair disclosure), employee (adequate disclosure), society (fair disclosure), and government (fair disclosure). This research also explained that PT. Havea MK still has not made a sustainability report and still uses the company's annual report for CSR disclosure. Meanwhile, referring to financial services regulations in Indonesia,

Peraturan Otoritas Jasa Keuangan (POJK) No.51/POJK/03/2017 defines the obligation for a company to make sustainability report for financial services institutions, issuers and public companies to complete annual report as an inseparable part.

Another previous study was also conducted by Susanti (2017), which examined the application of corporate social responsibility in Pabrik Gula Ngadirejo Kediri owned by PT Perkebunan Nusantara X, which is engaged in the management of sugarcane raw materials into the main production of granulated sugar. This research explains corporate social responsibility in the form of social activities following the Regulation of the State Minister for State-Owned Enterprises (SOEs) No.05/MBU/2007 concerning *Program Kemitraan dan Bina Lingkungan* (PKBL). PKBL is a CSR program that only exists in State-Owned Enterprises (SOEs).

However, the Implementing of Pabrik Gula Ngadirejo Kediri's CSR program has not been optimal because there are no reports that show the details of the cost incurred. According to the Regulation of the Minister of SOEs No.05/MBU/2007 Chapter X Article 31, partnership programs and social responsibility programs should be contained in an annual report containing reports on the financial position, activity reports, cash flow, as well as note of the financial statement.

Perusahaan Gula Ngadirejo Kediri is one of State-owned Enterprises (SOEs) or *Badan Usaha Milik Negara* (BUMN). *Badan Usaha Milik Negara* (BUMN) is a state-owned company that aims to provide quality goods or services

for society and contribute to the growth and develop the national economy.

According to Indonesian Law Number 19 of 2003 concerning state-owned enterprises, SOEs are business entities in which all or most of its capital is owned by the state through direct participation originating from separated state assets. As a state-owned company, the main activity of SOEs is to manage production branches which are important to the state to realize the prosperity of the Indonesian citizen.

In carrying out their business, SOEs are managed directly by the Ministry of SOEs, which is led directly by the Minister of SOEs, according to Indonesian Presidential Regulation Number 182 of 1998 concerning SOEs Chapter 1 Article 1.

There are two forms of SOEs mentioned in Indonesian Law Number 19 of 2003 which are *Perusahaan Perseroan* (Persero) or state-owned Limited Liability Company and *Perusahaan Umum* (Perum) or State-owned General Company.

Perusahaan Umum (Perum), according to the Regulation of the Minister of SOEs PER-05/MBU/2007 Chapter 1 Article 1, is an SOE whose entire capital is owned by the state and not divided into a share which aims for society expediency in the form of providing high quality goods and services. Moreover, the definition of *Perusahaan Perseroan* (Persero), as stated in Indonesian Government Regulation Number 12 of 1998 and Indonesian Law Number 19 of 2003 Article 2, is an SOEs in the form of a limited liability company whose capital is divided into shares wholly or Republic of Indonesia owns at least 51% of the shares. *Perusahaan Perseroan* (Persero) aims to provide high quality goods and services and to pursue profits in order to increase the value of the business entity.

An example of a SOE in the form of a Limited Liability Company is PT *Perusahaan Listrik Negara* (PLN) which is the object of this research. The researcher uses PT PLN (Persero) as an object of research based on the consideration that electricity is an important infrastructure for the quality of human life as a support for various economic activities (Adila, 2017). PT PLN (Persero) is closely related to natural resources in producing electrical energy in carrying out its operational activities.

Electrical energy is a natural resource used to support the life of the nation and state, as outlined in Article 33 of the 1945 Constitution. This regulation states that all natural assets are controlled by the state and used as much as possible for the welfare of Indonesian citizen. Thus, the implementation of electrical energy is controlled by the state because it is a strategic source of energy and has a very important role in the life of the nation and state.

Electrical energy is not available in a ready-to-use form. In producing electrical energy, PT PLN (Persero) manages natural resources through various conversion processes from several generators, for example *Pusat Listrik Tenaga Air* (PLTA) that uses water resources, *Pusat Listrik Tenaga Uap* (PLTU) that uses coal or oil and gas resources, *Pusat Listrik Tenaga Nuklir* (PLTN) that uses nuclear fuel (uranium). This means that PT PLN (Persero) has a strong relationship with the natural resource environment.

The activity of generating electrical energy closely related to natural resources, has a negative impact on the environment. Environmental impacts that must be watched out for are a decrease in environmental quality and public health

problems due to the resulting waste. The waste is in physical form with various chemical compositions. As a state-owned company, PT PLN (Persero), whose main activity is to provide electricity, is vulnerable to negative sentiments from the citizen regarding the social impacts caused by the company. The emergence of various environmental problems resulting from the company's production activities requires companies to be responsible and make a positive contribution to the surrounding environment through the form of a CSR program.

It is stated in the Minister of SOEs Regulation Number 05/MBU/2007 that the purpose and objective of establishing SOE are not only to pursue profit but to actively participate in providing guidance and assistance to economically weak entrepreneurs, cooperatives, and the community. This activity was proven by PT PLN (Persero) with the achievement of winning 101 CSR awards in 2017, 24 awards in 2018 and 26 awards in 2019 (PT PLN (Persero) Sustainability Report 2017, 2018 and 2019).

The number of CSR awards achieved by PT PLN (Persero) each year makes the researchers curious towards the strategy and focus of implementing CSR activities implemented by the company. It is because PLN is directly related to natural resources, related to environmental category CSR disclosure. Moreover, PLN is directly related to the Indonesian citizen, which has the function of meeting the needs of the Indonesian citizen in the electricity sector. This is related to the disclosure of CSR in the social category. PLN is also a state-owned company that has the main pillar of the economy in Indonesia. This is related to the disclosure of CSR in the economic category.

PLN is determined to use electricity as a medium to improve the quality of people's lives, strive for electricity to drive economic activities and carry out environmentally sound business activities. For this reason, PLN develops and implements the responsibility of the Partnership and Community Development Program (PKBL) as a concrete form of pro corporate social responsibility. With this determination, all PT PLN (Persero) in Indonesia are required to carry out CSR program.

PLN units throughout Indonesia are required to prepare reports on corporate social responsibility activities following the programs that have been implemented.

The activity report describes all CSR activities in a year. The activity report is then submitted to the Central PLN to be combined into one report in the form of a sustainability report. Sustainability reports contain financial and non-financial information consisting of financial performance, social and environmental activities that enable the company to grow in a sustainable manner.

Sustainability reports aim to disclose economic, environmental, and social performance in an accountable manner (Maftuchah and Hadad, 2015:253). The disclosure of the sustainability report is prepared using the Global Initiative Report (GRI) guidelines that have been developed since 1990. The GRI Standard is seen as one of the comprehensive and reliable guidelines because it has been published globally and supported by a reporting structure representing various parties (Anggraeni and Djakman, 2018).

The GRI guidelines have been applied to the sustainability report by more than 1000 companies worldwide, private and government organizations such as

Unilever, Freeport (Rahayu, 2019). Currently, the GRI guidelines have been updated with the most recent detail, namely, the GRI Standard. Since July 1, 2017, there has been a change in the GRI version, from GRI G4 to GRI Standard. This change is in the form of indicators, while the GRI Standard is in modules. GRI Standards are modular, namely 3 universal standard modules and 33 topic specific modules (www.majalahcsr.id). These topics are divided into economic, social, and environmental topics.

In this research, the researcher used GRI Standards as the guideline for measuring the level of CSR disclosure at PT PLN (Persero). This research will analyze the level of CSR disclosure on economic, environmental, and social topics at PT PLN (Persero) based on the 2017-2019 sustainability report.

So far there has been no research regarding CSR disclosure at PT PLN (Persero) based on the sustainability report that reported by the company's headquarter. Previous studies revealed CSR activities at PT PLN (Persero) units based on reports of CSR activities reported by these units. Based on the background issues that have been described above, it leads to the title of this research, which is:

Sustainability Report Disclosure Evaluation Based on Global Reporting Initiative (GRI) Standard (A Case Study at PT PLN (Persero) 2017-2019).

1.2 Research Problems

Based on the background that has been explained, the research problem in this research are:

1. What is the level of overall CSR disclosure in the sustainability report at PT PLN (Persero) for 2017-2019 based on the Global Reporting Initiative (GRI) Standard?
2. What is the level of CSR disclosure at PT PLN (Persero) 2017-2019 in each category of disclosure (economic, social, and environmental) based on the Global Reporting Initiative (GRI) Standard?

1.3 Research Purpose

1. To determine the level of overall CSR disclosure in the sustainability report that PT PLN has carried out (Persero) in 2017-2019 using the Global Reporting Initiative (GRI) Standard.
2. To find out the percentage focus level of CSR disclosure in the sustainability report that PT PLN has carried out (Persero) in 2017-2019 in the economic, social and environmental categories based on the Global Reporting Initiative (GRI) Standard.

1.4 Research Contribution

1. For the researcher

The researcher can gain insight into disclosing and measuring corporate social responsibility reports at PT PLN (Persero) using the Global Reporting Initiative (GRI) Standard indicator.

2. For company management

Assist and provide additional information that can be used as a consideration for PT PLN (Persero) in compiling and calculating

standard indicators on corporate social responsibility reports following the Global Reporting Initiative (GRI) Standard.



CHAPTER II

LITERATURE REVIEW

2.1 Theoretical Basis

2.1.1 Corporate Social Responsibility

Corporate Social Responsibility (CSR) has many definitions. One of them is from Kotler and Lee (2005), which state that CSR is a company's commitment to improving community welfare through good business practices and contributing part of its resources. Another definition is also put forward by Elkington (1997), which combines several definitions of CSR by developing the Triple Bottom Line theory. This theory is at the core of the various definitions of CSR and the basis for implementing and assessing CSR activities based on the aspects of the 3P (People, Profit, Planet). This aspect is related to all economic activities carried out by the company, consisting of production, distribution, and sales activities.

The relation between 3P aspects with economic activities reflected on how the community supports the company's smooth operation and the environment that provides natural resources to form profits in the form of profits that the company will receive. The Triple Bottom Line concept contains the notion that business is not only looking for profit but also the welfare of people and ensuring the environmental sustainability (Sabatini and Sudana, 2019).

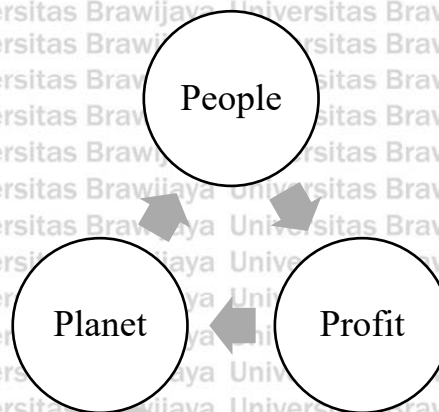


Figure 2.1 Triple Bottom Lines Concept

Triple Bottom Lines theory contains 3P aspects consisting of:

1. People

Companies must have a concern for human welfare. In essence, in carrying out its operational activities, the company must be in the midst of society.

Both positive and negative sentiments from society greatly affect the company's image and operational activities. Therefore, companies must make the community the main focus besides profit in the implementation of economic activities.

2. Profit

Companies must remain oriented to continue to operate and develop. Profit is urgent for the company. Achieving optimal profit will support and ensure the smooth running of the company's operations, and fulfill its obligations.

3. Planet

The company's participation in environmental conservation is very important because the company has benefited from the use of existing land.

In essence, the company's relationship with the environment is a causal

relationship. It means that the company has benefited from the existing environment; if the company carefully maintains the environment, it will also prevent environmental damage. Through CSR activities, the company is expected to maintain an environmental balance.

In practice, the focus of CSR is on these three things (Desi and Amel, 2008).

Moreover, according to Handayani (2008), CSR is an action or social concept carried out by companies in sustainable economic development by providing social contributions and appreciating the value of respect for their internal environments such as stakeholders and externals by helping community welfare. CSR's existence will have a positive impact in the form of a good image in the eyes of society.

According to Kotler and Lee (2005), CSR provides many benefits for companies, including increasing sales and market share, strengthening brand positioning, increasing company image and influence, increasing the ability to attract, motivating and retaining employees (retain), and increasing the desire for investors to invest.

In its implementation, corporate CSR activities consist of four forms; community involvement, human resources, the product of services contributions, environmental and physical resources (Yuniarti, 2001). Community involvement includes activities in the form of donations or assistance for spiritual activities, sports, assistance for small entrepreneurs, community health services, research assistance and so on. Human resource is an employee education and training program, work safety facilities, health, spirituality, and employee benefits. Next, product of services contributions covers security, product quality, and consumer

satisfaction. The last form of CSR activities is environmental and physical resources, which consists of companies' involvement in waste management, reforestation programs, pollution control, and environmental preservation.

2.1.2 CSR as Company Policy

CSR is an essential issue in ensuring the survival of a company. Companies will not develop without paying attention to the social and environmental conditions. Therefore, the implementation of the CSR program is a must for companies in supporting their business activities, not only as an implementation of responsibility but also as an obligation for a company. Nuzula and Kato (2009) state that the company's efforts to carry out CSR are not something in vain. Investors give good responses to companies that carry out CSR activities.

A global survey conducted by The Economist Intelligence Unit shows that 85% of senior executives and investors from various organizations make CSR a major consideration in decision making (Warta Ekonomi, 2006). It means that current economic decision-making is not merely looking at the company's financial performance because the conclusion of good and bad performance of the company is not only seen from the amount of profit generated. CSR implementation is believed to improve company performance, where investors tend to invest in companies that carry out CSR activities.

CSR implementation is a company obligation in running its business, so the business world is not merely a collection of profit-oriented organizations. It means every individual involved in a company has social awareness and a sense of belonging to the company's environment and the social environment in which the

company is located. Nuzula and Kato (2009) say that carrying out CSR activities is not in vain because investors provide good responses to companies that do it, because companies that prioritize the principle of sustainability will certainly implement these principles into the company's strategy and operations.

Jackie (2008) suggests some of the benefits that companies get by carrying out corporate social responsibility. A company can avoid the negative reputation of environmental damage that only pursues short-term profits regardless of the consequences of bad company behavior. The company will gain respect from the core groups of society who needed a company presence, especially in providing employment opportunities. The company's ethical behavior is safe from the disturbance of the surrounding environment to operate smoothly. A strong ethical framework can also help managers and employees deal with problems such as the demand for jobs in the environment where the company works.

2.1.3 CSR Stage

Wibisono (2007) describes four stages for carrying out CSR activities in a company, namely:

1. Planning Stage

This stage consists of three main steps: awareness building as the main step in building awareness of the importance of CSR, assessment in the form of identifying aspects that need priority attention, and manual building by means of companies designing their program. From this planning stage, the company should be able to identify the goals of CSR activities and, of course, what CSR activities will be carried out.

2. Implementation Stage

At this stage, the company has tried to implement CSR activities planned at the planning stage.

3. Reporting Stage

Reporting is the final stage in implementing CSR. In this step, the company writes down the CSR activities that have been carried out. The results of its implementation are compiled into a report called sustainability report. Reporting is needed to build a good information system for decision-making and evaluation purposes. Through reporting, the company can help stakeholders and shareholders fulfill their information needs for decision-making.

4. Evaluation Stage

After the company has successfully implemented and reported CSR activities, the company can evaluate the CSR activities that have been carried out. This evaluation phase needs to be carried out consistently to measure the CSR activities' effectiveness.

2.2 CSR Disclosure

2.2.1 Definition of CSR Disclosure

Disclosure is the provision of positive or negative information by the company without being covered or hidden. Such information must provide sufficient explanation and can represent the actual situation of the company.

Disclosure is needed by users to better understand the information in the financial

statements, since financial statements are a source of information that allows users to know the condition of a company (Harahap, 2018:125).

Disclosures are an integral part of conceptual financial statements. While, technically, disclosure is the final step in the accounting process. In simple terms, disclosure can be interpreted as the release of company information in the financial statements. The results of good disclosure of financial statements will attract the attention of investors. One of the supports is CSR activities. Sayekti and Ludovicus (2007) said that investors are interested in social information reported in the company's annual report. Current company management is required to be limited to managing funds and covering the impact caused by the company on the environment and society.

Therefore, companies can use CSR information as one of the company's competitive advantages. CSR information in the annual report is contained in a CSR disclosure that communicates social information to stakeholders. CSR disclosure in the annual report can provide information about the extent to which the company provides positive environmental and social contributions.

Pratiwi and Djamhuri (2004) define CSR disclosure as a reporting or delivering information to stakeholders regarding all company activities related to its social environment. While according to Gray et al. (2001), CSR disclosure is a medium that provides information to convey social responsibility activities, which in particular can be accounted for in media such as annual reports or in the form of a socially-oriented prospectus.

It can be concluded that CSR disclosure is information about social activities carried out by the company. Suwardjono (2006) states that CSR disclosure is necessary for companies to achieve financial reporting objectives and meet different stakeholders' needs. Another CSR disclosure objective, according to Sulistyowati (2014) is to improve the company's image and increase the accountability of a company with the assumption that there is a social contract between the company and society.

While the benefits of companies in implementing and disclosing CSR, according to Lako (2018:120), are strengthening the profitability and financial performance of the company, reducing the vulnerability of social turmoil and resistance to the surrounding community because they feel cared for and appreciated by the company, increasing accountability and positive appreciation from the investor community, creditors, suppliers, and consumer. Other benefits include increasing work ethic commitment, employee efficiency and productivity, as well as improving reputation, corporate branding, goodwill and long-term corporate value.

2.2.2 Underlying Theory of CSR Disclosure

In its application, CSR disclosure is complemented by three theories that underlie disclosure, namely the stakeholder theory, agency theory, and signaling theory. According to the stakeholder theory, all stakeholders have the right to be treated fairly. This treatment means how the company maintains good relations with stakeholders by integrating the company's interests with the interests of stakeholders (Deegan, 2002).

In implementing CSR activities, disclosure of performance that the company has achieved is not easy. Sometimes companies object if information about their performance becomes public consumption. However, companies must carry out CSR disclosure to align interests between shareholders and stakeholders.

It is because the company considers stakeholders to have an influence on the company's existence, such as stock prices, income levels, and the company's survival.

Stakeholders consisting of investors, employees, communities, surrounding communities, and the environment have different interests. For example, the investors, companies respond to the interests of investors by disclosing various information that is considered important when investors make decisions. The more powerful the stakeholders, the more the company must adapt. Thus, social disclosure is seen as part of the dialogue between the company and its stakeholders.

