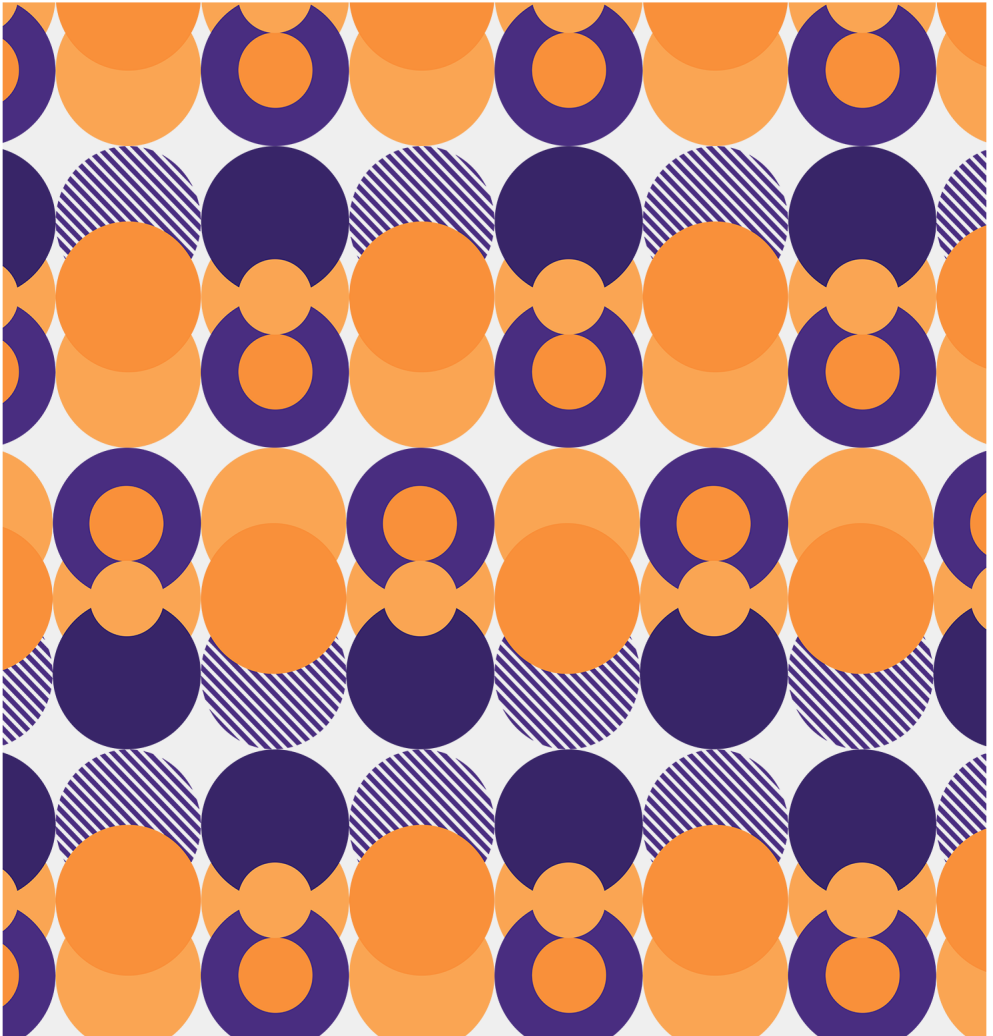


PHILANTHROPY TREND 2022

The Practices and Contributions of
Corporate Philanthropy in Supporting Sustainable
Development in Indonesia During Pandemic COVID-19



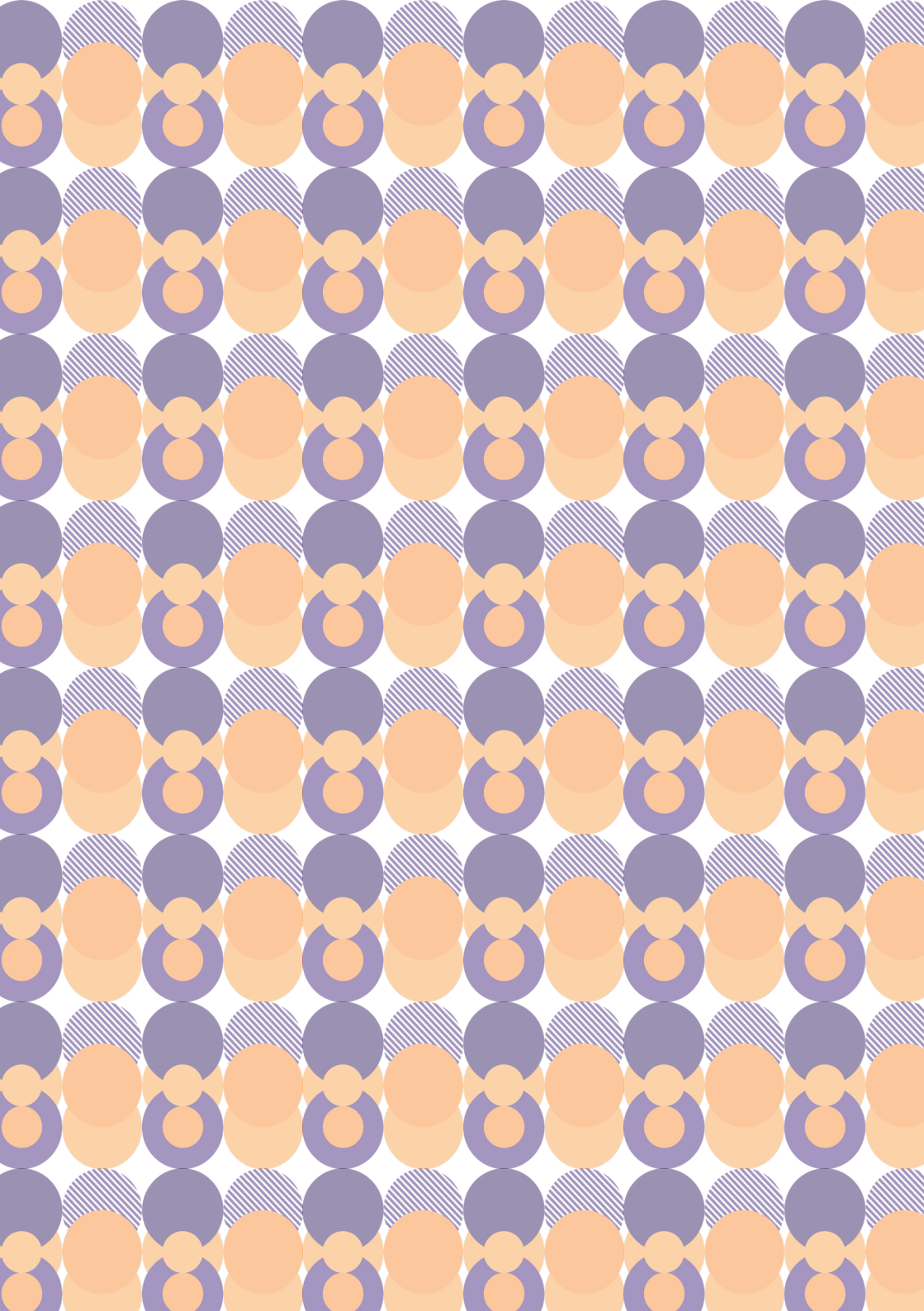


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FOREWORD



THE DEVELOPMENT OF the philanthropic sector in Indonesia in recent decades has gained global attention since investors and corporations in the natural resource-related sector became legally obliged to conduct Corporate Social Responsibilities (CSR) activities in 2007. However, the literature and information to describe the overall CSR activities in Indonesia are still limited. We believe that this report will help in understanding the unique characteristics, general trends, and challenges of the Indonesian corporate philanthropy faces today, as well as its significant role in achieving SDGs. Furthermore, this report provides enriched practices and examples of corporate philanthropy efforts in responding to humanitarian crises during the pandemic. These practices and examples are also encouraged by the fact that numbers of corporate philanthropy increased during the COVID-19 pandemic.

We hope this report will facilitate the discussions about necessary initiatives that should be performed together, including the recommendations presented in this report. Another aspect of concern is the collaboration among various organizations to further develop philanthropy, which has great potential to improve people's lives in and beyond Indonesia .

ITSU ADACHI

Executive Director of
the Sasakawa Peace Foundation

A handwritten signature in black ink, appearing to read 'I. Adachi', written in a cursive style.

FOREWORD



IN COLLABORATION WITH the Sasakawa Peace Foundation, the Indonesia Philanthropy Association proudly presents the *Philanthropy Trend 2022: The Practices and Contributions of Corporate Philanthropy in Supporting Sustainable Development in Indonesia During Pandemic COVID-19*. This publication is presented to provide a comprehensive study to describe the development and contribution of corporate philanthropy to sustainable development, especially the achievement of the SDGs in Indonesia.

Various data and corporate philanthropy innovations are summarized in this publication. As a philanthropic actor, the corporate philanthropy has now developed significantly in terms of involvement as a sense of responsibility to the community around which the company operates through empowerment programs in various sectors. In the decades of action, corporate philanthropy can become a driving actor for the development of co-creation and collaboration through collective action with other stakeholders in order to strengthen the ecosystem and accelerate the achievement of the SDGs.

Hopefully, the *Philanthropy Trend 2022: The Practices and Contributions of Corporate Philanthropy in Supporting Sustainable Development in Indonesia During Pandemic COVID-19* can become a useful reference for all philanthropy stakeholders in Indonesia.

RIZAL ALGAMAR

Chairman of the Executive Board
of Indonesia Philanthropy Association

A handwritten signature in black ink, appearing to read 'R. Algamar'.

BACKGROUND

Indonesia is known as the most generous country in the world. The result of a study conducted by the Charities Aid Foundation (CAF) justified this opinion. CAF found that 8 out of 10 Indonesians had donated money to social activities. The religious and Indonesian cultural factors of gifting each other and “gotong royong” in helping each other contribute to the development of philanthropic activities in Indonesia.

One of the contributors to philanthropic activities is corporate social responsibility (CSR) of a corporate. CSR is a concept where corporate not only has a responsibility to shareholders to maximize profits but also must be involved in the interests of other stakeholders, such as the government, consumers, communities, and environmental activists (Ridho, 2017).

As stipulated in Law Number 25 of 2007 where every investor in Indonesia is obliged to carry out corporate social responsibility, corporate social responsibility is defined as the inherent responsibility of every investment corporate to continue to create harmonious and balanced relationships and in accordance with the environment, values, norms, and culture of the local community. For limited liability corporates, CSR activity is regulated in Article 74 of Law Number 40 of 2007, which obliges corporates engaged in natural resource-related fields to carry social and environmental responsibilities. In relation to the contribution to environmental management, the Ministry of Environment and Conservation also issued Law Number 23 of 1997, which strengthens corporates’ role in providing valid and accurate information regarding environmental management and community empowerment. In promoting transparency and accountability of CSR activities, the Financial Services Authority (Otoritas Jasa Keuangan, OJK) issued regulation number X.K.6 of 2006, stating that annual reports for corporates registered under the OJK must describe CSR activities and budgets related to the society and environment.

Hence, in exploring the conditions and potential of corporate philanthropy in Indonesia, it is also essential to know the corporate’s philanthropic activities description. This description is aimed at exploring the corporate’s contribution to the SDGs agenda. In addition, this study also intended to examine the effects of the pandemic found in the philanthropic activities carried out by corporates.

Research Methodologies

DEFINITION OF CORPORATE PHILANTHROPY

Not all CSR activities are categorized as philanthropic activities. Carroll (1991) conceptualized CSR activities in the form of a multilevel pyramid, starting from the first level, namely economic goals (focusing on producing goods and services for profit), followed by legal goals (obeying the law while trying to make profits), ethical goals (act in line with social norms and society as reflected in the law), and philanthropic goals (the act of more than just seeking profit, the corporate acts as a good corporate and fulfills society's expectations).