Saleh et al. (2010) stated that stakeholder theory is used to explain CSR disclosure because stakeholder theory can distinguish between social issues and stakeholders. This theory states that stakeholders have the right to know all information, be it mandatory disclosure information or voluntary disclosure as well as financial and non-financial information.

The next theory is agency theory. According to Anthony and Govindarajan (2005:269), agency theory is the relationship between stakeholders and company management. In this theory, the stakeholder is called the principal, and the company management is called the agent (Borolla, 2011). According to Hendrickson and

Michael (2002), the agent works for the principal and will perform certain tasks given by the principal.

The relationship that occurs between the principal and the agent can be in a state of information asymmetry. This is because agents have more information about the company than principals. With the assumption that the agent as the authorized party acts in his interest by reporting something that maximizes its utility due to the information asymmetry. Therefore, the agent can hide information unknown to the principal, which is called the principal-agent problem.

The existence of a principal-agent problem will cause a cost called agency cost. Agency cost is the cost incurred by the principal to supervise the agent (Horne and Warchowicz, 2009:147). Problems between agents and principals can be minimized by implementing Good Corporate Governance (Haruman, 2008).

Good corporate governance is a system that regulates, manages, and oversees the process of business control (Tunggal, 2012:24). In connection with the agency theory, it is hoped that the implementation of good corporate governance will be able to overcome and cause various kinds of conflicts of interest to make the company's operational activities run optimally. Salama et al. (2010) reveal that in addition to the good corporate governance mechanism used to reduce conflicts of interest between principals and agents, companies can use information disclosure methods needed by principals one of which is disclosure of corporate social responsibility activities, namely CSR disclosure that is reported in the sustainability report.

Reporting CSR activities in a sustainability report is a company communication tool used to convey a transparent impression to stakeholders (Hamudiana and Tarmizi, 2017). As a result, the stock price in the capital market will increase along with the increase in shareholders' confidence in the transparency of information disclosed by the company. Transparency of information disclosed by the company is a very important element in stakeholder investment decisions.

This is related to signaling theory. Information published as an announcement will signal investors to make investment decisions (Jogiyanto, 2003:392). Market participants analyze the information released first to produce good signals, which means good news or bad signals mean bad news. This is known as signaling theory.

Information signals published by the company can be in the form of annual reports and sustainability reports. Disclosure of information relating to financial and non-financial reports is important for investors to know. Investors need the information to evaluate the relative risk of each company. Companies need to disclose information openly and transparently.

Signaling theory explains the importance of companies providing information to the public in the form of financial statement information, company policy information, and other information voluntarily disclosed by company management, such as information about CSR activities. Therefore, the information presented by the company, both main information such as financial information and additional information regarding CSR activities, are expected to assist investors in making appropriate decisions.

In the CSR disclosure process, the extent of disclosure is related to how much information must be mentioned. Suwardjono (2011) identifies three disclosures made by companies: adequate disclosure, fair disclosure, and full disclosure.

Adequate disclosure is the minimum disclosure of information by a company to fulfill its obligations to convey information. Minimum disclosure of information is stated by the company so that any information presented can be interpreted correctly by investors. Meanwhile, fair disclosure is a disclosure made by the company by presenting a number of information that the company thinks can satisfy potential report users.

The last disclosure is full disclosure, namely disclosure that presents all relevant information. The information disclosed is the minimum information required to be added with other disclosed information voluntarily. Full disclosure can help reduce the occurrence of asymmetric information, but it is often overestimated.

2.3 Company Reasons for Conducting CSR Disclosure

Regulations that require companies to conduct CSR disclosure are stated in the *Undang-Undang Perseroan Terbatas (UUPT)* Number 40 of 2007. According to the UUPT No. 40 of 2007, annual report and sustainability report must contains at least a report on the implementation of social and environmental responsibility carried out by the company, or commonly known as corporate social responsibility.

Companies tend to disclose information relating to their activities and the impacts they caused.

The disclosure of performance that the company has achieved is not easy. Sometimes company objected if information about its performance become public consumption. However, companies must carry out CSR disclosure to harmonize interests between shareholders and stakeholders. It is because the company considers stakeholders to have an influence on the company's existence, such as stock prices, income levels, and the company's survival.

According to Suparjan and Mula (2012), there are several reasons for companies to disclose social performance. First, internal decision making, companies make disclosures because management requires information to determine the effectiveness of certain social information in achieving the social goals of the company. Second, product differentiation, companies disclose social performance to show that the company has added more value compared to other companies that do not carry out social performance disclosures or even companies that do not carry out social responsibility activities. Fourth, enlightened self-interest of the company to disclose social performance to harmonize the interests of the company management or shareholders and stakeholders. The company considers stakeholders to influence stock prices, income levels, and the company's survival.

Disclosure aims to present information deemed necessary to achieve financial reporting objectives and serve various parties with different interests (Suwardjono, 2011:580). To serve parties with different interests, Manurung and Muid (2015) states that the purpose of CSR disclosure is to protect against management treatment that may be unfair and less open (unfair). This objective is

usually taken into account by supervisory bodies that have the authority to supervise the capital market, such as *Otoritas Jasa Keuangan* (OJK).

2.4 Sustainability Report

Companies do not only carry out CSR in their activities, but these activities must be reported in writing and disseminated. The report must be reported by the company in the annual report along with the details of the costs incurred, and in separate detail in the sustainability report. Sustainability reports are important documents that explain issues, challenges, and opportunities for sustainable development for the company.

Sustainability reports contain the principles contained in the preparation of financial reports, namely that these reports must be balanced, comparable, thorough, timely, and reliable (Milne and Gray, 2013). In making sustainability reports, companies must pay attention to the standards in CSR reporting. There are many standards that companies can use to disclose CSR activities. Global Reporting Initiative (GRI) Standard is one of the sustainability reporting standards which is still the most widely used guideline.

Reports on CSR activities in a sustainability report based on sustainability, which means it must be reported continuously. Sustainability reports are used to make improvements in the implementation of CSR activities continuously. In its application, making a sustainability report that refers to the GRI Standard according to Milne and Gray (2013) must contain the following items:

1. Profile and Strategy

Companies need to introduce themselves to report users by introducing them to its vision and mission in writing, a profile photo, and a foreword from its board of commissioners. In addition, in the profile and strategy items, the company describes the head office and company units, the organizational structure and company stakeholders, the company's superior and complementary products, as well as the work achievements that have been produced.

2. Management Approach

In reporting the company's CSR activities, it must contain matters related to the economic sector, internal and external environment, quality of the workforce, and product assurance that the company produces. These items can be included in company policies and procedures in making CSR reporting that has been done.

3. Implementation

Companies must make procedures and policies in carrying out CSR activities. The procedures and policies contain matters concerning environmental monitoring (place, area, and social status) of the target object and company services provided to the community. In addition, the implementation of the company's CSR activities in the form of reports is also focused on the internal environment, namely employees.

This implementation is in the form of employee training to improve

performance quality and ensure employee safety, such as the Occupational Health and Safety (OHS) program.

These three things are a guide in determining the limitations of reporting information in a sustainability report which will determine the substance of the report. In determining what to report, the report must include materialistic-related reporting, involvement of interests, sustainability context, and completeness of the report along with indicators to measure the standard of CSR activities that have been carried out.

2.5 Global Reporting Initiative (GRI) Standard

Global Reporting Initiative (GRI) is a guideline or standard for companies to report on company activities related to economic, environmental, and social topics. GRI is an independent, international organization that helps businesses and other organizations take responsibility for their impacts by providing them with the global common language to communicate those impacts (www.globalreporting.org).

According to Sahla and Aliyah (2016), GRI Standard is reporting standard disclosure that indicates social responsibility carried out by the company to create and provide benefits for reporting CSR activities to stakeholders. GRI Standard is designed for companies to report and disclose their impact on the economy, environment, and society.

GRI has made improvements over time. Starting in 2000, GRI made a sustainability reporting standard for the first time established in Boston, United States (www.majalahcsr.co.id). Then GRI continued to upgrade. As mentioned on

the GRI website, in 2002, GRI increased its version by publishing GRI G2. Improvements continued to be made so that GRI published GRI G3 in 2006, and GRI G4 in 2011. The transformation of GRI from version to version had significant changes in terms of preparing a sustainability report. According to specific criteria, the GRI version of the G3 Guide and previous versions still carry the application level concept, which divides reports into three levels, namely A, B, and C.

While in GRI G4, application levels are eliminated because companies are competing to report as many indicators as possible in the sustainability report. The company believes that the more indicators reported in the sustainability report, the better. Ideally, sustainability reports only focus on relevant and material issues in the context of economic, social, environmental sustainability for companies and stakeholders.

Furthermore, the GRI G4 version underwent an upgrade in 2017 to GRI Standards. The GRI Standards were formed by the GRI Global Sustainability Standards Board (GRI GSBB), which specifically deals with the development of sustainability reporting standards. The sustainability report guidelines still use the GRI Standards version.

The change from GRI G4 to GRI Standards did not change much, there were only two specific indicators that were discontinued, and the rest experienced a change in indicator classification. The significant difference between the GRI G4 and the GRI Standard is their arrangement (Table 2.1). GRI G4 consists of two books, namely the Reporting Principles and Standard Disclosure and an Implementation Manual. Meanwhile, the GRI Standard is a modular form

consisting of three universal standard modules and 33 specific topic modules summarized in three main module coding, namely GRI 200 economy, GRI 300 environment, and GRI 400 Social (www.majalahcsr.co.id).

Table 2.1 Difference Between GRI G4 and GRI Standards

	GRI G4	GRI Standards
Document	Divided into two books: 1. Reporting Principles and Standard Disclosure 2. Implementation Manual	Consists of two modular: 1. Three universal standard modules : - GRI 101 Foundation - GRI 102 General Disclosure - GRI 103 Management Approach 2. 33 specific topic modules summarized in three main modules: - GRI 200 Economy - GRI 300 Environment - GRI 400 Social
Disclosure of Management Approach	Disclosure of Management Approach (DMA) described in G4-DMA.	Disclosure of management approach only in GRI 103 along with the discussion of material topics and boundaries.
Writing Format	Using “ <i>indicator</i> ” word; discussion of specific aspects only focuses on indicators and guidance; does not distinguish between those that are mandatory in the report and those that are recommended.	Using “ <i>disclosure</i> ” word, and each discussion of the disclosure explains between: - <i>requirements</i> / must be reported - <i>recommendations</i> / not mandatory, but should be reported - <i>guidance</i> / other references that can be used to compile reports
Revision Format	Revisions are made by publishing the latest version, for example, publishing GRI G4 to revising GRI G3.1	Because it is modular, revisions can be made more flexible by changing/adding/subtracting certain standards that are targeted or relevant. No need to create a new version.
Contents	58 General Standard Disclosure	60 General Disclosure 9 Management Approach

G4 DMA 90 Specific Standard Disclosure		82 Specific Disclosure Two GRI G4 indicators are removed, that is G4-EN27 (initiatives to reduce the environmental impacts of products and services and the extent of these impacts) and G4-EN30 (significant environmental impacts resulting from the removal of products and other goods as well as materials used for the company operations and labor).
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The specific topics in the GRI Standard consist of the GRI 200, which summarizes economic topics. The economic topic assesses the extent to which a company can carry out its economic activities effectively and efficiently.

Effectively means that the company can achieve the goals that have been set. In contrast, efficiently means the company can manage its finances to get bigger profits compared to the costs incurred. Effective and efficient yield creation can provide the best return value for investors and bring a good financial impact on the company.

Another specific topic is the GRI 300, which is an environmental topic. This specific topic looks at how the company maintains a balance and integrity of the environment and carries out its operational activities. The last specific topic is GRI 400, which is the social topic. The social topic looks at how the company continues to provide positive feedback for society and employees. Positive feedback can be created in various ways, such as empowering the surrounding community to foster creativity. Other activities include providing training activities for employees, scholarships for employees' children, and others.

In this study, the researchers used the latest GRI guidelines, namely the GRI Standard, along with the latest version improvement. PT PLN (Persero) has implemented the GRI Standard in its sustainability report since 2017. Sustainability reports prepared by the company must follow the latest version of the standard set to be coherent and comparable. Sustainability reports that comply with the standards will be the same as reporting to other companies, although the completeness may differ. It is because the company may not disclose any of the points because it does not carry out these activities.

The Global Reporting Initiative (GRI) defines sustainability report as a practice in measuring and disclosing company activities as a responsibility to all stakeholders regarding organizational performance in realizing sustainable development goals. According to GRI Standard, sustainability report has several objectives: benchmarking and assessing, sustainability development, and comparisons of company work from time to time.

Sustainability reports are a measuring tool for assessing sustainability performance related to laws, values, standards of work results, and company initiatives in meeting the objectives of benchmarking and assessing. In sustainable development, the implementation of CSR activities facilitates company operations in implementing business strategies that can be used as sustainable growth and development for corporate welfare. Companies must measure the level of CSR activities that the company has implemented in the form of disclosures to compare the company's work from time to time by comparing it with the previous period.

2.6 Previous Research

Some previous studies have been carried out on CSR one of which by Raditya et al. (2017). They examined CSR's accounting treatment and reporting at PT PLN (Persero) Bali Distribution Main Unit. The results of this study concluded that the form of the CSR program at PT PLN (Persero) Bali Distribution Main Unit is divided into three programs, namely community relations, community service, and community empowerment. CSR activity reports by PT PLN (Persero) Bali Distribution Main Unit has not yet reported social responsibility in accordance with PSAK No. 1 regarding the presentation of financial statements because the company only produces minutes of CSR activities and work plans that are carried out and have not yet carried out CSR disclosure.

Another study was conducted by Catur (2015), who analyzed the application of CSR accounting at the Ngadirejo Kediri Sugar Factory. The results of this study indicate that the form of CSR activities at the Ngadirejo Kediri Sugar Factory is in accordance with the Regulation of the Minister of BUMN No. 05/MBU/2007 concerning the Partnership and Community Development Program (PKBL). Meanwhile, the company's CSR accounting application is not optimal because the Ngadirejo Kediri Sugar Factory does not make an accountability report as required by the Minister of BUMN Regulation No. 05/MBU/2007. This is because corporate social responsibility is the authority of the board of directors of PTPN Drection, including financial reports and reports on CSR activities.

Agatha (2019) conducted research on CSR disclosure reports at PT Bukit Makmur Mandiri Utama based on GRI G4 standards. The results of this study are

the three categories (economic, environmental and social) as required by GRI G4, at PT Bukit Makmur Mandiri Utama in 2013-2017 have a disclosure focus on economic and social categories. It is because PT Bukit Makmur Mandiri Utama is classified as a low profile company with relatively little impact on the company, so the average presentation of disclosure in the environmental category is very low.

Komang (2014) conducted research on the implementation and reporting of CSR at PT PLN (Persero) East Java Main Distribution Unit. These studies conclude that PT PLN (Persero) East Java Main Distribution Unit has reported CSR activities in CSR activity reports using the mixed type method in its implementation strategy.

As for the disclosure of CSR activities, PT PLN (Persero) East Java Main Distribution Unit has compiled a CSR activity report using the disclosure standards of the sustainability reporting framework outlined by the Global Reporting Initiative Standard (GRI). The CSR program implemented by the company is carried out consistently so that it can help the company's performance growth sustainably.

Revi (2016), in his research on CSR activity reports using the Global Reporting Initiative (GRI) concluded that by using the GRI standard reporting, the report informs the CSR implementation process, and introduces the wider community to the company's profile and strategy.

CHAPTER III

RESEARCH METHOD

3.1 Type of Study

This is a qualitative research that analyzed the implementation of corporate social responsibility activities and investigated the level of CSR disclosure using standard GRI indicators by taking a case study at PT PLN (Persero). Qualitative method is considered appropriate to answer the problems rather than quantitative methods because this study did not use numbers as indicators of research variables.

Based on the characteristics of the problems, this study used a qualitative descriptive research method. Descriptive research is a research method that utilizes qualitative data and is described descriptively. This qualitative descriptive research is often used to analyze social events, phenomena, or circumstances. According to Wirartha (2006:155), the qualitative descriptive analysis method analyzes, describes, and summarizes various conditions, situations from various data collected in the form of interviews or safeguards regarding the problem under study.

3.2 Research Object

The object examined in this study is the sustainability report of PT PLN (Persero) 2017-2019 because the reporting standards have referred to the GRI Standard. PT PLN (Persero)'s sustainability report reporting standards before 2017 was still employing the GRI G4 standard. However, since July 1, 2017, the Global Reporting Initiative (GRI) has upgraded its version from GRI G4 to GRI Standard. Since 2017, PT PLN (Persero)'s sustainability report has referred to the latest

version, namely GRI Standard. This study used the latest version of GRI, as a reference.

Therefore, the research object is the sustainability report of PT PLN (Persero) in 2017-2019. While the research site is PT PLN (Persero). The researchers chose the sustainability report of PT PLN (Persero) 2017-2019 as the research object because the researchers want to find out and compare CSR disclosure at PT PLN (Persero) in 2017-2019.

3.3 Data Types and Sources

The data type used in this research is secondary data. Secondary data is generally in the form of published and unpublished evidence, records, or historical reports in archives (documentary data), as stated by (Supomo and Indriantoro, 2009:15). Secondary data used in this research is the sustainability report of PT PLN (Persero) 2017-2019. Sustainability reports published on the official website of PT PLN (Persero) are based on standard GRI indicator guidelines.

The data used in this research comes from reports that have been published by the company. Therefore, the method used in data collection is documentation.

3.4 Data Analysis

The first stage of data analysis in this research is to collect data related to the object of research through the company website. The data needed in this research is the sustainability report of PT PLN (Persero) 2017-2019. Then the researchers conducted a content analysis on the data obtained by understanding CSR activities and identifying the GRI index in the sustainability report of PT PLN

(Persero). Content analysis is a research technique used to determine certain words or concepts in a collection of texts (Tasya and Cheisviyanny, 2019).

The next step was the researchers made a CSR disclosure analysis table based on GRI Standard, as shown in (Appendix 1). The work table contains GRI Standard items in the GRI index in the sustainability report, which can help determine CSR disclosure in a company. The work table is filled using a dichotomy approach to give the number one if the company discloses the GRI Standard topic indicators based on economic, environmental, or social categories in the GRI index in the sustainability report. Then the table is filled with zeros if it does not reveal the GRI Standard topic indicators (Haniffa and Cooke, 2005).