This study found that the regulations mentioned above often become the basis for CSR in carrying out its activities. It can be stated that a corporate also carries out its CSR obligations in compliance with the law (legal matters) and sees this as the right thing to do (ethical). However, in their annual reports, corporates often realize the potential of their institutions to create changes and bring a good impact on the community, both around their operational areas and outside of it. The corporates feel that they have the resources and role in improving the community's quality of life (Carroll, 1991) outside the corporates that are not attached to the corporates' activities. This definition is used by this study in defining corporate philanthropic activities namely, activities carried out by corporates targeting people/communities around or outside the corporates' area of operations, which aim to positively impact and improve the communities' quality of life.

Methodologies

The exploration of the corporate's philanthropic potential was carried out through desk research by analyzing documents in the form of annual or sustainability reports published by the corporate. We utilized 2020 Fortune's 100 best corporates as the population of corporates that we analyzed, and we further selected 21 corporates randomly as samples representing various sectors such as agribusiness, oil, gas and mining, automotive, pulp and textile, financial, property and infrastructure, pharmaceutical, and Fast Moving Consumer Goods (FMCG). We analyzed reports issued from 2018 to 2020. If the reports were unpublished, the year was left blank. This study also involved

interviews three philanthropy organizations, namely Indika Foundation, Hadji Kalla Foundation, and Ancora Foundation, which are known to run their corporate’s philanthropic activities.

In analyzing the corporate’s philanthropic activities, we examined the report by focusing on the chapter that described the activities carried out by the corporate for the surrounding community (non-employees), both around and outside the operational area. We also analyzed environmental management activities unrelated to the corporate’s production activities. If this information was not found, we examined keywords such as ‘CSR’, ‘impact’, ‘quality of life’, ‘assistance’, ‘giving’, ‘community development’, ‘partnerships’, ‘beneficiaries’, ‘health’, and ‘environment’. We categorized the corporate’s philanthropic activities according to the SDG’s agenda and also recorded the amount of budget allocation and beneficiaries.

We examined 21 corporates’ annual reports in the desk review. The following is a detailed sample of the number of corporates categorized based on their sector and the documents reviewed:

Table 1. Number of Reports Based on the Type of the Corporate

NO	CORPORATE’S SECTOR	NUMBER OF CORPORATES	TOTAL NUMBER OF REPORTS		
			2018	2019	2020
1	Agribusiness	2	2	2	2
2	Fast Moving Consumer Goods (FMCG)	2	1	2	2
3	Textile and Pulp Industry	2	2	2	2
4	Oil, Gas and Mining Industry	3	2	3	2
5	Health Industry	1	1	1	1
6	Financial Industry	3	3	3	3
7	Media and entertainment Industry	1	1	1	1
8	Automotive and Transportation Industry	2	2	2	1
9	Property and Infrastructure	1	1	1	1
10	Retail and distribution	1	1	1	1
11	Cigarettes	1	1	1	1
12	Technology and Telecommunication	2	2	2	1
TOTAL		21	19	21	18

Limitation

Not all corporates issued a complete annual report in 2018-2020. In addition, no data on beneficiaries and budget allocations for philanthropy was found in the annual report. In fact, sometimes, some corporates only convey program categorizations such as education, health, or economy without describing their activities. Therefore, the results of this desk review could be considered as finding from the 'tip of the iceberg' and could not describe the entire corporate philanthropy data in Indonesia.

The interview findings could not be used to generalize problems occurring at all corporate philanthropy in Indonesia. Future studies are expected to complement the initial results of this study. Hence, there will be a finding continuity that describes and supports the development of corporate philanthropy activities.

6 FINDINGS FROM CORPORATE PHILANTHROPY

- 1 For three years, corporate philanthropy has allocated funds of Rp 2.34 trillion for philanthropic activities.
- 2 Of the total allocation of funds each year, there is a 41% increase in the philanthropic budget from 2019 to 2020.
- 3 From 2018 to 2020, corporate philanthropy has benefited 10 million people.
- 4 Of the total fund allocation for 2018-2020 for SDGs, the largest budget allocation was for SDG 8, “Decent Work and Economic Growth”, which was 43.2% of the total philanthropic budget or Rp 706 billion.
- 5 Based on the number of beneficiaries, SDG 3, “Good Health and Well-being”, has the greatest number of beneficiaries with a total of 6.7 million beneficiaries.
- 6 In terms of involvement, the majority of corporates are involved with SDG 4, namely “Quality of Education”.



SCOPE OF CORPORATE PHILANTHROPY ACTIVITIES

Mechanism of Corporate Philanthropy Activities

There are many ways for corporate philanthropy to bring positive impact to the surrounding communities. These are several patterns of corporate philanthropic activity mechanisms found in this study.

Conducting Philanthropic Activities Independently

This activity is mainly carried out by corporates, where corporate philanthropy is not only a source of activity fund but also directly involved in philanthropic activities. For example, a financial insurance corporate conducted financial literacy education for school students by developing its training module and deploying its employees to become volunteer trainers. To support employees' volunteerism, the corporate even added a policy of providing one paid leave day so that employees could focus on volunteering. Another example is an FMCG corporate deploying its CSR unit to distribute aid donations for earthquake victims in West Nusa Tenggara. One of the agribusiness corporates formed a unit and recruited staff in charge of training and mentoring rubber farmers who partnered with the corporate. One of the FMCG corporates produced sports videos for the elderly during the pandemic, which were distributed through YouTube channels and the corporate's social media.

Collaboration/Partnership with Other Institutions

To reach more and broader beneficiaries, several corporates carry out philanthropy by inviting collaboration with several other institutions such as the government, professional associations, and even other corporates.

One of the FMCG corporates collaborates with the Ministry of Education and Culture and the Ministry of Health to hold educational activities about healthy living and dental hygiene for school students. The collaboration with the Ministries strengthens the legitimacy of activities, making it easier to get

permission to carry out activities in schools. The corporate also collaborates with the Indonesian Hospital Association and the Indonesian Dentist Association as providers of health resources. It makes it easier for the corporate to carry out activities nationally in many cities/districts in Indonesia.