The GRI Standard topic-specific indicators contain 77 disclosure topics. The specific topics of the GRI 200 Economics consist of 13 disclosure items. GRI 300 Environment consists of 30 disclosure items, and GRI 400 Sosial consists of 34 disclosure items. After the table is filled in, the scores from each category item are added to get the overall score. Furthermore, the overall score is calculated to determine the level of CSR disclosure using the CSR formula (Haniffa and Cooke, 2005).

$$CSRI_i = \frac{\sum x_{yi}}{n_i}$$

$CSRI_i$ = Corporate Social Responsibility Disclosure Company Index

$\sum x_{yi}$ = Total figures obtained (1 for the figures disclosed and 0 for undisclosed items)

n_i = Number of Items

Then, the researcher conducted a return analysis on the disclosure of specific topics per category. The results of specific topic disclosures per category can determine the focus of CSR activities undertaken by the company from three periods (for example, in the 2017 period, the social category showed the highest level of disclosure compared to the economy and the environment, so that year the company focuses on CSR activities in the social category).

Finally, conclusions were drawn using the disclosure level of the CSR report at PT PLN (Persero) in 2017-2019. The conclusion said that the company's CSR performance of each topic indicator disclosed in the three reporting periods studied had increased, decreased, or remained constant. The company's CSR performance is said to increase if the topic indicator has increased from year to year. Meanwhile, it is said to decrease if there is a decrease from each year.

CHAPTER IV

ANALYSIS AND DISCUSSIONS

4.1 General Company Description

4.1.1 Brief History of Company

The history of Indonesian electricity began in the late 19th century when a Dutch company engaged in sugar and tea factories set up power plants for their own needs. As time goes by, during Indonesia's independence on August 17, 1945, the factory was seized by Indonesian youth and handed over to the Government of the Republic of Indonesia. On October 27, 1945, former President Soekarno authorized the company by forming an electricity and gas company called *Jawatan Listrik and Gas*.

On January 1, 1961, *Jawatan Listrik dan Gas* changed into *Badan Pemimpin Umum Perusahaan Listrik Negara* (BPU-PLN), which was engaged in electricity and gas. However, on January 1, 1965, BPU-PLN was dissolved and formed into two state companies: *Perusahaan Listrik Negara* (PLN), which managed electricity, and *Perusahaan Gas Negara* (PGN), which managed gas. Through Government Regulation No. 17 of 1990, PLN was designated as the holder of electricity business power in Indonesia with the task of providing electricity for the public interest.

On 1992, PLN for the first time received investment funds from the domestic capital market through the issuance of PLN I bonds. Since then, PLN has utilized funding from the capital market by issuing bonds for investment in the construction of power plants, transmission, and distribution networks as well as for

working capital. On June 1994, the status of PLN company has been transferred from a Public Company to a Limited Liability Company (Persero) until now.

4.1.2 Company Profile

PT PLN (Persero) is a state-owned enterprise that provides services to the Indonesian people in the electricity sector. PT PLN (Persero) has a role as a state electricity enterprise that operates power plants and distributes them to the people of Indonesia. In the process of distributing electricity throughout Indonesia, PT PLN (Persero) divides the unit's functions based on the electric power system, which in more detail is presented in Figure 4.1.

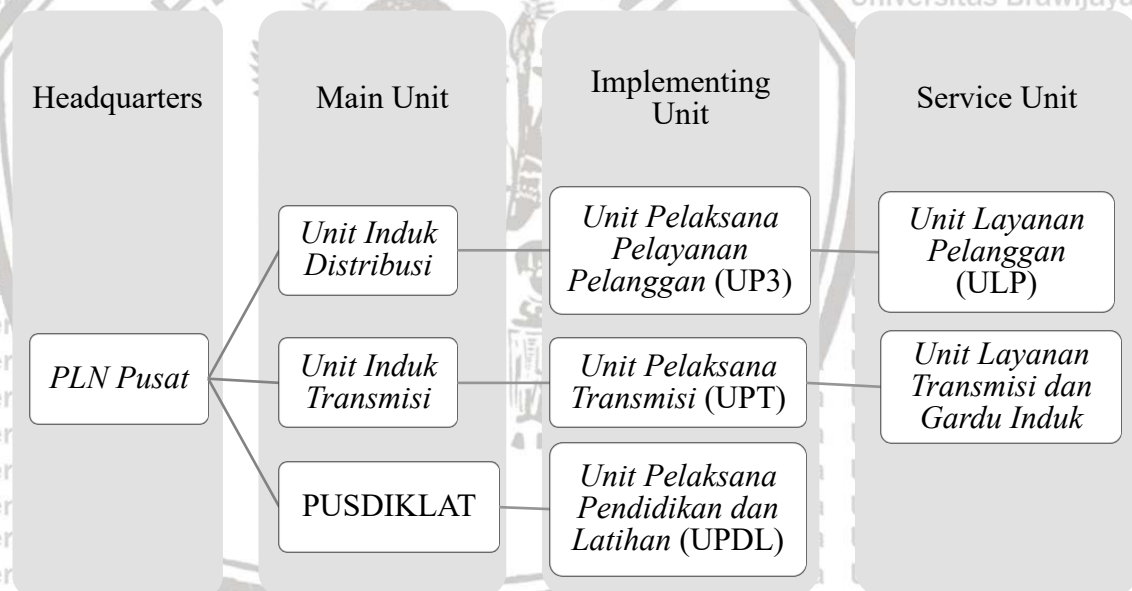


Figure 4.1 PT PLN (Persero) Divisions Unit

(Source: PT PLN (Persero) Sustainability Report 2017)

The headquarters of PT PLN (Persero) has a function to support the company's operational activities. The headquarters unit is led directly by the main director. Then there are main units located in the provincial capital in Indonesia and function as an extension of the head office for electricity services. In its operational

activities, the main unit is led directly by the general manager. The main unit consists of *Unit Induk Distribusi* (UID), *Unit Induk Transmisi* (UIT), and business support institutions namely *Pusat Pendidikan dan Latihan* (PUSDIKLAT).

The transmission unit is served as a distribution of electricity in the Java-Bali interconnection area. The transmission unit is divided into three main units for distribution: PLN *Transmisi Jawa Bagian Barat* (TJBB), PLN *Transmisi Jawa Bagian Tengah* (TJBT), dan PLN *Transmisi Jawa Bagian Timur dan Bali* (TJBTB) (www.pln.co.id). PLN PUSDIKLAT plays a role in developing competent human resources who are able to become pillars of company figures.

The main unit included in the Java-Bali interconnection system is called *Unit Induk Distribusi* (UID). Moreover, the main unit outside the Java-Bali interconnection is called *Unit Induk Wilayah* (UIW). Under the main unit, there is an implementing unit as a division of PLN service areas into smaller scopes so that the company can focus more on the electricity distribution process.

Then, implementing unit consists of *Unit Pelayanan Pelanggan* (UP3) under the main distribution unit, *Unit Pelaksana Transmisi* (UPT) under the main transmission unit, and *Unit Pelaksana Pendidikan dan Latihan* (UPDL) under PLN PUSDIKLAT. The implementing unit is led by the executive unit manager.

Under the implementing unit, there is a service unit with the scope of division of the implementing unit area, which is led directly by the service unit manager. Service unit consists of *Unit Layanan Pelanggan* (ULP) service unit under UP3 and *Unit Layanan Transmisi dan Gardu Induk* (ULTG) service units under UPT.

A lot of unit at PT PLN (Persero) means that many operational activities are carried out to meet the needs of Indonesian people, so the company must pay attention to the condition and existence of the environment and the surrounding community. PT PLN (Persero) is committed to making electricity as a medium to improve the quality of life of Indonesians by making electricity a driving force for economic activity and running business activities that are environmentally sound (www.pln.co.id).

4.1.3 Vision and Mission PT PLN (Persero)

The vision of PT PLN (Persero) is to be acknowledged as a growing, superior, and trusted world-class company, supported by its competent human resources. Furthermore, to achieve the vision, there are several strategies contained in the company's mission, that are:

1. Running an electricity business and other related sectors, oriented to customer satisfaction, company members, and shareholders.
2. Making electricity as a medium to improve the public's quality of life.
3. Making every effort for electricity as an economic booster.
4. Operating an environmentally friendly business.

4.1.4 Organizational Profile PT PLN (Persero)

The organizational structure is a formal framework that can be used as a division, grouping, and coordinating tasks from top management to middle or lower management (Robbins and Coulter, 2007:284). The organizational structure at PT PLN (Persero) aims to change the nomenclature of the directorate, the arrangement

of the directorate's work area, and the duties and responsibilities of the board of directors (www.pln.co.id).

The organizational structure of PT PLN (Persero), starting December 23, 2019, has referred to the Minister of State-Owned Enterprises as the General Meeting of Shareholders of the Company, Decision No. SK-325/MBU/05/2019.

The company's organizational structure consists of one President Director, one Deputy President Director, nine Directors leading the directorate, two Senior Executive Vice President (SEVP) leading the Department, one Corporate Secretary (CRS), one Chief Audit Executive (CAF) leading SPI, one Senior Vice President (SVP) leads the Corporate Law Division, and 55 Executive Vice Presidents (EVP) lead the Divisions, and 56 General Managers lead the Parent Unit (PLN Sustainability Report, 2019). Details of the organizational structure of PT PLN (Persero) can be seen in Appendix 2.

4.1.5 The Role and Objectives of PT PLN (Persero)

As the only company that provides electricity in Indonesia, PT PLN (Persero) has an important role as stipulated in Government Regulation No. 23 of 1994. The important role of PT PLN (Persero) is to provide electricity for the public interest as well as to make profits based on the principles of company management, striving for the supply of electricity in sufficient quantity and quality with the aim of:

1. Improve the welfare and prosperity of the people in a just and equitable manner and promote economic development

2. Seek profits in order to finance the development of electricity supply to serve the needs of the community
3. Pioneering electricity supply business activities
4. Organize other businesses that support the electricity supply business in accordance with the prevailing laws and regulations.

4.2 CSR PT PLN (Persero)

As the largest BUMN in Indonesia in the distribution of electricity, PT PLN (Persero) has a crucial function in serving the basic needs of the Indonesian citizen.

Therefore, in carrying out its business and operational practices, the company is committed to being a benchmark responsible for economic, social, and environmental topics. In carrying out this commitment, PT PLN (Persero) carries out a CSR program as an awareness of the important role and function of PLN for the Indonesian citizen.

The CSR activities carried out by PT PLN (Persero) are based on the company's commitment to make electricity as a medium to improve the quality of people's lives, striving for electricity to drive economic activity, and running environmentally friendly business activities (PT PLN (Persero) Sustainability Report, 2017). It reflects the application of the triple bottom line principle, which harmonizes the development of the three CSR topics, namely economic, social, and environmental.

PLN's commitment to carrying out CSR is implemented with the company's vision, namely, making PT PLN (Persero) CSR at the forefront of increasing electricity needs while still paying attention to the harmony of all

stakeholders and the environment (PT PLN (Persero) Sustainability Report, 2019).

The CSR vision of PT PLN (Persero) is driven by the company's mission, which is to carry out social activities to help bridge all the interests of the company's stakeholders so that it can take place synergistically to advance the company's image. The objectives of implementing CSR activities at PT PLN (Persero) are:

1. Create a harmonious relationship between the company and the community
2. Help the growth and development of small businesses and cooperatives that are independent, resilient, and competitive with professional management
3. Develop a pattern of fostering small businesses and cooperation by prioritizing equity, independence, professionalism, and ethics
4. Maintain environmental sustainability and help improve the quality of life of the community, which covers the fields of education, health, and welfare

4.2.1 PT PLN (Persero) CSR Program

In carrying out its business and operational activities, PT PLN (Persero) not only maintains services and profits, but also answers economic, social, and environmental challenges that arise from company activities (www.pln.co.id). PT

PLN (Persero) is committed to manage the environmental impact of each of its operational activities in order to continue to carry out its commitment to serve the public. The implementation of PT PLN (Persero)'s CSR activities is called 'PLN *Peduli*', which aims to improve the welfare of the community, especially in the

fields of education, health, economy, and culture (PT PLN (Persero) Sustainability Report, 2019).

The CSR program at 'PLN *Peduli*' is implemented through several programs, including Community Services and Community Empowering.

Community services are programs of assistance to the community or public interest.

The form of the community services program at PT PLN (Persero) is the Community Development Program (CDP). CDP is a donation program provided to the community for seven types of use.

The seven types of use include natural disaster assistance, nature conservation assistance, educational assistance and training for the construction of facilities and infrastructure, development assistance for public facilities, health improvement assistance for stunting and malnutrition management programs, assistance for religious facilities and security activities, as well as social assistance alleviation of fisheries (PT PLN (Persero) Sustainability Report, 2019). The realization of the PT PLN (Persero) 2017-2019 community development program can be seen in Appendix 3.

The next 'PLN *Peduli*' program is Community Empowering. Community empowering consists of programs that provide wider access to the community to support their independence. PT PLN (Persero) community empowering was realized in the form of a Partnership Program (PP). The partnership program is a loan program to finance working capital for small businesses to increase the ability of MSMEs to become independent and innovative businesses (PT PLN (Persero) Sustainability Report, 2019). One of the partnership programs that have been

realized is assistance to develop organic papaya farming for communities around Mount Merapi in Yogyakarta, in collaboration with the Faculty of Agriculture, Gadjah Mada University.

The community empowering program also has a Village Empowerment Program to assist the community with regular coaching and mentoring activities in the village-based economy (www.ybmpln.org). PT (PLN) Persero has committed to assisting the government in empowering the village economy. It had been realized by PT PLN (Persero) in 2019.



Figure 4.2 Village Empowerment Program PT PLN (Persero)

Source: PT PLN (Persero) Sustainability Report 2019

In addition to the PLN Peduli Program, PT PLN (Persero) has an Energy Independent Village Program. PT PLN (Persero) consistently provides services that will have an impact on improving the quality of life of the Indonesian people. Some of these programs are:

1. Micro Hydro Power Plant Development (MHPPD) Program

MHPPD is a small-scale power plant that uses hydropower as its driving force (www.lipi.go.id). It was inaugurated by PT PLN (Persero) in 2017 and implemented in 2019.



Program Pembangunan Pembangkit Listrik Tenaga Mikro Hidro (PLTMH) Micro Hydro Power Plant Development Program (PLTMH)

- | | |
|-------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------|
| 1. Desa Pesawaran Indah, Lampung. | 1. Pesawaran Indah Village, Lampung. |
| 2. Dusun Lebak Picung, Banten, menerangi 52 keluarga (KK), 1 sekolah dasar dan 1 mushola. | 2. Lebak Picung Village, Banten, illuminates 52 families (KK), 1 elementary school and 1 mosque. |
| 3. Desa Adat Susuan Karang Asem, Bali. Kapasitas 25 kW. | 3. Susuan Karang Asem Traditional Village, Bali, 25 kW capacity. |
| 4. Dusun Kampung Sawah, Jawa Barat. Kapasitas 6 kW, menerangi 40 KK. | 4. Kampung Sawah Village, West Java. Capacity of 6 kW, illuminating 40 families. |
| 5. Dusun Bojong Cisono, Jawa Barat. Kapasitas 6 kW, menerangi 70 KK. | 5. Dusun Bojong Cisono, West Java. Capacity of 6 kW, illuminating 70 households. |
| 6. Dusun Cibadak, Jawa Barat. Kapasitas 6 kW, menerangi 266 KK. | 6. Cibadak Village, West Java. Capacity of 6 kW, illuminating 266 families. |
| 7. Dusun Cisuren, Jawa Barat. Kapasitas 12 kW, menerangi 120 KK. | 7. Cisuren Village, West Java. 12 kW capacity, illuminating 120 families. |
| 8. Dusun Ciawi, Jawa Barat. Kapasitas 6 kW, menerangi 180 KK. | 8. Ciawi Village, West Java. 6 kW capacity, lighting up 180 households. |
| 9. Dusun Leuwi Gajah, Jawa Barat. Kapasitas 6 kW, menerangi 70 KK. | 9. Leuwi Gajah Village, West Java. Capacity of 6 kW, illuminating 70 households. |
| 10. Dusun Parakan Darai, kapasitas 10 KW, menerangi 54 KK. | 10. Parakan Darai Village, 10 KW capacity, illuminates 54 families. |
| 11. Sungai Code, Yogyakarta. | 11. Code River, Yogyakarta. |
| 12. Desa Krucil, Jawa Timur, menerangi 70 KK | 12. Krucil Village, East Java, illuminates 70 families. |
| 13. Desa Selolimen, Jawa Timur, menerangi 100 KK | 13. Selolimen Village, East Java, illuminates 100 families. |

Figure 4.3 Realization Form of MHPPD Program PT PLN (Persero)

Source: PT PLN (Persero) Sustainability Report 2019

2. Flora and Fauna Conservation

As an implementation related to environmentally sound development policies as stated in Law No. 32 of 2009 concerning the protection and management of the environment, the company is obliged to protect the environment as a conservation effort in the work area where the company's activities operate. In this case, PT PLN (Persero) conducts biodiversity conservation realized in North Sumatra - soybean cultivation program, Bali - revitalization of Bali Starling Habitat, and in West Sumatra - assistance in the development of turtle conservation at Laskar Turtle Camp.

3. Education and vocational Program

PT PLN (Persero) in the education and vocational program organizes various educational and counseling programs on electricity. The company is committed to improving the quality of human resources by encouraging skills and competencies that can support the business and business world (PT PLN (Persero) Sustainability Report, 2018). This program targets the Senior High Schools (SMK) and tertiary institutions. This program is realized by providing educational and training programs, certified apprenticeship programs, and educational scholarships.

4. River School Program

This program is a form of PT PLN (Persero)'s concern for environmental sustainability for a better life for the people around the river (www.koranbumn.com). PT PLN (Persero) invites all people around the river to learn how to love and preserve the river ecosystem. The flora and fauna conservation program are implemented by inviting the surrounding community to learn and practice waste management, tree planting, and river tracing. River school programs have been implemented in DKI Jakarta - Ciliwing River School, DI Yogyakarta - Siluk River School and Mudal River School, Central Java - Sengkarang River School and Pandaansari River School, and in East Java - Gununganyar Tambak River School.

The implementation of CSR activities can be motivated by the reason that the successful growth of the company is inseparable from the role and support of employees, society, and the environment. PT PLN (Persero), through its sustainability report, also realizes that its operational activities have a large direct and indirect impact on employees, the environment, and society in Indonesia.

In implementing CSR from 2017-2019, PT PLN (Persero) not only pays attention to the external environment and community, but the company also consistently strives to pay attention to and ensure that the implementation of aspects of employment, health, safety, and a comfortable work environment for employees is achieved through the program K3/OHS.

4.2.2 Occupational Health and Safety (OHS)

PT PLN (Persero) is a state-owned company engaged in electricity distribution. The activity of this company is to distribute electrical energy to every customer. Therefore, the company's operational activities are closely related to safety, occupational health, and environmental aspects. The combination of these three aspects is a manifestation of the definition of CSR, which states that CSR activities also pay attention to the safety and lives of employees who work.

Occupational safety and health are conditions or factors that affect or can affect the health and safety of workers (Ramli, 2010: 62). PT PLN (Persero) has implemented an OHS management system with the aim of achieving zero accidents.

The company has targeted work programs that have been carried out in the K3 sector by realizing a Safety Culture with Zero Accident and Zero Incident as its achievements and its positive images towards the company.

The principle of “Zero Harm” will be achieved when a safe culture underlies and becomes part of every activity undertaken by employees. The company intensively and consistently carries out campaigns, socialization, and training related to OHS and supervises employee compliance by referring to the latest safe work guidelines and procedures. Therefore, the “Zero Harm” socialization continues through various media in various locations in the work area.

4.3 CSR Award PT PLN (Persero)

PT PLN (Persero) is one of the SOEs that consistently receives CSR awards every year (<https://www.listrikindonesia.com>). This award is proof of PT PLN (Persero)’s commitment in encouraging the use of clean energy, especially in the electricity sector. PT PLN (Persero) received various CSR awards in 2017-2019 from various aspects.

In 2017, through a sustainability report, the company informed that it had received a CSR award through the Nusantara CSR Awards 2017 organized by The La Tofi School of CSR. PT PLN (Persero) had successfully won all award categories. With this achievement, PT PLN (Persero) has the right to hold the title “The Best Nusantara CSR Awards 2017.” Moreover, in 2017 the company reported that it had received 101 awards in the CSR field. The awards are on average in the environmental category.

In 2018, through its sustainability report, the company reported receiving 24 CSR awards. The award is average in the social category. One of the awards the company received in 2018 was the CSR Award from the Tasikmalaya Regency Government in the KH Zainal Musthafa Sukamanah Islamic boarding school

empowerment program. It is the empowerment of the Riyadul Huda Sukarapih Sukarame Islamic boarding school and the Miftahul Ulum Kadipaten Islamic Boarding School Facility Development Program.

In 2019, through a sustainability report, the company received 26 CSR awards. The award is mostly obtained in the environmental category. One of them is the ASEAN Coal Award in the Clean Coal Use and Technology Utilization category.

4.4 Global Reporting Initiative Standard

According to the Global Reporting Initiative (GRI) Standard, the disclosure of sustainability report consists of two topics, namely universal topics with 56 disclosure items and specific topics with 33 disclosure items. The universal topic is an indicator of GRI Standard that reports contextual information about an organization. The universal topics in the GRI Standard are coded with GRI 102. Universal topic is a complement to the sustainability report reporting standards according to the GRI Standard, which must be reported because the contents are important information about the company profile.

Sustainability Report PT PLN (Persero) 2017-2019 was prepared in accordance with the Global Reporting Initiative (GRI) Standard with the Core option, and POJK No. 51/POJK.03/2017 concerning the Implementation of Sustainable Finance for Financial Services Institutions, Issuers, and Public Companies. Core option means that not all points in the GRI Standards have to be disclosed (Kurniawan, 2017). In determining the content of the sustainability

report, the company applies the approach stated in the GRI Standard Guidelines presented in Figure 4.4, which includes four steps:

1. Identification: Identifying material aspects and their limitations;
2. Priority: Defining the priority of aspects identified in the previous step;
3. Validation: Validating material aspects with the Company's management;
4. Review: Reviewing reports before and after they are published to improve the quality.



Figure 4.4 Steps of GRI Standards approach
Source: PT PLN (Persero) Sustainability Report 2019

Based on Law No.40 of 2007 concerning Limited Liability Company Article 66 paragraph 2c, which requires the submission of the report on the activities of *Tanggung Jawab Sosial dan Lingkungan (TJSL)* and Program *Kemitraan, Bina Lingkungan (PKBL)* in the Annual Report. The entity have published separate in Sustainability Reports since 2008.

The sustainability report demonstrates PT PLN (Persero)'s commitment to play an active role in building a sustainable economy to improve the quality of people's lives and the environment. Through the sustainability report, PT PLN

(Persero) invite all stakeholders and readers to thoroughly acknowledge their efforts to meet stakeholder expectations while ensuring sustainable electricity operations in Indonesia.

4.4 GRI Materiality

The determination of PT PLN (Persero)'s materiality focuses on issues and achievements in economic, environmental, and social aspects. The 2017 PT PLN (Persero) sustainability materiality graphic is presented in Figure 4.5, 2018 in Figure 4.6 and 2019 in Figure 4.7.

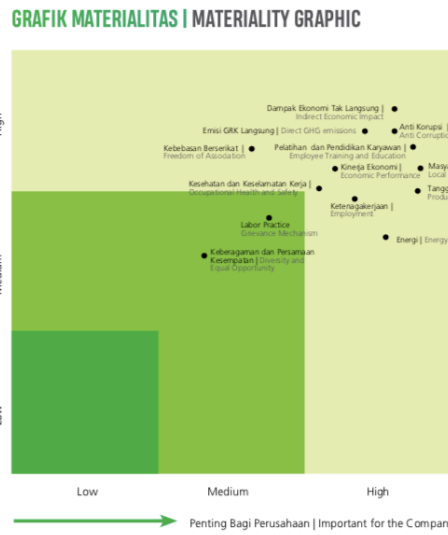


Figure 4.5 PT PLN (Persero)'s Materiality Graphic in 2017
 Source: PT PLN (Persero) Sustainability Report 2019

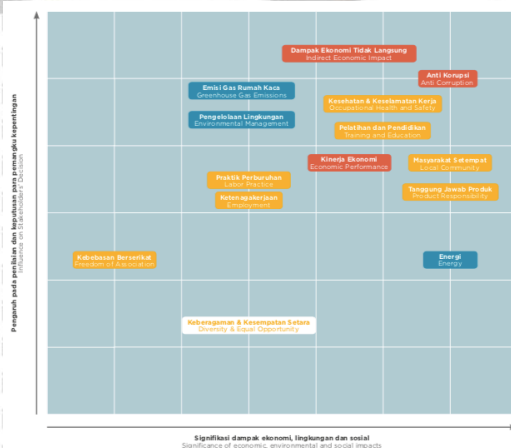


Figure 4.6 PT PLN (Persero)'s Materiality Graphic in 2018

Source: PT PLN (Persero) Sustainability Report 2019

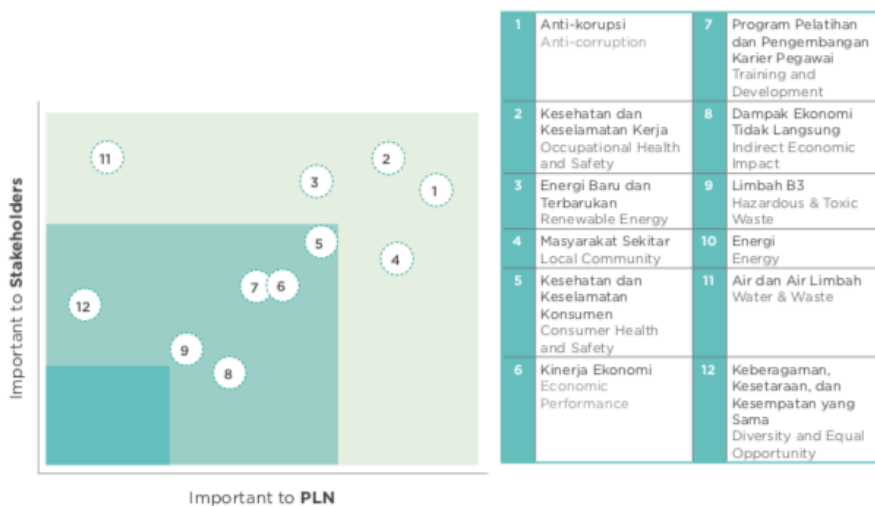


Figure 4.7 PT PLN (Persero)'s Materiality Graphic in 2019

Source: PT PLN (Persero) Sustainability Report 2019

The level of materiality in the sustainability report is defined as how high the impact caused by the business activities of PT PLN (Persero), especially to the entity's stakeholders. In preparing the sustainability report, the entity considers issues that arise from stakeholders related to the activities, products and services of the entity during the reporting period. The topics presented in the sustainability report are material topics selected through four stages, namely identification, prioritization, validation and review. The entity conducts a workshop in each period to assess and re-validate the topics that have been presented in previous reports.

The workshop involved various work units at PT PLN (Persero) and the Stakeholder Group Survey. In both discussion sessions, stakeholders assist entities in determining material issues and presenting various data and information that they want to know. Through these two sessions, the entity strives to continuously

improve the quality of its sustainability reports and develop various policies and targets that are relevant to the main performance indicators of the GRI Standard.

In each reporting cycle, the entity review the report's content to determine the relevance to our business, while ensuring that the report contains up-to-date issues related to the sustainability and interests of stakeholders. The sustainability report of PT PLN (Persero) contains three main aspects, such as economy, environment and social in a balanced manner.

4.5 GRI 102 Universal Standard

GRI 102 is a basis for reporting principles to determine the content and quality of the report. Information in universal topics includes the overall company profile, strategy, and analysis that provides an overview of the company's sustainability, ethics, and integrity that describes the overall picture of the values, principles, and norms in the company. In addition, there is a governance structure that provides an overall picture of the company's role in setting corporate goals and strategies for evaluating the company's economic, environmental, and social aspects. The latest information is stakeholder involvement, which provides an overview of the company's approach to stakeholders and reporting practices (Global Reporting Initiative Standards, 2016).

Sustainability report PT PLN (Persero) used core option to disclose the CSR activities, then the entity only disclose selected universal standard item based on GRI Standard. Selected GRI Standards, or parts of their content, can also be used to report specific information, without preparing a report in accordance with the Standards.

The level of universal standard topic disclosure presented by PT PLN (Persero) is presented in Table 4.1 and 4.2. In 2017, the company reported universal topic disclosure of 64%. In 2018, it decreased to 59%, and in 2019, it increased to 61%.

Table 4.1 Level of Universal Topic Disclosure of PT PLN (Persero)

PT PLN (Persero) Sustainability Report		2017		2018		2019	
Universal Disclosure	Total Disclosure Items	Total Items Disclosed	Disclosure Percentage	Total Items Disclosed	Disclosure Percentage	Total Items Disclosed	Disclosure Percentage
Organizational Profile	13	13	100%	13	100%	13	100%
Strategy	2	1	50%	0	0%	1	50%
Ethics and Integrity	2	2	100%	2	100%	2	100%
Governance	22	3	14%	1	5%	1	5%
Stakeholder Engagement	5	5	100%	5	100%	5	100%
Reporting Practice	12	12	100%	12	100%	12	100%
Total	56	36	64%	33	59%	34	61%

4.6 GRI Specific Topic

Specific topics are indicators of GRI Standards which report on economic (GRI 200), environmental (GRI 300), and social (GRI 400) aspects. Specific topics can affect the substantive assessment of CSR in companies. The annual specific topic may show the company's assessment in its concern for social, environmental, and economic conditions. Companies can continue their business activities by implementing the triple bottom line concept, namely profit, people, and planet (Tusiyati, 2019). In this context, every decision taken by the company must pay attention to the impact of these three dimensions.

On this basis, sustainability for PT PLN (Persero) is to carry out company operations by reducing the negative impact on the environment as low as possible.

Moreover, sustainability is also related to PT PLN (Persero) in improving the quality of life for the community, including the company's employees. From the economic dimension, the entity reflects how companies contribute to increasing economic growth in Indonesia.

In determining the specific topic of sustainability report the entity focuses on issues and achievements in economic, environmental, and social aspects which is summarized in the Materiality Aspects that mentioned on the introductory page of the sustainability report. The materiality aspects of GRI Standard in PT PLN (Persero) are presented in Table 4.2.

Table 4.2 Specific Materiality Aspects PT PLN (Persero)

Materiality Aspects	GRI Indicator		
	2017	2018	2019
Economic Performance	201-1, 201-3, 201-4	201-1, 201-4	201-1, 201-4
Market Presence			202-1
Indirect Economic Impact	203-1, 203-2	203-1, 203-2	203-1, 203-2
Procurement Practice		204-1	204-1
Anti Corruption	205-1, 205-2	205-1, 205-2	205-2
Energy	302-1, 302-4	302-1, 302-4	302-1, 302-4
Biodiversity			304-1, 304-3
Emission	305-1, 305-4	305-1, 305-5	305-1, 305-5
Effluent and Waste	306-2	306-2	306-2
Environmental Compliance		307-1	307-1
Employment	401-1, 401-2	401-2	401-2
Occupational Health and Safety	403-1, 403-2, 403-4	403-1, 403-2, 403-4	403-1, 403-2, 403-4
Training and Education	404-2	404-2	404-2

Diversity and Equal Opportunity			405-2
Freedom of Association	407-1	407-1	407-1
Local Community	413-1	413-1	413-1
Customer Health and Safety	416-1		
Marketing	417-1, 417-2	417-1, 417-2	417-1, 417-2

Source: PT PLN (Persero)'s Sustainability Report 2017-2019.

4.7 GRI 200 Economic

The economic dimension of sustainability concerns an organization's impact on the economic conditions of its stakeholders and economic systems at local, national, and global levels (Global Reporting Initiative Standard, 2016). It does not focus on the company's financial condition but the distribution of the economy issued by the company.

The GRI Standard economic indicators disclosed by PT PLN (Persero) are presented in Table 4.3. PT PLN (Persero)'s sustainability report reports the level of CSR disclosure in the economic category in 2017 and 2018 each amounted to 54% then increased to 62% in 2019.

Table 4.3 Economy Disclosed Item PT PLN (Persero)

Disclosure Item	GRI Indicator		
	2017	2018	2019
Economic Performance	201-1, 201-3, 201-4	201-1, 201-4	201-1, 201-4
Market Presence			202-1
Indirect Economic Impact	203-1, 203-2	203-1, 203-2	203-1, 203-2
Procurement Practice		204-1	204-1
Anti Corruption	205-1, 205-2	205-1, 205-2	205-1, 205-2

4.6.1 GRI 201 Economic Performance

GRI 201 is a report of the economic performance of a company. The items discussed in GRI 201 consist of four disclosure that presented in Table 4.4.

Disclosures in economic standards can provide information on the impact of a company on its economic performance and its management.

Table 4.4 Indicator GRI 201

GRI 201 Economics Performance PT PLN (Persero)				
Code	Indicator	2017	2018	2019
Disclosure 201-1	Direct economic value generated and distributed	1	1	1
Disclosure 201-2	Financial implications and other risks and opportunities due to climate change	0	0	0
Disclosure 201-3	Defined benefit plan obligations and other retirement plans	1	0	0
Disclosure 201-4	Financial support from the government (subsidies)	1	1	1

Note: 1 = disclosed, 0 = not disclosed

PT PLN (Persero) discloses information about the direct economic value achieved in the form of its sources of income and its rupiah value for 2017, 2018, and 2019. PT PLN (Persero) also disclosed the change in the percentage of income from 2018 to 2019. The details disclosure 201-1 regarding the economic value achieved by the company are presented in Figure 4.4.

Nilai Ekonomi yang Dihasilkan Perusahaan [201-1]
Economic Value Achieved by the Company [201-1]
 (Rp miliar) (Rp billion)

Perolehan	2019	2018	2017	Perubahan (%) Change (%)	Source
Pendapatan Penjualan Listrik	276.062	263.537	246.587	4,7%	Sale of Electricity
Subsidi Listrik dari Pemerintah	51.712	48.102	45.738	7,5%	Government Subsidy
Pendapatan Bunga Bank dan Deposito	755	804	1.067	(6,09%)	Interest Income from Bank and Deposits
Laba dari Entitas Asosiasi & Ventura Bersama	(287)	255	462	(212%)	Income from Associated Companies
Pendapatan/ (Pengeluaran) Selisih Kurs	9.486	(10.926)	(2.935)	(186,8%)	Gain (Loss) on Foreign Exchange
Pendapatan Lain-lain, termasuk Penyambungan	31.833	32.583	8.708	(2,3%)	Other Income including Customer Connection Fees
Jumlah Nilai Ekonomi yang Diperoleh	369.561	334.365	299.627	3,23%	Total Economic Value Generated

Figure 4.4 Economic Value Achieved by PT PLN (Persero) 2017-2019
 (Source: PT PLN (Persero) Sustainability Report 2019)

Moreover, PT PLN (Persero) also discloses the economic value distributed by the company. The company discloses the various distribution values to stakeholders along with the rupiah value and the percentage of change. In more detail, disclosure 201-1 regarding the economic value distributed by the company is presented in Figure 4.5. The increasing number of economies achieved and distributed by the company describes that the economic performance of PT PLN (Persero) has a positive influence on stakeholders.

Nilai Ekonomi yang Didistribusikan Perusahaan [201-1]
Economic Value Distributed by the Company [201-1]

Perolehan	2019	2018	2017	Perubahan (%) Change (%)	Source
Biaya Operasional (kecuali biaya pegawai dan penyusutan)	254.124	254.494	223.189	(0,14%)	Operational Costs (excluding employee costs and depreciation)
Gaji Karyawan dan Benefit Lainnya	25.909	22.950	23.125	13,6%	Employee Salary and Other Benefits
Pembayaran kepada Penyandang Dana	28.619	21.933	20.708	30,4%	Payment to Financier
Pemegang Saham (Dividen)	4.000	309	2.151	1,194%	Shareholders (Dividends)
Beban Keuangan	24.619	21.624	18.557	13,8%	Financial Expenses
Pengeluaran untuk Pemerintah (pajak, royalti, dan sebagainya)	21.797	8.325	4.116	161,8%	Government Expenditures (taxes, royalties, and others)
Pengeluaran untuk Masyarakat	276	198	183	39,3%	Expenditures for the Community
Jumlah Nilai Ekonomi	359.344	329.473	292.029	9,06%	Amount of Economic Value
Nilai Ekonomi yang Ditahan sebelum Dividen	6.217	4.583	5.447	35,6%	Economic Value Held before Dividends
Jumlah Nilai Ekonomi yang Ditahan	10.217	4.892	7.598	108,8%	Retained Economic Value

Figure 4.5 Economic Value Distributed by PT PLN (Persero) 2017-2019
(Source: PT PLN (Persero) Sustainability Report 2019)

The specific economic topic reported next is disclosure 201-3, which was only reported by PT PLN (Persero) in 2017 through a pension fund program called *Dana Pensiun PLN* (DP-PLN). The pension fund size is based on years of service and the level of salary at the time of retirement. The purpose of establishing DP-PLN is to organize a *Program Pensiun Manfaat Pasti* (PPMP) for PT PLN (Persero) employees and their subsidiaries who are founding partners, namely PT Indonesia Power, PT Pembangkitan Jawa Bali, PT PLN Batam, and PT Indonesia

Comnets Plus. Meanwhile, in 2018 and 2019, the company disclosed the PMP program as part of a social topic in the employment category and not part of an economic topic.