The corporate also sometimes collaborates with other corporates. One of the corporates engaged in the textile and paper sector collaborates with other industrial corporates in developing a vocational curriculum for the industry. This curriculum is used by universities operating near the corporates' environment. Corporates under state-own enterprises (SOEs) also collaborate in carrying out philanthropic activities. Through the "BUMN Hadir Untuk Negeri (SOEs Present for the Nation)" program from the Ministry of SOEs, several SOEs corporates will work together and synergize to conduct the planned development agenda in one or several designated areas. For example, one state-owned corporate in the mining sector collaborate with other SOEs to provide public facilities such as toilets, clean water, renovate people's houses, and provide electricity for residents in the Selayar Islands.

The Implementation Executed by Other Institutions

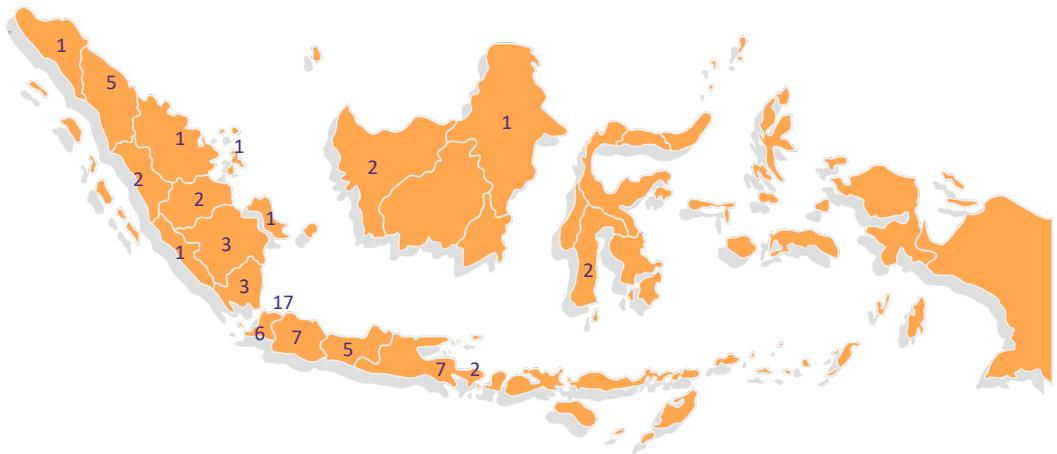
Another mechanism pattern is that the corporate acts as a grantmaker, and other institutions carry out the implementation. In this case, the corporate usually collaborate with NGOs or universities by funding the philanthropic activities, where these institutions carry out the technical implementation. For example, one of agribusiness corporates distributes tempeh products through Foodcycle to be given to orphanages or nursing homes. Several corporates also provide educational scholarship funds through several NGOs engaged in education or children sector. For instance, an infrastructure corporate collaborates with the Pelita Harapan Education Foundation (YPPH) and the Papua Harapan Education Foundation (YPHP) to distribute education funds for students in Papua. The scholarship awarding is also carried out in collaboration with the universities and targets students whom these universities select.

Implementation Executed by Corporate Foundation or SOEs Foundation

This mechanism pattern is found in several corporates that have also established corporate foundations. The corporate foundation acts as an actor in philanthropic activities for the corporate and carries the corporate's name. However, several corporates also carry out philanthropic activities through foundations and CSR units in subsidiaries, such as Adaro. SOEs corporates also fund SOEs foundations which focus on conducting the philanthropy on behalf of SOEs.

Map of Corporate Philanthropy Activities

This study attempted to map the scope of the corporates' operational activities area with the location where the corporates conduct philanthropic activities. In carrying out production or service activities, the operations depend not only on the head office but also on the branch offices, factories, and mining/plantation/agricultural areas. These locations are also included in this mapping. Since the scope of Indonesia's administrative system is very wide, this study utilized provinces as proxies for the operational area approach. Of the 21 corporates, most have offices in Jakarta and other areas around Java Island. Sumatra is the second highest number where corporates operate.

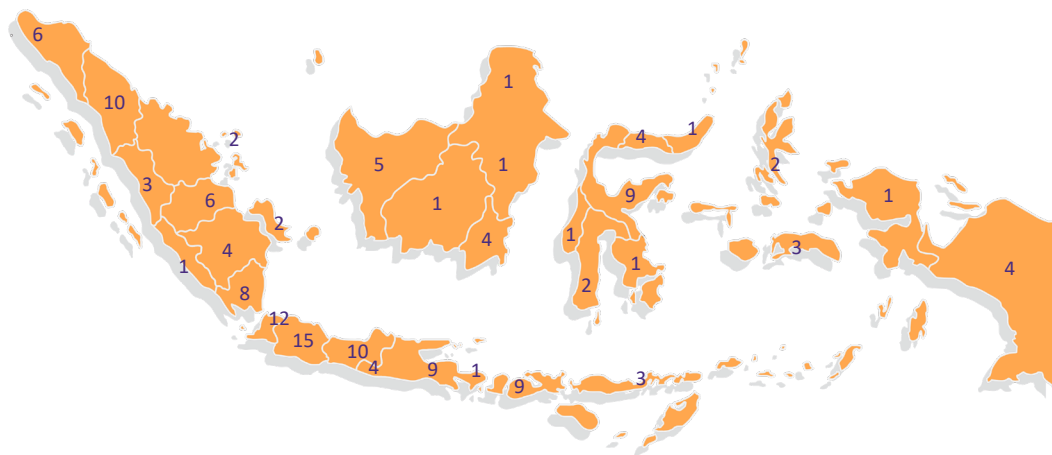


■ **Figure 1.** Distribution of the Corporates' Operational Areas

Table 2. Operational Areas of Corporates

NO	PROVINCE	NUMBER OF CORPORATES
1	Jakarta	17
2	West Java	7
3	East Java	7
4	Banten	6
5	Central Java	5
6	North Sumatera	5
7	South Sumatera	3
8	Lampung	3
9	West Sumatera	2
10	Jambi	2
11	West Kalimantan	2
12	South Sulawesi	2
13	Bali	2
14	Aceh	1
15	Riau	1
16	Riau Island	1
17	Bengkulu	1
18	Bangka Belitung	1
19	East Kalimantan	1

Areas of corporate philanthropic activities have spread to all provinces in Indonesia, although the number of corporates contributing to philanthropy in these areas may vary. West Java, Banten, and Jakarta are the provinces with the highest number of corporates conducting philanthropic activities. Of the three regions, it can be concluded that Java Island is still the central locus of corporate philanthropic activities. However, philanthropy corporates are also starting to reach non-Java areas such as North Sumatra and West Nusa Tenggara.