The disclosure of economic topics reported by PT PLN (Persero) is disclosure 201-4. As a state-owned company that carries out the task of meeting electricity needs for the Public Service Obligation (PSO), the company receives financial assistance from the government in electricity subsidies. In 2017, the amount of subsidies that PT PLN (Persero) received from the government amounted to Rp45.75 trillion. In 2018, the value of electricity subsidies increased to Rp48.10 trillion. Then, the value of electricity subsidies rose again in 2019 and reached Rp57.1 trillion. The increase in electricity subsidies was mainly due to the increase in the cost of goods manufactured due to increased primary energy prices and foreign currency exchange rates. So that the deviation that must be closed between the cost of goods manufactured and the subsidized electricity tariff is getting bigger.

4.6.2 GRI 202 Market Presence

GRI 202 discusses market existence, which includes the company's contribution to economic development in the areas where the company operates. For example, regarding the company's approach to remuneration or local recruitment. Disclosure of GRI 202 provides information about a company's impact on its market presence and how the company manages it. GRI 202 indicator disclosure items consist of two disclosure and presented in Table 4.5.

Table 4.5 Indicator GRI 202

GRI 202 Market Presence PT PLN (Persero)				
Code	Indicator	2017	2018	2019
Disclosure 202-1	Ratios of standard entry-level wage by gender compared to local minimum wage	0	0	1
Disclosure 202-2	Proportion of senior management hired from the local community	0	0	0

Note: 1 = disclosed, 0 = not disclosed

PT PLN (Persero) 's sustainability report in 2019 explains that the company provides information about the amount of income received by each employee and is calculated from Performance-Based Remuneration. Performance-Based Remuneration consists of Pay for Person (P1) based on employee competence, Pay for Position (P2) based on job allowances and expensive regional allowances, and Pay for Performance (P3) based on performance and performance results of employees individually or in groups.

PT PLN (Persero) does not calculate employee remuneration based on the applicable minimum wage for a region or the *Upah Minimum Regional (UMR)*. Meanwhile, the ratio of employee wages reported by the company in 2019 based on gender is 1: 1. In 2017 and 2018, the standard wages of employees grouped by gender were reported on social topic disclosures.

4.6.3 GRI 203 Indirect Economic Presence

GRI 203 reports on infrastructure investment and company service support to stakeholders and the economy, more precisely to the community. The impact of infrastructure investment can be through the scope of company operations, such as community social facilities. Disclosure items on the GRI 203 indicator are presented in Table 4.6.

Table 4.6 Indicator GRI 203

GRI 203 Indirect Economic Impact PT PLN (Persero)				
Code	Indicator	2017	2018	2019
Disclosure 203-1	Infrastructure investment and services	1	1	1
Disclosure 203-2	Significant indirect economic impacts	1	1	1

Note: 1 = disclosed, 0 = not disclosed

The two GRI 203 point indicators were reported by PT PLN (Persero) with information on the realization of increased company performance in the form of social awareness programs. The program is *Tanggung Jawab Sosial dan Lingkungan Perusahaan* (TJSL), which consists of three programs, namely the Community Development Program (CDP), the Partnership Program (PP), and the Corporate Social Responsibility (CSR) program.

Information on the company's sustainability report for the 2017 period, PT PLN (Persero) distributed funds amounted to Rp91,340,112,283 for Community Development Programs. While in the Partnership Program, the company disbursed funds amounted to Rp616,379,839 for the operation of the *Rumah Kreatif BUMN*, which is used as a place to share MSME business knowledge. Furthermore, the company disbursed Rp90,841,928,455 for the CSR program implemented in the generating, distribution, transmission, electricity project, and service units.

In 2018, PT PLN (Persero) distributed funds amounted to Rp123,600,000 in the Partnership Program to support the emergence of new potential partners. Meanwhile, in the Community Development Program (CDP), the company has distributed funds amounted to Rp70,580,394,044 and funds for CSR amounted to Rp126,889,643,341. In 2019, PT PLN (Persero) distributed funds of Rp35,669,597,000 to the Partnership Program and Community Development

Program amounted to Rp60,575,819,870 and a CSR program amounted to Rp179,654,615,503.

4.6.4 GRI 204 Procurement Practices

GRI 204 reports company support for local suppliers. By supporting local suppliers, companies can indirectly attract additional investment in the local economy. The use of local resources can be a strategy to help ensure supply, support a stable local economy, and maintain community relationships. Disclosure items on the GRI 204 indicator are presented in Table 4.7.

Table 4.7 Indicator GRI 204

GRI 204 Procurement Practices PT PLN (Persero)				
Code	Indicator	2017	2018	2019
Disclosure 204-1	Proportion of spending on local suppliers	0	1	1

Note: 1 = disclosed, 0 = not disclosed

To support the government to increase economic turnover in Indonesia, PT PLN (Persero) developed an electricity system by implementing *Tingkat Komponen Dalam Negeri* (TKDN) by operating Air-Insulated Switchgear (AIS). It aims to control imports of goods and maximize the use of domestic components.

In 2018, PT PLN (Persero) operated an electrical equipment factory for the first time called Air-Insulated Switchgear (AIS) in Indonesia. AIS was run by PT Crompton Prima Switchgear Indonesia (CPSI) founded by PLN subsidiary and Crompton Greaves Limited. This factory is an initiative and effort to encourage national industry and increase TKDN. From 2019 until now, AIS is still operated by PT PLN (Persero).

4.6.5 GRI 205 Anti-Corruption

GRI 205 discusses disclosures that measure the extent to which a company risk assessment is implemented that can help assess potential corruption incidents within and related to the company's operational activities. Furthermore, GRI 205 also discusses the draft of company policies and procedures to fight corruption and reports on confirmed incidents related to corrupt activities. Disclosure items on the GRI 205 indicator are presented in Table 4.8.

Table 4.8 Indicator GRI 205

GRI 205 Anti-Corruption PT PLN (Persero)				
Code	Indicator	2017	2018	2019
Disclosure 205-1	Operations assessed for risks related to corruption	1	1	1
Disclosure 205-2	Communication and training for anti-corruption	1	1	1
Disclosure 205-3	Confirmed incidents of corruption and actions taken	0	0	0

Note: 1 = disclosed, 0 = not disclosed

PT PLN (Persero) in 2017 reported disclosure 205-1 with information on the company's efforts to avoid corruption by forming an Internal Audit Unit (IAU).

Through the IAU, PT PLN (Persero) management guarantees the effectiveness and efficiency of operations, compliance with laws and regulations, and the accuracy and reliability of financial reporting.

The company reports disclosure 205-2 by reporting that PT PLN (Persero) IAU improves the competence and quality of their audit implementation through participation in internal auditor professional certification such as Qualified Internal Auditor (QIA), Certified Risk Management Professional (CRMP), as well as other non-certification education for company employees. PT PLN (Persero)

sustainability report year 2017, 2018, and 2019 also explain the ‘*PLN Bersih No Suap*’ declaration shown in Figure 4.6.

‘*PLN Bersih No Suap*’ is a declaration to motivate all levels of the company to uphold integrity as a form of best governance practices when carrying out daily tasks, carrying out operational activities, and realizing development projects. PT PLN (Persero) is committed to fighting corruption with ‘*PLN Bersih No Suap*’ program. The company also develops and implements a Whistleblowing System policy as a form of transparency and accountability to eradicate corruption, bribery, and fraudulent practices.

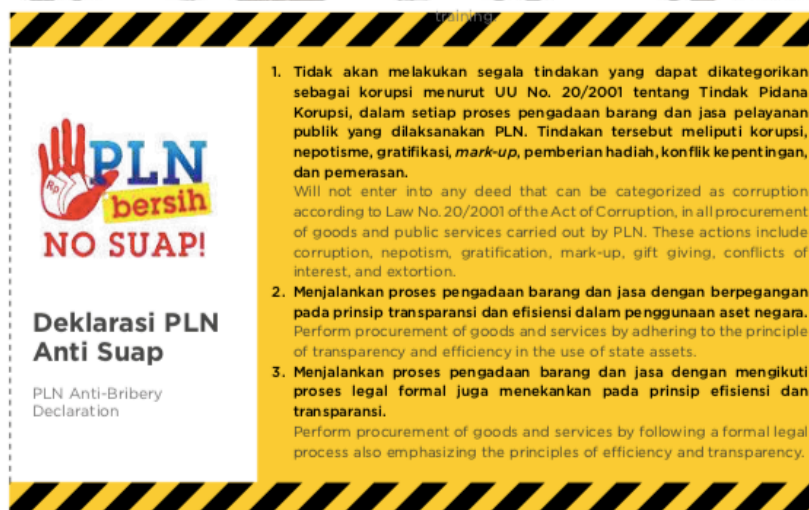


Figure 4.6 Declaration of ‘*PLN Bersih No Suap*’
(Source: PT PLN (Persero) Sustainability Report 2019)

4.7 GRI 200 Economic Disclosure Results

GRI 200 Economy explains the contribution of PT PLN (Persero) to the economy of its stakeholders, namely the state, investors, employees, consumers, suppliers, and society. In addition, PT PLN (Persero) contributes to the economic system at the local, national, and global levels. This topic also describes the flow of

capital among different stakeholders and the main economic impact of PT PLN (Persero) on all levels of society.

From the descriptive disclosure of specific economic topics at PT PLN (Persero) above, there are still a total of 46% disclosures of economic topics that have not been disclosed in 2017 and 2019 and 38% in 2018. In the three reporting periods studied, economic performance, indirect economic impact, and anti-corruption were consistently expressed by the company, which can be seen in Table 4.9. Some specific topic items in the sustainability report are not disclosed because there are no activities that need to be disclosed because these activities do not occur in companies such as corrupt practices and disclosure 205-3.

Table 4.9 CSR Disclosure Level for Economy Topic PT PLN (Persero)

Indicator	Total GRI Item	2017	2018	2019
		Disclosed Item	Disclosed Item	Disclosed Item
GRI 201 Economic Performance	4	3	2	2
GRI 202 Market Presence	2	0	0	1
GRI 203 Indirect Economic Impact	2	2	2	2
GRI 204 Procurement Practices	1	0	1	1
GRI 205 Anti-Corruption	3	2	2	2
GRI 206 Anti-Competitive Behavior	1	0	0	0
Total	13	7	7	8
	CSRIi	0.538	0.538	0.615
	Percentage	54%	54%	62%

4.8 GRI 300 Environment

The environmental dimension of sustainability concerns an organization's impacts on living and non-living natural systems, including land, air, water, and ecosystems (Global Reporting Initiative Standard, 2016). The environmental category includes impacts related to inputs (such as energy and water) and outputs

(such as emissions, effluents, and waste). The GRI Standard environment indicators disclosed by PT PLN (Persero) are presented in Table 4.10.

PT PLN (Persero)'s sustainability report reported that disclosure of environmental topics were stagnant by 17% in 2017 and 2018, and increased to 28% in 2019. The disclosure for each indicator in the environment category by PT PLN (Persero) is described below.

Table 4.10 Environment Disclosed Item PT PLN (Persero)

Disclosure Item	GRI Indicator		
	2017	2018	2019
Energy	302-1, 302-4	302-1, 302-4	302-1, 302-4
Biodiversity			304-1, 304-3
Emission	305-1, 305-4	305-1, 305-5	305-1, 305-5
Effluent and Waste	306-2	306-2	306-2
Environmental Compliance		307-1	307-1

4.8.1 GRI 302 Energy

GRI 302 reports on the energy that companies consume in various forms, such as fuel, electricity, heating, cooling, or steam. Energy consumption can also occur throughout the upstream and downstream activities connected with an organization's operations. It can include consumers' use of products and the end-of-life treatment of these products. Disclosures in this category provide information about an organization's impacts related to energy and how the company manages them. The items disclosed in the GRI 302 category are presented in Table 4.11.

Table 4.1 Indicator GRI 302

GRI 302 Energy PT PLN (Persero)					
Code	Indicator	2017	2018	2019	
Disclosure 302-1	Energy consumption within the organization	1	1	1	

Disclosure 302-2	Energy consumption outside of the organization	0	0	0
Disclosure 302-3	Energy intensity	0	0	0
Disclosure 302-4	Reduction of energy consumption	1	1	1
Disclosure 302-5	Reduction in energy requirements of products and services	0	0	0

Note: 1 = disclosed, 0 = not disclosed

From the five GRI 302 point indicators, during 2017, 2018, and 2019 PT PLN (Persero) only reported disclosures 302-1 and 302-4. The company did not report energy consumption outside the company's operational activities, the ratio of energy intensity consumed by the company and the reduction in energy use required for products and services. Most of the electricity produced by PT PLN (Persero) still depends on non-renewable energy sources such as coal and petroleum (PT PLN (Persero) Sustainability Report, 2017). Therefore, disclosure 302-1 is reported by the company by describing the total fuel consumption of the energy source consumed, which can be seen in Figure 4.7.

Coal and petroleum are types of non-renewable fossil fuels that are less environmentally friendly. PT PLN (Persero) also revealed that the company is implementing the energy mix concept, which aims to reduce the use of fossil fuels. The energy mix is a combination of the composition of fossil and non-fossil energy consumed (Energy Security Book, 2015).

Konsumsi Bahan Bakar dari Sumber Energi Tidak Terbarukan [302-1] Fuel Consumption from Non-Renewable Energy Sources [302-1]		Satuan Unit	2019	Dalam Satuan Gigajoule In Gigajoule	2018	Dalam Satuan Gigajoule In Gigajoule	2017	Dalam Satuan Gigajoule In Gigajoule
Bahan Bakar Minyak/Oil Fuel								
High Speed Diesel (HSD)	Kilo Liter	194.589	7.511.135	2.669.745	103.052.157	2.579.123	99.554.148	
Bio HSD (BSD)	Kilo Liter	1.683.688	64.990.357	-	-	-	-	
Marine Fuel Oil (MFO)	Kilo Liter	343.601	13.606.600	593.264	23.493.254	718.463	28.451.135	
Industrial Diesel Oil (IDO)	Kilo Liter	329	13.028	28	1.109	580	22.968	
Batu Bara/Coal	Ton	66.485.988	1.595.663.712	60.480.760	1.451.538.240	54.711.847	1.313.084.328	
Gas Alam/Gas	Bbtu	437.480	13.081.631.255	458.209	13.368.453.526	447.072	13.368.453.526	

Figure 4.4 Fuel Consumption From Non-Renewable Energy Sources PT PLN (Persero) 2017-2019

(Source: PT PLN (Persero) Sustainability Report 2019)

Furthermore, in disclosure 302-4, for the sake of realizing the sustainability of the company, PT PLN (Persero) reports on energy efficiency through various programs and policies that it has implemented. Efforts of the company in implementing energy efficiency are to prioritize the development of New and Renewable Energy (EBT) plants, fuel switching by diverting the use of fuel to gas and energy efficiency at the power plant.

4.8.2 GRI 304 Biodiversity

GRI 304 discusses biodiversity, which is important to ensure the ability of plant and animal species and natural ecosystems to survive in the vicinity of company operations. This category is motivated to monitor company activities that are being carried out near protected areas, thus enabling companies to reduce the risk of impacts that will occur on these protected areas to avoid mismanagement.

The items disclosed in the GRI 304 category are presented in Table 4.12.

Table 4.12 Indicator GRI 304

GRI 304 Biodiversity PT PLN (Persero)				
Code	Indicator	2017	2018	2019
Disclosure 304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	0	0	1
Disclosure 304-2	Significant impacts of activities, products, and services on biodiversity	0	0	0
Disclosure 304-3	Habitats protected or restored	0	0	1
Disclosure 304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	0	0	0

Note: 1 = disclosed, 0 = not disclosed

The company reported disclosure 304-1 and 304-3 in 2019 with information on the location of PLN's Tanjung Jati B biodiversity activities, located in Panjang Island, Jepara Regency, which is close to damaging *Acropora Aspera* corals (endemic, according to IUCN) due to illegal mining. PLN Tanjung Jati B initiated the *Transplantasi Terumbu Karang Perairan Pulau Panjang* with Artificial Patch Reef (APR) planting began in 2015, but the company only disclosed it in 2019.

4.8.3 GRI 305 Emission

GRI 305 addresses emissions to the air, which are the release of substances from their source into the atmosphere. These types of emissions include Greenhouse Gases (GHG), Ozone Depleting Substances (ODS), Nitrogen Oxide (NOx), and Sulfur Oxide (SOx) among significant air emissions. The items disclosed in the GRI 305 category are presented in Table 4.13.

Table 4.13 Indicator GRI 305

GRI 305 Emission PT PLN (Persero)				
Code	Indicator	2017	2018	2019
Disclosure 305-1	GHG Emission	1	1	1
Disclosure 305-2	Energy indirect GHG Emission	0	0	0

Disclosure 305-3	Other indirect GHG Emission	0	0	0
Disclosure 305-4	GHG Emissions intensity	1	0	0
Disclosure 305-5	Reduction of GHG Emissions	0	1	1
Disclosure 305-6	Emissions of ozone-depleting substances (ODS)	0	0	0
Disclosure 305-7	Nitrogen oxides (NOX), sulfur oxides (SOX) and other significant air emissions	0	0	0

Note: 1 = disclosed, 0 = not disclosed

Of the seven GRI 305 point indicators, during 2017, 2018, and 2019, PT PLN (Persero) only reported disclosures 305-1 and 305-5. The company does not report energy indirect GHG emissions with location-based method, indirect emissions that come from the breakdown of company waste. In addition, the company also does not report the calculation of production of Ozone-Depleting Substances (ODS), Nitrogen Oxides (NOX), Sulfur Oxides (SOX), and other significant air emissions.

Disclosure 305-1 by PT PLN (Persero) for 2017-2019 is disclosed in the form of a table containing GHG Emissions in Figure 4.8. To monitor GHG Emission, the company performs data entry online through an application called APPLE-GATRIK. It is a web-based application for calculating and reporting greenhouse gas emissions from generating units to the directorate (<https://apple-gatrik.esdm.go.id/>).

Emisi GRK Tahun 2017-2019		GHG Emission 2017-2019		
Emisi GRK (ton CO ₂ e) dari Bahan Bakar (305-1)		2019	2018	2017
GHG Emission (ton CO ₂ e) from Fuel (305-1)				
High Speed Diesel (HSD)		516.551	7.087.031	6.846.467
Bio HSD (BSD)		4.469.472	-	-
Marine Fuel Oil (MFO)		1.057.794	1.826.396	2.211.825
Industrial Diesel Oil (IDO)		931	81	1.643
Batu Bara/Coal		125.043.688	113.749.341	102.899.443
Gas Alam/Gas		26.604.762	27.865.366	27.188.093
Total		157.693.198	150.528.216	139.147.470,45

Figure 4.5 GHG Emission Consumption PT PLN (Persero) 2017-2019

(Source: Sustainability Report PT PLN (Persero) 2019)

At the next reported point, namely the 305-4 disclosure according to the sustainability report of PT PLN (Persero) in 2017, the GHG Emission index from the electricity production process is in the range of 0.8949 with a downward trend from 2015 and 2016. It is in line with the company's program namely, improving the quality of the energy mix.

Disclosure 305-4 was not disclosed in 2018 and 2019 because the company is focusing on a long-term plan as outlined in the 2018-2027 Electricity Supply Business Plan, which includes a primary (fossil) energy mix that utilizes Renewable Energy (EBT) up to 23% of the total primary energy used. The EBT Utilizer is an important initiative to ensure energy availability for the development of lower GHG Emissions.

Disclosure 305-5, which was only reported by the company in the 2018 and 2019 periods, contained information on the realization of the Verified Carbon Standard (VCS) and Clean Development Mechanism (CDM) programs for the efforts to reduce GHG emissions. In 2018, through the CDM project, PT PLN (Persero) had reduced GHG Emissions by 154,550 tons of CO₂ and for the VCS project, as much as 3.7 tons of CO₂. It was increased in 2019, the company's CDM project can reduce as much as 308,955 tons of CO₂ and 5,985,023 tons of CO₂ in the VCS project.

4.8.4 GRI 306 Waste

GRI 306 discusses the topic of waste arising from the company's operational activities. Waste arising from the company's operational activities can have a significant negative impact on the environment and human health if it is not

managed properly. These impacts often occur through the location where waste is generated and disposed. The items disclosed in the GRI 306 category are presented in Table 4.15.

Table 4.2 Indicator GRI 306

GRI 306 Waste PT PLN (Persero)				
Code	Indicator	2017	2018	2019
Disclosure 306-1	Waste generation and significant waste-related impacts	0	0	0
Disclosure 306-2	Management of significant waste-related impacts	1	1	1
Disclosure 306-3	Waste generated	0	0	1
Disclosure 306-4	Waste diverted from disposal	0	0	0
Disclosure 306-5	Waste directed to disposal	0	0	0

Note: 1 = disclosed, 0 = not disclosed

The company only reports disclosure 306-2 in 2017, 2018, and 2019. Even though the company has many programs related to waste and it is informed in the sustainability report, the company only provides information about the types of waste it produces, along with its volume in tons from each unit of PT PLN (Persero).

Meanwhile, in the GRI Standard, entities are required to disclose the impact of the waste generated by the company.

The waste produced by PT PLN (Persero) from its operational activities consists of two: Hazardous and Toxic Waste (B3) and Non-Hazardous and Toxic Waste (Non-B3). Disclosure 306-2 for 2017-2019 contains information on B3 and non-B3 waste management. PLN Group requires business units to carry out waste management, which refers to Government Regulation No. 101 of 2014.

B3 waste produced by the company include Fly Ash and Bottom Ash (FABA), Used Lubricants, Expired Chemicals, and so on. FABA waste management is carried out in accordance with PP. 18/1999, namely not carrying

out direct management, but only temporarily storing the waste before handing it over to another party who has a permit to manage and utilize the waste.

4.9 Disclosure Results of GRI 300 Environment

The specific topic of the GRI 300 environmental category explains the contribution of PT PLN (Persero) to emissions, disposal, and waste, as well as the use of energy, water, and company concern for biodiversity. According to Tjahjono (2013), environmental performance is an aspect that companies need to pay attention to because companies are required to pay more attention to the environment around operating activities and be able to create a green industry in every activity. Good management of environmental performance can support companies in implementing the concept of sustainable development, although environmental performance management requires considerable investment and financing.

From the description of disclosure of specific environmental topics at PT PLN (Persero) above, the company fulfilled five disclosures of 17% in 2017 and 2018, then increased to nine disclosures by 28% in 2019. In the three reporting periods studied in the environmental category, PT PLN (Persero) consistently reports energy, emission, and waste indicators. CSR disclosure level for environment topic can be seen on Table 4.18.

Table 4.3 CSR Disclosure Level for Environment Topic PT PLN (Persero)

Indicator	Total GRI Item	2017	2018	2019
		Disclosed	Disclosed	Disclosed
GRI 301 Materials	3	0	0	0
GRI 302 Energy	5	2	2	2
GRI 303 Water	3	0	0	0
GRI 304 Biodiversity	4	0	0	2

GRI 305 Emission	7	2	2	2
GRI 306 Waste	5	1	1	2
GRI 307 Environmental Compliance	1	0	0	0
GRI 308 Supplier Environmental Assessment	2	0	0	0
Total	30	5	5	8
CSRIi		0.16	0.16	0.266
Percentage		17%	17%	27%

4.10 GRI 400 Social

The GRI 400 social category discusses the impact of a company on the social system where it operates (Global Reporting Initiative Standard, 2016). The Global Reporting Initiative (GRI) Standard also describes the social category, which describes the company's activities in each operational activity that has been established in applicable regulations and includes responsibilities to stakeholders and the community.

GRI 400 consists of four social indicators, namely labor, human rights, society and product responsibility. The GRI Standard social indicators disclosed by PT-PLN (Persero) are presented in Table 4.19.

Table 4.19 Social Disclosed Item PT PLN (Persero)

Disclosure Item	GRI Indicator		
	2017	2018	2019
Employment	401-1, 401-2	401-2	401-2
Occupational Health and Safety	403-1, 403-2, 403-4	403-1, 403-2, 403-4	403-1, 403-2, 403-4
Training and Education	404-2	404-2	404-2
Diversity and Equal Opportunity			405-2
Freedom of Association	407-1	407-1	407-1
Local Community	413-1	413-1	413-1
Customer Health and Safety	416-1		

Marketing	417-1, 417-2	417-1, 417-2	417-1, 417-2
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4.10.1 GRI 401 Employment

GRI 401 discusses employment relationships which include the relationship between employees and organizations that stipulate rights and obligations to both parties. Moreover, the employment indicator also discusses the recruitment of new employees and new employee turnover. The items disclosed by the company in GRI 401 are presented in Table 4.20.

Table 4.20 Indicator GRI 401

GRI 401 Employment PT PLN (Persero)					
Code	Indicator	2017	2018	2019	
Disclosure 401-1	New employee hires and employee turnover	1	0	0	
Disclosure 401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	1	1	1	
Disclosure 401-3	Parental leave	0	0	0	

Note: 1 = disclosed, 0 = not disclosed

In 2017, PT PLN (Persero) reported disclosure 401-1 with information that the company succeeded in recruiting 4,484 employees. The company also disclosed 158 employees leaving; 135 employees resigning and 23 employees being laid off.

It was also recorded that 2,098 employees left due to retirement. In 2018 and 2019, the company did not disclose the number of employee recruitments and only disclosed the recruitment system policy.

Disclosure 401-2 disclosed information of PT PLN (Persero) allowance system that presented in Figure 4.9. The nature of PT PLN (Persero)'s employee benefits is Performance based Remuneration based on the 3P principle (PT PLN (Persero) 2017 Sustainability Report):

1. Pay for Person (P1) allowances are given in the form of monthly payment to reward competence, work experience and years of service, the amount is specified by the grade level and grade scale.
2. Pay for Position (P2) allowances are given as compensation for the weight of the position caused to employees who describe know-how, problem solving, and accountability. The general formula for P2 is =

$$\text{Area Index} \times \text{Position Coefficient} \times \text{Position Rate}.$$
3. Pay for Performance (P3) allowances are given as compensation for the performance achieved either individually or in groups with real contribution and structure.

Komponen Remunerasi Karyawan [401-2]		Employee Remuneration Component [401-2]	
Komponen Remunerasi	Ya Yes	Tidak No	Remuneration Component
Tunjangan Transportasi	✓	–	Transportation Allowance
Lembur	–	✓	Overtime
Insentif Manajemen	–	✓	Management Incentive
Insentif Lokal	–	✓	Local Incentive
Tunjangan Shift	✓	–	Shift Allowance
Tunjangan Risiko Kerja	✓	–	Work Risk Allowance
Piket	✓	–	Watchman
Tunjangan Khusus	–	✓	Special Allowance
Insentif Tahunan	–	✓	Annual Incentive
Insentif Pencapaian Target	✓	–	Target Achievement Incentive
Insentif Kerja Tahunan	✓	–	Annual Work Incentive
Cuti	✓	–	Leave
Tunjangan Hari Raya	✓	–	Religious Allowance
Manfaat	✓	–	Benefits
Jaminan Kesehatan	✓	–	Health Assurance
BPJS Kesehatan	✓	–	BPJS Health
BPJS Ketenagakerjaan	✓	–	BPJS Employment
Dana Pensiun	✓	–	Pension Fund
Asuransi Kesehatan	–	✓	Health Insurance

Figure 4.6 Employee Remuneration Component of PT PLN (Persero)

(Source: Sustainability Report PT PLN (Persero) 2019)

Furthermore, disclosure 401-3 which has a requirement to report information regarding the total number of employees entitled to maternity leave and the number of employees who returned to work after maternity leave was not disclosed by the company in the 2017, 2018 and 2019 periods. However, the

company does not report information of employees entitled to maternity leave and employees who return to work after maternity leave.

4.10.2 GRI 403 Occupational Health and Safety (OHS)

GRI 403 discusses the topic of occupational safety and health. Healthy and safe working conditions include both prevention of physical and mental hazards, and improving the quality of workers' health. GRI 403 items reported by the company in the 2017, 2018, and 2019 periods are presented in Table 4.21.

Table 4.4 Indicator GRI 403

GRI 403 Occupational Health and Safety (OHS) PT PLN (Persero)				
Code	Indicator	2017	2018	2019
Disclosure 403-1	Workers representation in formal joint management–worker health and safety committees	1	1	1
Disclosure 403-2	Types of Injury and Rates of Injury, Occupational Diseases,	1	1	1
Disclosure 403-3	Employees with accident or sickness due to high working condition	0	0	0
Disclosure 403-4	Health and safety topics covered in formal agreements with trade unions	1	1	1

Note: 1 = disclosed, 0 = not disclosed

Disclosure 403-1 that the company reported in the sustainability report for 2017-2019 is the supervision of OHS implementation in each of its operational activities. PT PLN (Persero) formed a *Pembina Kesehatan dan Keselamatan Kerja* (P2K3) to coordinate activities and programs related to OHS based on the Decree of the Board of Directors No. 0072/K/DIR/2016.

In the disclosure 403-2, the company reports information about the number of work accident cases. There were 47 work accidents in 2017, decreased to 44 cases in 2018, and increased to 61 cases in 2019 to. Due to many operational activities in the field, work accidents at PT PLN (Persero)'s business units

throughout Indonesia is still frequent. Lessons taken from work accidents are used by the company as an evaluation material for improving work procedures and programs for enhancing the OHS aspect awareness culture in operational activities in all PT PLN (Persero) business units.

Disclosure 403-3 was not disclosed by PT PLN (Persero) in its sustainability report for the 2017, 2018 and 2019 periods. The company did not disclose the number of workers, but the company did disclose the obligation to periodically inspect workers who have a high risk of occupational diseases and poor working environments, such as inspection, maintenance and repair of installations, both for power plants, transmissions and substations. Disclosure 403-4 in the sustainability report of PT PLN (Persero) for 2017, 2018 and 2019 is the topic of occupational health and safety in 25% of all agreements with trade unions.

4.10.3 GRI 404 Trainings and Education

GRI 404 discusses the topic of training and education that includes the company's approach to improving the skills of its employees. PT PLN (Persero) only reports GRI 404 in items disclosure 404-2 which are presented in Table 4.22.

Table 4.5 Indicator GRI 404

GRI 404 Trainings and Education PT PLN (Persero)					
Code	Indicator	2017	2018	2019	
Disclosure 404-1	Average hours of training per year per employee	0	0	0	
Disclosure 404-2	Programs for upgrading employee skills and transition assistance programs	1	1	1	
Disclosure 404-3	Percentage of employees receiving regular performance and career development reviews	0	0	0	

Note: 1 = disclosed, 0 = not disclosed

PT PLN (Persero) did not report the average training hours per employee in the company's sustainability report for the 2017, 2018 and 2019 periods. The company also did not report the percentage of total employees by gender and category that received regular reviews of performance and career development. The company only reported employee training programs aimed at improving employee skills.

The company reported disclosure 404-2 in 2017 by providing information that PT PLN (Persero) has an employee training program called the Learning Program. In 2018, the Learning Program changed its name to the Competency Development Program. The Competency Development Program is fully managed by PLN Corporate University (Corpu) for five years (2018-2022).

4.10.4 GRI 405 Diversity and Equal Opportunity

GRI 405 addresses the topic of the company's approach to diversity and equal opportunity at work. Companies that actively promote diversity and equality in the workplace can generate significant benefits for their employees. PT PLN (Persero) only reports GRI 405 in disclosure 405-2 in 2019, and it is presented in Table 4.23.

Table 4.6 Indicator GRI 405

GRI 405 Diversity and Equal Opportunity PT PLN (Persero)					
Code	Indicator	2017	2018	2019	
Disclosure 405-1	Diversity of governance bodies and employees	0	0	0	
Disclosure 405-2	Ratio of basic salary and remuneration of women to men	0	0	1	

Note: 1 = disclosed, 0 = not disclosed

PT PLN (Persero) did not report the percentage of employees based on gender, age group, and other relevant indicators of diversity following the reporting requirements for disclosure 405-1. The company only reported disclosure 405-2 with information on the ratio of employees' basic salaries based on gender. Disclosure 405-2 aims to show the equality of salaries given to the company regardless of the gender of its employees.

PT PLN (Persero) has guaranteed justice and equality in the workplace with the principles of openness, fairness, equality and justice regardless of ethnicity, religion, race, class, and gender in the company environment (PT PLN (Persero) Sustainability Report, 2019). As a form of the company's commitment to creating justice and equality in the workplace, PT PLN (Persero) has made a Performance-based Remuneration policy.

The company's 2019 sustainability report states that the ratio of salary and remuneration between male and female employees is 1:1. The company's sustainability reports in 2018 and 2019 did not disclosed the ratio of salary and remuneration among employees according to gender but only report on the principle of equality in work.

4.10.5 GRI 407 Freedom of Association and Collective Bargaining

GRI 407 discusses the topic of freedom of association and collective bargaining in a company. In this indicator, freedom of association refers to the right of employers and employees to form, join, and run their own organizations without permission or interference from the entity. The items on the GRI 407 are presented in Table 4.25.

Table 4.7 Indicator GRI 407

GRI 407 Freedom of Association and Collective Bargaining PT PLN (Persero)				
Code	Indicator	2017	2018	2019
Disclosure 407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	1	1	1

Note: 1 = disclosed, 0 = not disclosed

There are three labor unions within PT PLN (Persero) which were reported in the disclosure 407-1 of 2017, 2018, and 2019. The three unions are:

1. *Serikat Pekerja PLN* registered with Proof of Registration of South Jakarta Sudinakertrans No. 22/V/IV/2001 dated April 6, 2001.
2. *Serikat Karyawan Perusahaan Listrik Negara* registered with Proof of Registration of Palembang City Sudinakertrans No. 285/ Disnaker/2015 dated August 13, 2015.
3. LASKAR PLN Union registered with Proof of Registration of South Jakarta Sudinakertrans No. 762/SP/JS/II/2016 dated February 9, 2016.

However, *de facto*, there are four trade unions because in one trade union organization there is a dualism of management, namely SP-PLN led by H. Adri and

SP-PLN led by Jornadis Abda. Then, the problem was resolved in 2019 and a new labor certificate was established, namely the *Serikat Pekerja* PT PLN (Persero)

Indonesia which was recorded with the Proof of Registration of Palembang City

Sub-Department of Manpower and Transmigration No.330/Disnaker/2019 on

January 9, 2019. So, there were four unions in 2019.

4.10.6 GRI 413 Local Communities

GRI 413 discusses the topic of local communities. In the GRI standard, local

communities are defined as people or groups of people who live or work in areas

that are economically, socially, or environmentally affected (positively or negatively) from the operations of the company's operations. GRI 413 consists of two disclosure items, which are presented in Table 4.31. PT PLN (Persero) only reported one disclosure item in 2017, 2018, and 2019, that is disclosure 413-1.

Table 4.8 Indicator GRI 413

GRI 413 Local Communities PT PLN (Persero)				
Code	Indicator	2017	2018	2019
Disclosure 413-1	Operations with local community engagements, impact assessments and development programs	1	1	1
Disclosure 413-2	Operations with significant actual and potential negative impacts on local communities	0	0	0

Note: 1 = disclosed, 0 = not disclosed

Disclosure 413-1 reported by the company in 2017 is the socio-economic benefits of electricity infrastructure. The existence of electric power increases the productivity of all elements of the nation from the smallest level, namely the household. With electricity, community activities can run well throughout the day and are no longer limited. The availability of electricity is also believed to be able to improve the quality of the environment, considering that its presence can replace the source of lighting at night which generally still uses kerosene.