■ Figure 2. Distribution of Corporate Philanthropic Activities

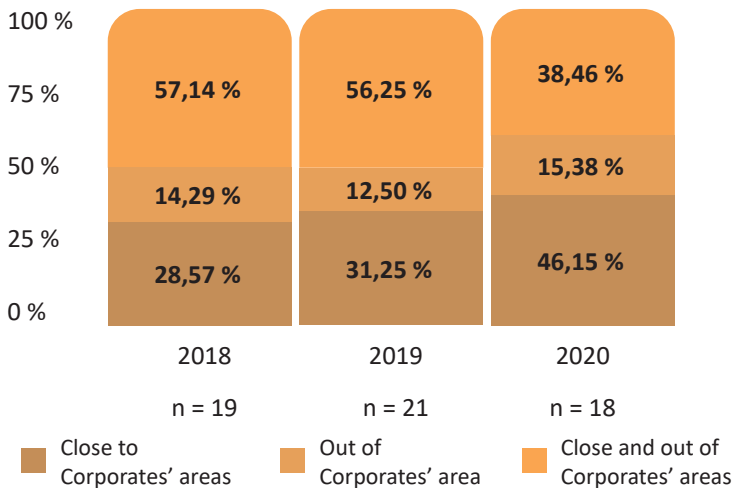
CORPORATE PHILANTHROPY CONTRIBUTIONS TO DEVELOPMENT


Scope of Philanthropy Programs Beneficiaries

In carrying out philanthropic activities, several corporates are aware of their role in bringing positive impacts to the communities living in the corporates' areas of operation. This fact can be observed in 2018 when 28.57% of corporates focused on philanthropic activities in the corporates' operational areas. This trend increased from year to year, which in 2019 was around 31.25% and in 2020 was around 46.15%.

On the other hand, in 2018 there were also around 71.4% of corporates conducted philanthropic activities outside the corporates' area of operations for the community. The provision of assistance outside the corporates' areas is closely related to disaster relief. This figure continued to increase to almost 70% in 2020. This increase is also driven by the COVID-19 pandemic condition, which impacts on the technology utilization in carrying out philanthropic activities in the form of education.

Graph 1. Scope of Corporate Philanthropy Beneficiaries





On the other hand, the policies set by the corporates make the scope of corporate philanthropic beneficiaries centered around the corporate area.

What matters now is for us to use ESG. ESG is a social environment and government. So, all of our programs will apply this principle.

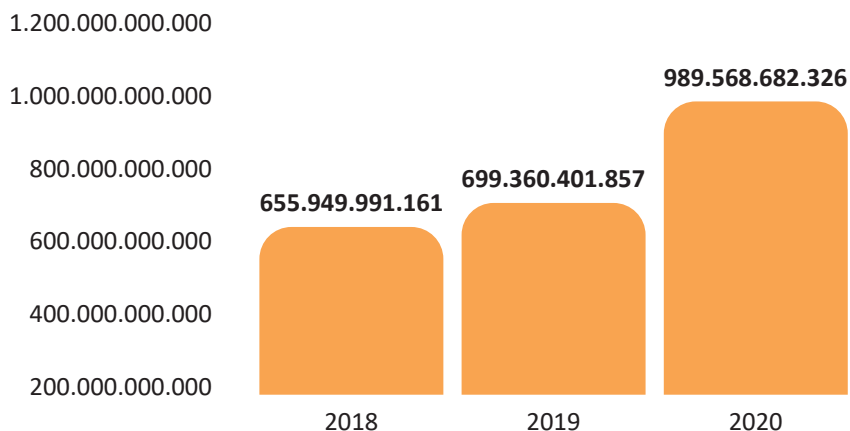
— Interview with a Corporate Philanthropy

Distribution of Philanthropic Funds

Sources of philanthropic funds distributions were sought from desk research on 20% of corporates included in Fortune's top 100 list in 2020. We used data from the annual and sustainability reports or institutions' websites to search for philanthropic funds in 2018-2020. In seeking these funds, we also used the total amount listed by the institutions or added up the amount of allocation per reported program.

Not all institutions have complete reports that the public can access. In addition, not all institutions stated the fund allocations for corporate philanthropic activities, so the data could not represent all philanthropic funds disbursed but it could be regarded as a possible amount of philanthropic fund allocation. The amount of philanthropic fund allocation is presented in graph 2:

Graph 2. Allocation of Philanthropic Funds per Year



Based on the allocation trend above, there is an annual increase in the fund's allocation for philanthropic activities carried out by corporates. The most drastic increase was in 2020, with almost a 41% increase in corporate philanthropy funds. Of the 21 corporates that we evaluated their annual reports, the distribution of philanthropic funds per year by sector is as follows:

Table 3. Distribution of Philanthropic Funds per Year by The Corporate Sector

CORPORATE'S SECTOR	N	YEAR			GRAND TOTAL
		2018	2019	2020	
Agribusiness	2	669,946,500*	156,200,000*	Not available*	826,146,500*
Fast Moving Consumer Goods (FMCG)	2	Not available*	Not available*	257,200,000,000	257,200,000,000*
Textile and Pulp Industry	2	12,811,250,545	13,912,825,939	22,382,215,072	49,106,291,556
Oil, Gas and Mining Industry	3	149,071,000,000	112,146,594,306	183,973,717,254	445,191,311,560
Health Industry	1	3,430,000,000	4,012,630,219	12,890,000,000	20,332,630,219
Financial Industry	3	17,435,156,948	51,519,414,000*	30,277,750,000	99,232,320,948*
Media and entertainment Industry	1	2,386,778,925	42,455,815,393	70,330,000,000	115,172,594,318
Automotive and transportation Industry	2	26,630,000,000*	54,270,000,000*	Not available*	80,900,000,000*
Property & Infrastructure	1	17,791,458,243&	1,500,000,000*	375,000,000*	19,666,458,243*
Retail and distribution	1	Not available*	1,095,822,000	15,000,000,000	16,095,822,000

Cigarettes	1	Not available*	91,100,000	Not available*	91,100,000*
Technology and Telecommunication	2	425,724,400,000	418,200,000,000	397,140,000,000	1,241,064,400,000
GRAND TOTAL	21	655,949,991,161	699,360,401,857	989,568,682,326	2,344,879,075,344

**There were corporates whose report data were not published or did not state the amount of the budget in that year*

The data above showed that by taking into account the corporate’s sector that presented budget data for philanthropic activities every year, we could observe that the majority of the sectors experienced an increasing trend of corporate philanthropic activities, namely corporates engaged in the textile and paper industry, mining industry, health, and media.

Number of Beneficiaries

The beneficiary data is taken from the numbers listed on each activity or program. Similar to budget allocations, many annual or sustainability reports did not include details of beneficiaries per activity carried out. In addition, there were several activities whose beneficiaries were not individuals but were families, villages, MSMEs, schools, and hospitals, making it challenging to find the exact number of philanthropic activities’ beneficiaries. Therefore, the beneficiaries’ calculation in this study only stated the number of beneficiaries written as the individual unit.

Table 4. Number of Beneficiaries per Year

TOTAL OF BENEFICIARIES	2018	2019	2020	GRAND TOTAL
	2.594.255	3.004.710	4.660.575	10.259.540

The table above indicates that the contribution of philanthropic activities has reached a total of 10,259,540 Indonesians. The available data shows an increasing trend in the number of beneficiaries of philanthropic activities. Moreover, this trend is also closely related to the provision of protective equipment for health workers in hospitals or masks and hygiene kits for vulnerable groups.

Table 5. Number of Beneficiaries per Year

CORPORATE'S SECTOR	N	YEAR			
		2018	2019	2020	GRAND TOTAL
Agribusiness	2	1,710*	1,057*	26,575	29,342
Fast Moving Consumer Goods (FMCG)	2	2,432,238*	2,778,316*	4,045,412*	9,255,966
Textile and Pulp Industry	2	120*	120*	3,718	3,958
Oil, Gas and Mining Industry	3	7,366	76,681	30,591*	114,638
Health Industry	1	170	19,075	326,581	345,826
Financial Industry	3	14,122*	16,602*	9,404*	40,128
Media and entertainment Industry	1	78,845	21,648	150,515	251,008
Automotive and transportation Industry	2	3,981*	-	-	3,981
Property & Infrastructure	1	39,970	1,000	1,500	42,470
Retail and distribution	1	2,300	83,045	15,621	100,966
Cigarettes	1	3,200	1,623	1,567	6,390
Technology and Telecommunication	2	10,233	5,543	49,091	64,867
GRAND TOTAL	21	2,594,255	3,004,710	4,660,575	10,259,540

The data above illustrates that the FMCG industry reaches the most beneficiaries, and the trend increases between 2018 and 2020. The reviewed FMCG corporates did many philanthropic activities in health education for students. Likewise, for corporates with complete annual reports, such as Media, Technology, and Telecommunication Corporates, beneficiaries tend to increase from 2018 to 2020.

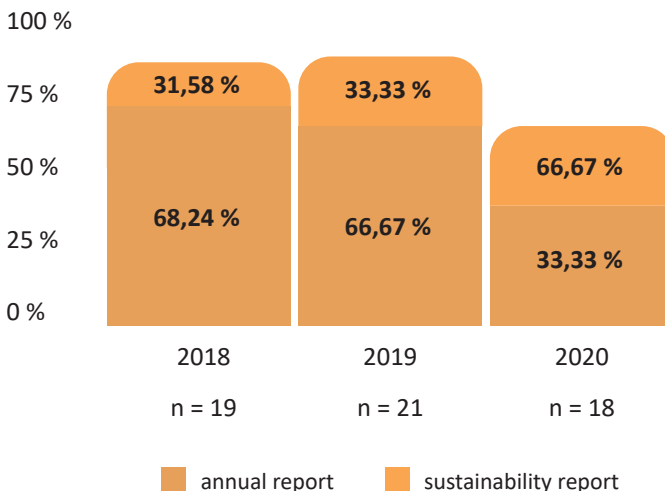
CORPORATE PHILANTHROPY CONTRIBUTIONS TO SDGS

SDGs Perspective on Corporate Philanthropy

In analyzing the corporate's philanthropic activities, we analyzed the public reports issued by the selected companies in this survey . We accessed two types of public reports, i.e., annual and sustainability reports. This study used these public reports to identify whether the corporate use the SDGs approach in formulating programs and policies, including philanthropic activities around the corporate.