In 2018 and 2019, disclosure 413-1 was reported by companies with corporate work strategies and programs in the form of Corporate Social Responsibility (CSR). In all operational areas, the company always involves local communities in carrying out CSR programs. PT PLN (Persero) continuously communicates with the community to receive suggestions and input so that the CSR program that will be provided to the community fits their needs.

4.10.7 GRI 416 Customer Health and Safety

GRI 416 discusses the topic of customer health and safety, including the company's efforts to address it. The customer has the right to a product or service that is not at risk of harm. GRI 416 has two disclosure items which are presented in

Table 4.34. PT PLN (Persero) only reported one disclosure item, that is disclosure 416-1 in 2017.

Table 4.9 Indicator GRI 416

GRI 416 Customer Health and Safety PT PLN (Persero)					
Code	Indicator	2017	2018	2019	
Disclosure 416-1	Assessment of the health and safety impacts of product and service categories	1	0	0	
Disclosure 416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	0	0	0	

Note: 1 = disclosed, 0 = not disclosed

Disclosure 416-1 only disclosed in 2017. To ensure that the quality of service meets the health, safety and security standards for both customers and the workplace the entity apply LK2 systems and environmental management, in accordance with Law No. 1 of 1970 on Occupational Safety, elaborated through:

1. Board of Directors' Decree No. 090.K/DIR/2005 on Installation Safety Guidelines
2. Board of Directors' Decree No. 091.K/DIR/2005 on General Safety Guidelines
3. Board of Directors' Decree No. 092.K/DIR/2005 on Occupational Safety Guidelines

Moreover, PT PLN (Persero) also uses the Occupational Health and Safety Management System in accordance with the Minister of Manpower Regulation No.

PER.05/MEN/1996, as a reference for the implementation of these provisions.

Implementation monitoring and evaluation is conducted every semester, using the performance assessment system, in line with Board of Directors' Decree No. 031.K/DIR/2010 and No. 032.K/DIR/2010).

4.10.8 GRI 417 Marketing and Labeling

GRI 417 discusses information on product or service labeling and marketing communications in companies. This includes customers' access to accurate and adequate information about the positive and negative economic, environmental and social impacts of the products and services they consume. GRI 417 consists of three disclosure items which are presented in Table 4.35.

Table 4.10 Indicator GRI 417

GRI 417 Marketing and Labeling PT PLN (Persero)					
Code	Indicator	2017	2018	2019	
Disclosure 417-1	Requirements for product and service information and labeling	1	1	1	
Disclosure 417-2	Incidents of non-compliance concerning product and service information and labeling	1	1	1	
Disclosure 417-3	Incidents on non-compliance concerning marketing communication	0	0	0	

Note: 1 = disclosed, 0 = not disclosed

PT PLN (Persero) only reported disclosure 417-1 in 2017, 2018, and 2019.

Disclosure 417-2 in 2018 and 2019. Disclosure 417-3 were not disclosed because from the information reported by the company in the sustainability report in 2017, 2018, and 2019, PT PLN (Persero) has never committed non-compliance with information on product labeling and marketing communications.

The company discloses information indicators regarding the company's marketing and marketing communications to customers in 2017-2019. As part of the corporate transformation, PT PLN (Persero) is increasingly active in implementing marketing programs for the services they sell. Marketing activities carried out by the company are an effort to build a harmonious relationship with stakeholders, especially with customers by creating several programs that are presented in Figures 4.11 and 4.12.

Deskripsi Produk	Produk Product	Product Description
Diskon Tarif Rp52/kWh tenaga listrik bagi golongan tarif rumah tangga mampu daya 900 VA (R1/900 VA RTM). Sampai dengan Desember 2019, jumlah pelanggan mencapai 22.333.542 pelanggan, dengan pertumbuhan mencapai 4,12%, serta berhasil mencatatkan pendapatan sebesar Rp373.261.012.719	Lebih Nyaman More Comfortable	A tariff discount Rp52/kWh of electricity for household tariff groups of 900 VA power (R1/900 VA RTM). As of December 2019, the number of customers reached a total of 22,333,542, showing 4,12% growth, managing to generate revenue of Rp373,261,012,719
Diskon Tarif LWB-P1 (23.00-08.00) bagi pelanggan industri tegangan menengah dan tinggi sebesar 30% dan tambahan 5% untuk pelanggan Premium. Bagi PLN, adanya program ini dapat meningkatkan jumlah penjualan tenaga listrik. Sedangkan bagi pelaku industri tujuan, adanya program dari PLN ini dapat memacu pertumbuhan ekonomi bisnis dan industri, dan meningkatkan daya saing bisnis. Sampai dengan Desember 2019, jumlah pelanggan dari program ini sebesar 1.690 pelanggan.	Makin Produktif More Productive	A LWB-P1 tariff discount (23.00-08.00) for medium and high-voltage industry customers of 30% with an additional 5% for premium customers. This program is able to increase PLN's electricity sales. With regard to the industrial sector, this PLN program can spur economic growth in business and industry and increase business competitiveness. As of December 2019, the total number of subscribers to this program was 1,690.
Diskon biaya penyambungan pasang baru sebesar 50% bagi calon pelanggan yang terdaftar di Basis Data Terpadu Tim Nasional Percepatan Penanggulangan Kemiskinan (BDT-TNP2K) dan Daerah Terdepan, Terluar & Tertinggal (3T). Bagi PLN, program ini bertujuan untuk percepatan rasio elektrifikasi, peningkatan jumlah pelanggan baru, dan meningkatkan kWh jual. Lebih jauh, program ini akan mendorong pertumbuhan ekonomi Indonesia. Sampai dengan Desember 2019, program ini berhasil mendapatkan tambahan pelanggan sebesar 562.350 pelanggan untuk daya 450 VA dan 671.292 pelanggan untuk daya 900 VA. Program ini berhasil mencatatkan margin pendapatan sebesar Rp1.225.955.354 untuk 450 VA dan Rp1.730.789.392 untuk daya 900 VA.	Terangi Negeri Lighten the Nation	A 50% new connection discount for prospective customers registered in the National Database Integrated Team for the Acceleration of Poverty Reduction (BDT-TNP2K) and Borderline, Outermost & Disadvantaged Areas (3T). For PLN, this program aims to accelerate the electrification ratio, increase the number of new customers, and increase kWh sales. Furthermore, this program will foster Indonesia's economic growth. As of December 2019, this program managed to acquire an additional 562,350 customers for 450 VA power and 671,292 customers for 900 VA power. This program successfully recorded revenues of Rp1,225,955,354 for 450 VA and Rp1,730,789,392 for 900 VA power.

Figure 4.7 Thematic Sales Program PT PLN (Persero)

Source: PT PLN (Persero) Sustainability Report 2019

Deskripsi Produk	Produk Product	Product Description
<p>Diskon biaya penyambungan tambah daya bagi pelanggan tegangan rendah semua golongan tarif. Program ini bertujuan untuk memberikan keleluasaan pelanggan untuk menikmati listrik pada saat lebaran sekaligus meningkatkan pertumbuhan penjualan energi listrik PLN. Sampai dengan Juni 2019, jumlah permohonan pelanggan untuk mengikuti promo ini mencapai 197124 pelanggan. Program ini berhasil mencatatkan penjualan listrik PLN sebesar 276.99 MVA dengan pendapatan sebesar Rp113.301.296.750.</p> <p>Diskon tarif bagi pelanggan TM & TT untuk golongan tarif bisnis dan industri pada periode libur lebaran 2019. Sampai dengan Juni 2019, jumlah pelanggan yang mengikuti program ini mencapai 376 pelanggan dengan daya tersambung sebesar 1.229.434.000 VA.</p>	<p>Gemerlap Lebaran-Tambah Daya Gemerlap Lebaran-Power Addition</p> 	<p>A discounted connection fee for additional power for low voltage customers of all tariff groups. This program aims to provide customers the flexibility to enjoy electricity during Lebaran while simultaneously increasing the growth of PLN's electricity sales. As of June 2019, the number of customer requests to take part in this promotion reached 197124 customers. This program successfully recorded PLN electricity sales of 276.99 MVA with revenues of Rp113,301,296,750.</p>
<p>Diskon BP tambah daya 50% untuk semua golongan tarif, 74% untuk bundling dengan layanan internet dan TV, dan 100% untuk peruntukan lembaga pendidikan, serta Promo Pemasangan Sementara. Melalui program ini, PLN berhasil mencatatkan pendapatan sebesar Rp853.370.775 dan realisasi penambahan daya sebesar 116.718 kVA.</p>	<p>Gemerlap Lebaran 2019-Diskon Tarif Gemerlap Lebaran 2019-Tariff Discount</p> 	<p>These are tariff discounts for TM & TT customers for business and industry tariff groups in the 2019 Lebaran holiday period. As of June 2019, the number of customers who participated in this program reached a total of 376 with total connected power of 1,229,434,000 VA.</p>
<p>Diskon BP tambah daya 50% untuk semua golongan tarif, 74% untuk bundling dengan layanan internet dan TV, dan 100% untuk peruntukan lembaga pendidikan, serta Promo Pemasangan Sementara. Melalui program ini, PLN berhasil mencatatkan pendapatan sebesar Rp853.370.775 dan realisasi penambahan daya sebesar 116.718 kVA.</p>	<p>Gebyar Kemerdekaan 2019 Gebyar Kemerdekaan 2019</p> 	<p>A 50% BP discount of additional power for all tariff groups, 74% for bundling with internet and TV services, and 100% for the allocation of educational institutions, and Temporary Installation Promotion. Through this program, PLN managed to record revenues of Rp853,370,775 with additional power of 116,718 kVA.</p>

Figure 4.8 Thematic Sales Program PT PLN (Persero)

Source: PT PLN (Persero) Sustainability Report 2019

Disclosure 417-2 which was disclosed by PT PLN (Persero) contains the improvement of the quality of services provided by the entity to customers. The entity continuously seeks to provide excellent service for all customers by increasing the reliability of electricity supply.

PT PLN (Persero) continues to strive to meet the expectations of all customer groups as described in Figure 4.13. The Company improves the reliability of electricity supply, which is indicated by the decreasing intensity of power outages/outages called as System Average Interruption Frequency Index (SAIFI), duration of power outages/outages called as System Average Interruption Duration Index (SAIDI), and network losses.

According Ratnasari and Anggane (2019), SAIDI is the sum of the multiplication of long outages with outages divided by the number of customers served (Ratnasari and Anggaeni, 2019). SAIFI is the average number of continuous

interruptions or interruptions per consumer during the year. This is the ratio of the number of annual interruptions or interruptions to the number of consumers.

Whereas network losses are the amount of energy in kwh lost in the transmission and distribution network.

Deskripsi	2019	2018	2017	Description
SAIDI (menit/pelanggan)	1.136,7	958,35	1.159,60	SAIDI (minute/customer)
SAIFI (kali/pelanggan)	11,51	9,90	11,80	SAIFI (time/customer)
Susut Jaringan (%)	9,32	9,51	8,75	Network Loss (%)

* Terdapat perbedaan perhitungan susut jaringan sejak tahun 2018 yang tidak lagi memasukan penjualan sebesar energi minimum.
There is a difference in the calculation of network loss since 2018 which no longer includes sales of minimum energy.

Figure 4.13 Rate of Decrease in Electricity Improvement of PT PLN (Persero) 2017-2019

Source: PT PLN (Persero) Sustainability Report 2019

4.11 GRI 400 Social Disclosure Results

The specific topic of the GRI 400 social category describes the contribution of PT PLN (Persero) to social sustainability where the company operates.

According to Septiandini (2010), corporate social sustainability is an assessment of a company's performance seen from the social role of CSR in society. The more the company successfully implements CSR, the more elevated the company's social performance will be. The expected results, of course, will return to the company in the form of public support and strengthening social factors for the management and sustainable development of the community towards the company.

From the description of disclosure of social topics at PT PLN (Persero) above, the company fulfilled 11 disclosures of 32% in 2017, 8 disclosures of 24% in 2018, and 10 of disclosures of 29% in 2019. In the three reporting periods studied, employment, occupational health and safety, local communities, and marketing and labeling are consistently expressed by the company. CSR Disclosure Level for Social Topic PT PLN (Persero) can be seen on Table 4.38.

Table 4.11 CSR Disclosure Level for Social Topic PT PLN (Persero)

Indicator	Total	2017	2018	2019
	GRI Item	Disclosed	Disclosed	Disclosed
GRI 401 Employment	3	2	1	1
GRI 402 Labor/Management Relations	1	0	0	0
GRI 403 Occupational Health and Safety	4	4	3	4
GRI 404 Trainings and Education	3	1	1	1
GRI 405 Diversity and Equal Opportunity	2	0	0	1
GRI 406 Non-discrimination	1	0	0	0
GRI 407 Freedom of Association and Collective Bargaining	1	1	0	0
GRI 408 Child Labor	1	0	0	0
GRI 409 Forced or Compulsory Labor	1	0	0	0
GRI 410 Security Practices	1	0	0	0
GRI 411 Rights of Indigenous Peoples	1	0	0	0
GRI 412 Human Rights Assessment	3	0	0	0
GRI 413 Local Communities	2	1	1	1
GRI 414 Supplier Social Assessment	2	0	0	0
GRI 415 Public Policy	1	0	0	0
GRI 416 Customer Health and Safety	2	1	0	0
GRI 417 Marketing and Labeling	3	1	1	1
GR 418 Customer Privacy	1	0	0	0
GRI 419 Socioeconomic Compliance	1	0	0	0
Total	34	11	9	10
	CSRIi	0.323	0.264	0.294
	Percentage	32%	26%	29%

4.12 Level of Overall Disclosure in the Sustainability Report at PT PLN (Persero)

From the description of the disclosure of the three categories above, it can be concluded that in 2017-2019, the economic category was the most prominent

category in the disclosures reported by PT PLN (Persero). Then followed by the disclosure of social categories. Meanwhile, disclosure in the environmental category has the lowest percentage level of disclosure. The level of CSR disclosure based on GRI Standard in the sustainability report of PT PLN (Persero) in 2017-2019 is presented in Table 4.39.

Table 4.12 Level of Overall Disclosure in the Sustainability Report at PT PLN (Persero) 2017-2019

Indicator	Total GRI Item	2017		2018		2019	
		Item Disclosed	Percentage	Item Disclosed	Percentage	Item Disclosed	Percentage
Economy	13	7	54%	7	54%	8	62%
Environment	30	5	17%	5	17%	8	27%
Social	34	11	32%	9	26%	10	29%
Total	77	23	30%	21	27%	26	34%

PT PLN (Persero)'s sustainability report disclosure performance during 2017, when viewed from the level of completeness based on the GRI Standard disclosure standard, is valued at 30%. Whereas in 2018 the overall CSR disclosure on sustainability decreased to 26%. In 2019, it increased to 34%. It is in line with the number of achievements of the CSR award received by the company. In 2017, the company received 101 awards, 79 of which were in the K3 award category. In 2018, the company received 24 CSR awards, and in 2019 the company received 26 CSR awards.

Through innovation and company creativity in implementing its CSR activities, it has resulted in good appreciation from its stakeholders (PT PLN (Persero) Sustainability Report, 2018). Sustainability report for 2017-2019 reported that it had received external awards in various events. The company's commitment to carrying out CSR activities is aimed at contributing to sustainable development

goals and playing a major role in creating the company's reputation. The number of CSR awards received by PT PLN (Persero) proves the company's commitment in carrying out its CSR activities.

The CSR activities implemented by the company are not only intended to attract investors and maintain the company's image, but the company believes that the sustainability of PT PLN (Persero) from a social perspective illustrates that the welfare of the community around the operational location will increasingly grow and develop, both in the field of social life and in the field of economic capacity in line with the increasing scale of the company's business. Therefore, PT PLN (Persero) is determined to apply the philosophy of triple bottom lines, harmonize the development of economic, social, and environmental aspects and determine the success of implementing these three aspects as a measure of the company's operational success in assessing key performance indicators.

4.13 Level of CSR Disclosure at PT PLN (Persero)

The number of items disclosed in the economic category tends to be stagnant, but in 2019, the disclosure has increased. It is because the company reported disclosure 202-1 in 2019, which was not reported in 2017 and 2018.

Whereas in the environmental category, the number of items disclosed in 2017 and 2018 are stagnated at the percentage level of 17%, but it increased to 28% in 2019.

In 2017, the company disclosed disclosure 305-4 that was not disclosed in 2018 and 2019.

Furthermore, the company reported the disclosure 305-5 in 2018 and 2019, which previously was not reported in 2017. Disclosure 305-5 discusses reduction

of GHG emissions. In 2019, PT PLN (Persero) reported disclosure 304-1, 304-3, and 306-3, which were not reported in 2017 and 2018. Apart from the economic and environmental categories, there are social categories whose disclosures tend to dominate the economic category disclosures. Disclosure in the social category decreased in 2018 from 2017, and increased again in 2019.

In 2017, PT PLN (Persero) reported the disclosure of 401-1, 403-4, and 416-1, which in 2018 was not reported. In 2018, the company reported eight disclosures which on average were reported back in 2019. In 2019, the company disclosed the disclosure 403-4, which was not disclosed in 2018, but it was disclosed in 2017.

The company also reported disclosure 405-2, which was not disclosed in 2017 and 2018.

Overall, the disclosures reported by PT PLN (Persero) from 2017 to 2019 were more focused on disclosing economic categories followed by disclosure of social categories. It is proven that if sorted according to the level of disclosure, the order is disclosure in the economic, social category, then the lowest is the environmental category.

The high level of disclosure in the economic and social categories reported by PT PLN (Persero) as a whole is a reflection of the stakeholder theory, which states that all stakeholders have the right to be treated fairly. PT PLN (Persero)'s fair treatment focuses not only on investors but also on its employees.

PT PLN (Persero)'s fair treatment to stakeholders is reflected in the disclosure of economic information as the main information for decision making, which is reflected in the high average percentage of disclosures in the economic

category. Meanwhile, fair treatment to employees is reflected in the disclosure of information on social categories that are dominated in the sub-categories of labor practices and work comfort.

The overall meaning of disclosing high economic and social categories is that PT PLN (Persero) wants to prove a good level of performance and profitability to investors, so that disclosure of economic categories is the main focus expressed by the company. In addition, disclosure in the environmental category can be used by PT PLN (Persero) as an added value to attract potential investors. It is a reflection of the signaling theory put forward by Suwardjono (2008: 578), which states that company management always tries to disclose information that can be added value and attractive to stakeholders.

Disclosure of environmental categories reported by PT PLN (Persero) can be used to increase attractiveness to investors and add value to the company. It is because PT PLN (Persero) is the largest electricity services company in Indonesia whose operational activities have a relative impact on the environment, so the company cannot use information about the environment to attract investors but can only use social information disclosure as a strategy to attract and create added value in the eyes of potential investors.

CHAPTER V

CONCLUSIONS AND RECOMMENDATIONS

5.1 Conclusions

In 2017, PT PLN (Persero) started adopting the GRI Standard as the basis for its sustainability report reporting. In previous years, PT PLN (Persero) adopted GRI G4 in its sustainability report. The level of universal standard disclosure in the sustainability report of PT PLN (Persero) in 2017 was 64%, decreased to 59% in 2018, and risen again in 2019 to 61%. Meanwhile, the level of disclosure of specific topics in the sustainability report of PT PLN (Persero) in 2017 was 30%, decreased to 26% in 2018, and risen again to 34% in 2019.

Specific topics consist of three categories, namely economic, social, and environmental. The disclosure of economic categories by PT PLN (Persero) for 2017, 2018, and 2019 was 41%, 35%, and 24%, respectively. The level of social category disclosure in 2017 was 32%, while in 2018 and 2019, it was 24% and 29%. Moreover, the level of environmental category disclosure in 2017 and 2018 was 17%, and it was increased to 27% in 2019.

The level of disclosure in the economic category tends to be higher than the other two categories because the disclosure is relatively easier than the environmental and social categories, which are more subjective. In accordance with the company's objectives as outlined in the sustainability report, namely that PT PLN (Persero) is consistent in providing services that will have an impact on improving the quality of life of the wider community in Indonesia. The company consistently involves the community in carrying out its CSR programs. The

disclosure of environmental categories carried out by PT PLN (Persero) is consistent with the signaling theory, which states that the company always tries to disclose additional information, especially information that will add value to the company in the eyes of investors. Furthermore, the environmental category disclosure shows that the company is not only a provider of electricity services but is also consistent in caring and being responsible for the environment.

5.2 Research Limitation

The main limitation of this study is the analysis method, namely content analysis, which allows a large role for the subjectivity of researchers. In addition, in this study, researchers only identified whether PT PLN (Persero) disclosed CSR in accordance with the items required by the GRI Standard, without analyzing the quality of the disclosures.

5.3 Recommendation

5.3.1 For PT PLN (Persero)

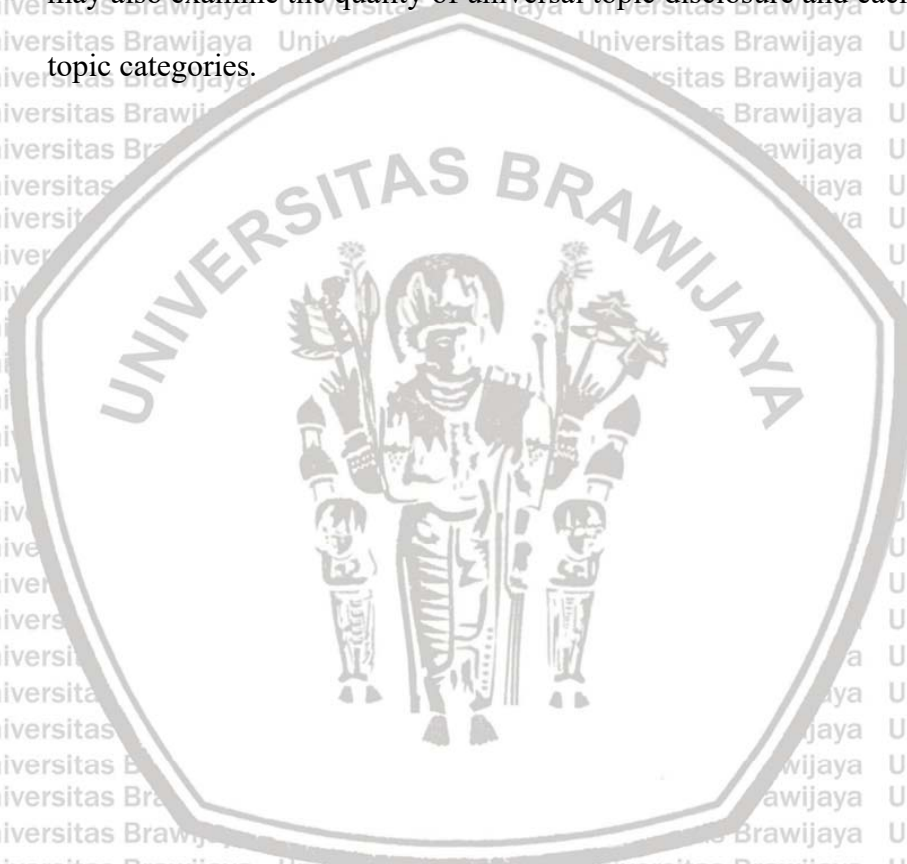
Based on the results of the research and analysis that has been carried out, the recommendation put forward by the researcher to PT PLN (Persero) is that the researcher expects the company to provide more complete on its specific topics, especially on environmental topics. It is because the company often carries out CSR activities related to the environment, but it is not reported according to the GRI Standard guidelines in its sustainability report.

Moreover, PT PLN (Persero) should explain the reasons for not reporting the disclosure indicators in its sustainability report. So that readers and users of the

sustainability report understand why these indicators cannot be disclosed by the company.

5.3.2 For Further Researcher

The next researcher should develop a method that can minimize the element of the researcher's subjectivity inherent in content analysis. Subsequent researchers may also examine the quality of universal topic disclosure and each of the specific topic categories.



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APPENDIX

Appendix 1: CSR disclosure analysis table based on GRI Standard

Code	Indicator	PT PLN (Persero)		
		2017	2018	2019
Series 200 (Economics)				
201 Economics Performances				
GRI 201-1	Distribution of Economic Earnings			
GRI 201-2	Financial implications and other risks and opportunities due to climate change			
GRI 201-3	Defined benefit plan obligations and other retirement plans			
GRI 201-4	Financial support from the Government (Subsidies)			
202 Market Presence				
GRI 202-1	Ratios of standard entry level wage by gender compared to local minimum wage			
GRI 202-2	Proportion of senior management hired from the local community			
203 Indirect Economic Impact				
GRI 203-1	Infrastructure Investment and Services			
GRI 203-2	Significant Indirect Economics Impacts			
204 Procurement Practices				
GRI 204-1	Proportion of spending on local suppliers			

205 Anti Corruption				
GRI 205-1	Assessment on operating units pruned to corruption			
GRI 205-2	Communication and training on anti corruption			
GRI 205-3	Confirmed incidents of corruption and actions taken			
206 Anti-Competitive Behavior				
GRI 206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices			
207 Tax				
GRI 207-1	Approach to tax			
GRI 207-2	Tax governance, control, and risk management			
GRI 207-3	Stakeholder engagement and management of concerns related to tax			
GRI 207-4	Country-by-country reporting			
Series 300 (Environment)				
GRI 301 Materials				
GRI 301-1	Materials used by weight or volume			
GRI 301-2	Recycled input materials used			

GRI 301-3	Reclaimed products and their packaging materials			
GRI 302 Energy				
GRI 302-1	Reclaimed products and their packaging materials			
GRI 302-2	Energy consumption outside of the organization			
GRI 302-3	Energy intensity			
GRI 302-4	Reduction of energy consumption			
GRI 302-5	Reductions in energy requirements of products and services			
GRI 303 Water				
GRI 303-1	Water withdrawal by source			
GRI 303-2	Water sources significantly affected by withdrawal of water			
GRI 303-3	Water recycled and reused			
GRI 304 Biodiversity				
GRI 304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas			
GRI 304-2	Significant impacts of activities, products, and services on biodiversity			

GRI 304-3	Habitats protected or restored			
GRI 304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations			
GRI 305 Emission				
GRI 305-1	Direct (Scope 1) GHG emissions			
GRI 305-2	Energy indirect (Scope 2) GHG emissions			
GRI 305-3	Other indirect (Scope 3) GHG emissions			
GRI 305-4	GHG emissions intensity			
GRI 305-5	Reduction of GHG emissions			
GRI 305-6	Emissions of ozone-depleting substances (ODS)			
GRI 305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions			
GRI 306 Waste				
GRI 306-1	Waste generated			
GRI 306-2	Waste diverted from disposal			
GRI 306-3	Waste directed to disposal			
GRI 307 Environmental Compliance				
GRI 307-1	Non-compliance with environmental laws and regulations			
GRI 308 Supplier Environmental Assessment				

GRI 308-1	New suppliers that were screened using environmental criteria			
GRI 308-2	Negative environmental impacts in the supply chain and actions taken			
Series 400 (Social)				
GRI 401 Employment				
GRI 401-1	New employee hires and employee turnover			
GRI 401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees			
GRI 401-3	Parental leave			
GRI 402 Labor/Management Relations				
GRI 402-1	Minimum notice periods regarding operational changes			
GRI 403 Occupational Health and Safety				
GRI 403-1	Percentage of employee included in the OHS Committee			
GRI 403-2	Frequency of work accident, work accident types and absent frequency due to health based on gender			
GRI 403-3	Workers with high incidence or high risk of diseases related to their occupation			

GRI 403-4	Health and safety topics covered in formal agreements with trade unions			
404 Trainings and Education				
GRI 404-1	Average hours of training per year per employee			
GRI 404-2	Programs for upgrading employee skills and transition assistance programs			
GRI 404-3	Percentage of employees receiving regular performance and career development reviews			
GRI 405 Diversity and Equal Opportunity				
GRI 405-1	Diversity of governance bodies and employees			
GRI 405-2	Ratio of basic salary and remuneration of women to men			
GRI 406 Non-Discrimination				
GRI 406-1	Incidents of discrimination and corrective actions taken			
GRI 407 Freedom of Association and Collective Bargaining				
GRI 407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk			
GRI 408 Child Labor				

GRI 408-1	Operations and suppliers at significant risk for incidents of child labor		
409 Forced or Compulsory Labor			
GRI 409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor		
GRI 410 Security Practices			
GRI 410-1	Security personnel trained in human rights policies or procedures		
GRI 411 Rights of Indigenous Peoples			
GRI 411-1	Incidents of violations involving rights of indigenous peoples		
GRI 412 Human Rights Assessment			
GRI 412-1	Operations that have been subject to human rights reviews or impact assessments		
GRI 412-2	Employee training on human rights policies or procedures		
GRI 412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening		
GRI 413 Local Communities			

GRI 413-1	Operations with local community engagement, impact assessments, and development programs			
GRI 413-2	Operations with significant actual and potential negative impacts on local communities			
GRI 414 Supplier Social Assessment				
GRI 414-1	New suppliers that were screened using social criteria			
GRI 414-2	Operations with significant actual and potential negative.			
GRI 415 Public Policy				
GRI 415-1	Political contributions			
GRI 416 Customer Health and Safety				
GRI 416-1	Assessment of the health and safety impacts of product and service categories			
GRI 416-2	Incidents of non-compliance concerning the health and safety impacts of products and services			
GRI 417 Marketing and Labelling				
GRI 417-1	Requirements for product and service information and labelling			

GRI 417-2	Incidents of non-compliance concerning product and service information and labelling		
GRI 417-3	Incidents of non-compliance concerning marketing communications		
GRI 418 Customer Privacy			
GRI 418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data		
GRI 419 Socioeconomic Compliance			
GRI 419-1	Non-compliance with laws and regulations in the social and economic area		

Appendix 3 : PT PLN (Persero)'s CDP Program

CDP Program	2017	2018	2019
Natural Disaster	<ul style="list-style-type: none"> - Sinabung volcano emergency relief - Tropical cyclone Cempaka aid in Yogyakarta - Landslides in Pacitan and floods in several locations 	Electricity connection for temporary housing remains in areas affected by the earthquake in Lombok, West Nusa Tenggara and the earthquake in Palu, Donggala, Central Sulawesi.	Emergency response for riot victims in Wamena, Papua; installation of electrical installations in temporary residential houses for flood victims in Sumur Village, Pandeglang, Banten; victims affected by the Riau forest and land fire smoke; flood and landslide victims in Bengkulu; victims of flash floods in Lebak, Banten; as well as assistance to victims of the earthquake in South Halmahera, North Maluku Phase II & the earthquake in Ambon, Maluku.
Education/Training Assistance	<ul style="list-style-type: none"> - Empowerment training in Aceh, North Sumatera, Riau, Jakarta, West Java, Central Java, DI Yogyakarta, East Java, West Kalimantan, South Sulawesi. - <i>Siswa Mengenal Nusantara</i> Program Assistance in East Nusa Tenggara and Maluku. 	Educational assistance for social institutions, construction of the Dea Malela Islamic Boarding School, scholarship assistance for students in Padang West Sumatra and welding vocational training at PT PAL, assistance for the development of UGM electric tricycles.	Construction of facilities and infrastructure for the hall at the Aqidah Usmuni Sumenep Islamic Boarding School, East Java; development assistance for the Citizenship Laboratory of the UGM Faculty of Social and Political Sciences; assistance for installation inspection and grounding for non-commercial educational institutions; as well as assistance for the development of facilities and infrastructure for the STITEK Bilik Diwa campus, Makassar, South Sulawesi.
Health Improvement	Health examination aid, clean water facilities development, blood drivers, community health center development assistance and washing, bathing and toilet facilities.	Medical checkup assistance, toilet construction assistance, ambulance assistance.	Program for handling stunting and malnutrition in border areas, funding assistance for making toilets for the people of Aceh, assistance for ambulances, and funding for the construction of clean water facilities.

Development of Public Facilities	Development of wells, clean water assistance, bridges repair.	Road repairs, construction of drilled wells, hearse assistance, and other social and public facilities assistance.	Construction of a green open skate park in the Banjarbaru Smart Park, South Kalimantan; family and child friendly open space assistance programs; and assistance for 5 units of corridor-4 bus stops on the Padang Bypass Road, West Sumatra.
House of Worship Assistance	Assistance worth Rp. 12,649,188,900 was realized for assistance in repairing religious facilities.	Assistance amounting to Rp13,688,740,775 was realized to improve religious facilities.	Ramadan parcel distribution program; toilets and ablution places MAN Insan Cendekia Padang, West Sumatra; celebration of Christmas 2019 and New Year 2020; assistance to build houses of worship in Aceh, West Sumatra, Riau, Banten, West Java, Bali, Central Sulawesi and Papua; as well as assistance for other religious facilities.
Nature Conservation	Planting of trees and waste management activities.	Assistance worth Rp7,273,867,896 was realized for tree planting and waste management / care activities.	The Lokomoro River Basin Restoration Program, NTT; assistance for the development of turtle conservation at Laskar Turtle Camp, West Sumatra; as well as distribution to various regions in the form of a River School Program, construction of an electric park, construction of a waste bank and community-based waste management.
Poverty eradication	Veteran housing improvement assistance in East Nusa Tenggara, breaking the fast with orphans program, and cheap food packages program, orphan aid, and electrification program (free electrification) for those less fortunate.	Veteran home surgical assistance, iftar program with orphans, basic food assistance programs, electrification programs (free electricity connection) for disadvantaged citizens.	The free electricity connection assistance program for underprivileged households of 2,000 houses in East Java and NTT, sharing gifts for the month of Ramadan, donating 35 cows for sacrificial animals for Eid al-Fitr 1440 H, renovating IKPLN houses in 2019, and sharing groceries.

Appendix 4: PT PLN (Persero)'s CSR Awards

Awards	Award Giver	Total Award	Category
The Best Indonesia Green Awards (IGA) 2017	The La Tofi School of CSR.	5	<ol style="list-style-type: none"> 1. Save water resources 2. Save Energy and Usage 3. Developing Biodiversity 4. Pioneer of Pollution Prevention 5. Developing Integrated Waste Manag
2017 K3 Award	Ministry of Manpower	79	<ol style="list-style-type: none"> 1. Zero Accidents: PLN West Java Distribution Bandung Area and PLN Pembangkitan Tanjung Jati B 2. Occupational Health and Safety Management System (SMK3): <ol style="list-style-type: none"> a. Advanced Level Category: 44 Gold Certificates and 1 Silver Certificate and Silver Flag. b. Entry Level Category: 28 Gold Certificates and 3 Silver Certificates. 3. Program for Prevention and Control of HIV / AIDS in the Workplace.
Award from UKP-PIP 2017	<i>Unit Kerja Presiden Pembinaan Ideologi Pancasila (UKP-PIP)</i>	1	This award is given because PLN is considered capable of guaranteeing the supply and reliability of electricity during Eid.
The Best Nusantara CSR Awards 2017	The La Tofi School of CSR	7	<ol style="list-style-type: none"> 1. Increasing the Quality of Community Education 2. Community Economic Improvement (creative economy start-up) 3. Improving the Quality of Public Health
Indonesia CSR Award 2017	<i>Badan Standarisasi Nasional</i>	8	<p>Grand Platinum Award</p> <ol style="list-style-type: none"> 1. Environmental Sector, environmental management category: <ol style="list-style-type: none"> a. Platinum - <i>Bank Sampah</i> Program PLN Surabaya and Malang. b. Platinum - <i>Batu Kapur Bersihkan Langit Jepara.</i> c. Platinum - Community Based Watershed Management, Bandar Lampung. 2. Consumer Field, customer satisfaction category: <ol style="list-style-type: none"> a. Silver - Program PLN Mobile. b. Platinum - Program Contact Center PLN 123.

			<p>c. Gold - <i>Stasiun Penyedia Listrik Umum</i> (SPLU).</p> <p>3. Community Engagement and Development</p> <p>a. Sivler - community economic empowerment based on livestock center innovation at PLTU Tanjung Jati B Jepara.</p> <p>b. Gold - Mudal River conservation program.</p>
1. PROPER EMAS and 15 PROPER HIJAU 2017	Ministry of Environment and Forestry	16	<p>1. PROPER Emas: PLTU Paiton managed by PJB</p> <p>2. PROPER Hijau: PLTU Asam-asam (PLN), PLTG Indralaya (PLN), PLN Tanjung Jati B, PLTU Labuan (IP), PLTU Banten 1 (PLN), PLTGU Cilegon (IP), PLTGU Gresik (PJB), PLTGU Priok (IP), PLTU Suralaya (IP), PLTGU Pesanggaran (IP), PLTG Gilimanuk (IP), PLTGU Muara Karang (PJB), PLTGU Muara Tawar (PJB), PLTP Kamojang (IP), and Indonesia Power UP Semarang.</p>