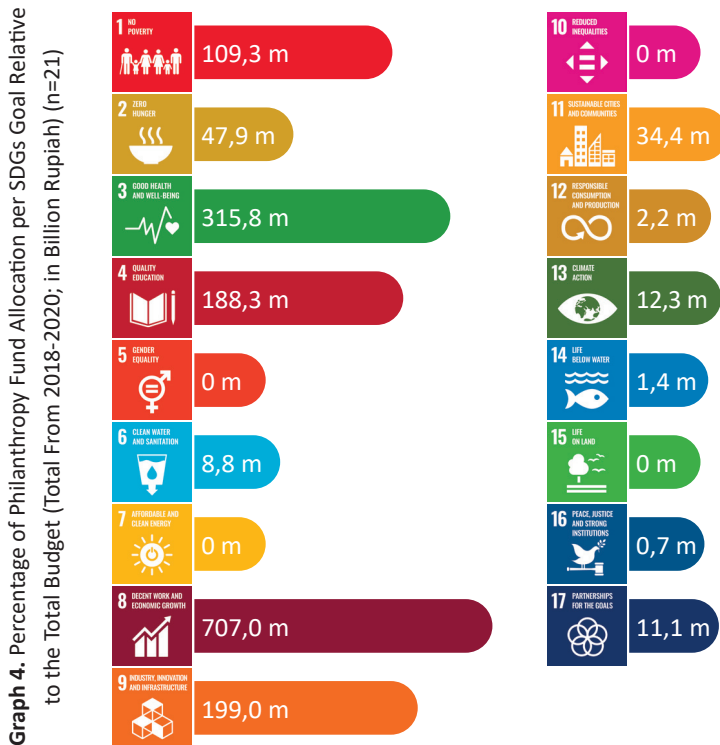
Based from the corporate reports of corporate reports, it can be observed that around 66-68% of companies have not applied the SGDs approach in their 2020 corporate annual report, consistently following the reporting format of the previous 2018 and 2019 report. The good thing is that this figure increased in 2020 where 66.67% of the companies used the SDGs approach by publishing sustainability reports to the public. Mining companies consistently report their corporates activities using the SDGs approach.

Graph 3. The SDGs Approach Corporate Annual Report



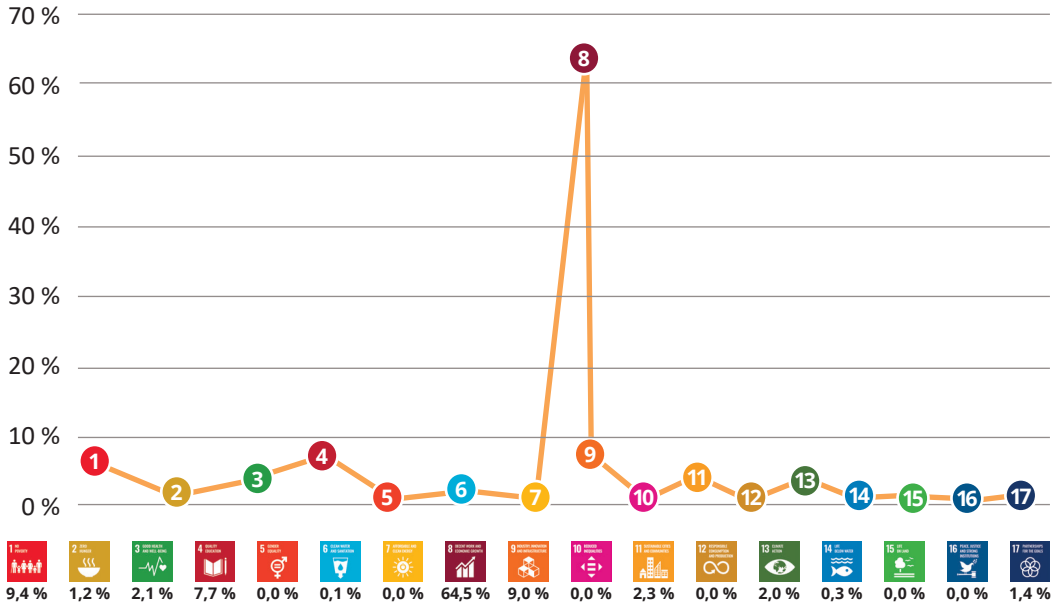
Distribution of Philanthropic Funds for SDGs

The philanthropic fund allocation calculation is carried out based on information on funds written per program. In total, the graphic below shows the funding allocated by corporate philanthropy in running their SDGs agendas.

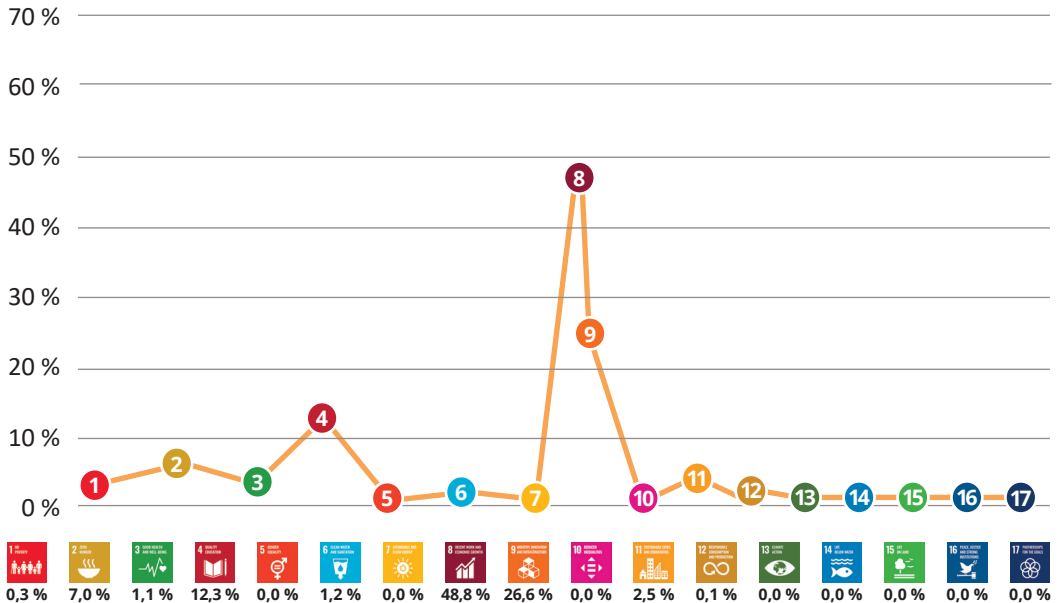


The graph above shows that in total, the biggest allocation and the most mentioned was SDG 8 with Rp 707 billion (43.2% of the total budget), followed by SDG 3 with Rp 315.8 billion (19.3%), SDG 9 related to industry, innovation, and structure with Rp 199 billion, and SDG 4 related to quality education with Rp 188.3 billion.

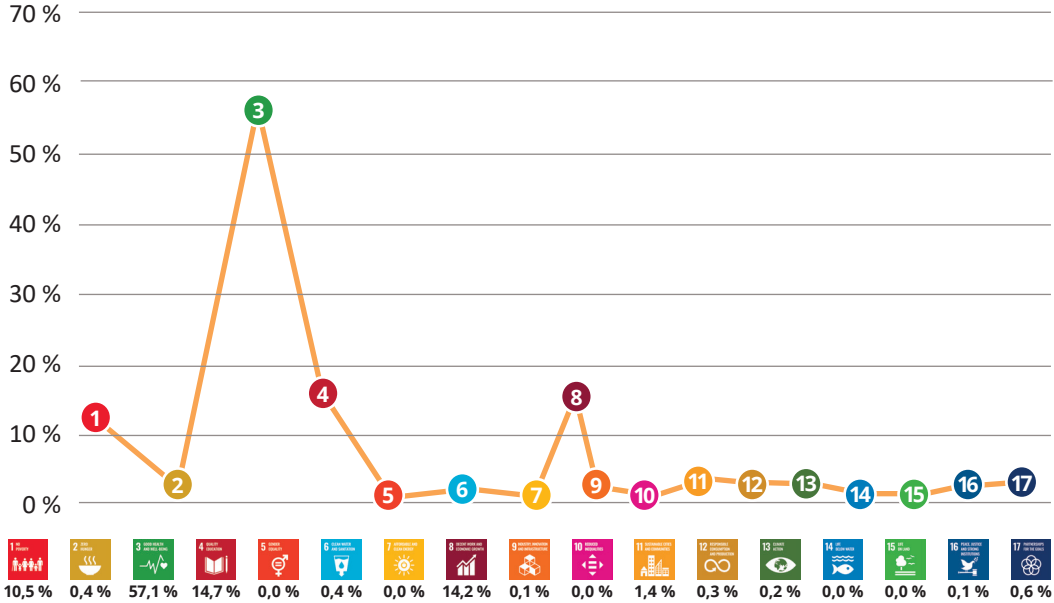
Graph 5.1 Trends in the Philanthropy Fund Allocation per SDGs Goal Relative to the Total Budget 2018



Graph 5.2 Trends in the Philanthropy Fund Allocation per SDGs Goal Relative to the Total Budget 2019



Graph 5.3 Trends in the Philanthropy Fund Allocation per SDGs Goal Relative to the Total Budget 2020



Based on the type of SDGs per year, goal 8, related to decent work and economic growth, occupied the most significant proportion among other SDGs in 2018. However, this proportion decreased in 2019 and 2020. The proportion of goal 8 in 2018 was driven by contributions from SOEs corporates that encouraged partnerships with MSMEs. SOE Ministerial Regulation number PER-02/MBU/7/2017, dated July 5, 2017, encouraged SOEs to allocate budgets to promote partnership programs, namely the program for providing capital and assistance for MSMEs and the Bina Lingkungan (Community Development) program as obligations of SOEs.

SDG 3 in 2020 experienced a drastic increase from only around 2% to 57%. This increase is due to the initial period of the 2020 COVID-19 pandemic, so many corporates donated COVID-19 related-detection tools such as PCR, protective equipment for health workers such as masks and PPE, and other donations such as oxygen cylinders, ventilators and other related medical devices assistances.

Beneficiaries Based on SDGs Agenda

Table 6. Percentage of Beneficiaries based on the SDGs Agenda per Year and in Total

SDGs AGENDA	2018	2019	2020	TOTAL
SDG 1: No Poverty	31,345	12,192	14,700	58,237
SDG 2: Zero Hunger	68,300	133,278	2,301,270	2,502,848
SDG 3: Good Health and Well-being	2,421,850	2,261,938	2,053,782	6,737,570
SDG 4: Quality Education	27,026	48,956	53,184	129,166
SDG 5: Gender Equality	6,777	11,500	5,000	23,277
SDG 6: Clean Water and Sanitation	170	17,125	1,200	18,495
SDG 8: Decent Work and Economic Growth	38,636	99,105	216,251	353,992
SDG 12: Responsible Consumption and Production	-	420,616	-	420,616
SDG 13: Climate Action	-	-	28	28
SDG 17: Partnership for the Goals	151	-	15,160	15,311
	2,596,273	3,006,729	4,662,595	10,259,540

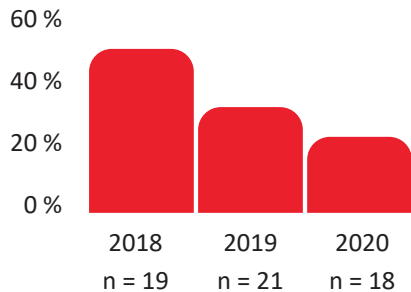
The highest number of individual beneficiaries is on the agenda for improving health and welfare, with 6.7 million beneficiaries in three years total. The second goal with the highest number of beneficiaries is SDG 2, with a total beneficiary of 2.5 million.

Interestingly, there was an increase in beneficiaries of SDG 12 in 2019. This increase was in response to the Governor of DKI Jakarta Regulation Number 142 of 2019, which prohibited the use of plastic bags in shopping centers, supermarkets, and traditional markets. Therefore, one of the types of philanthropic activity for retail corporates is plastic bags exchange with reusable bags and also educating about reducing plastic use even though the increase did not affect the proportion of beneficiaries.

The study also found that allocated funds were not necessarily in line with the increasing numbers of beneficiaries. For example, in SDG 3, the funding allocation increased significantly, from around 2% to 57%, but the number of beneficiaries decreased. Non-standardized reporting format provides flexibility on how the corporate report their SDGs activities. In one case, for example, the corporate only wrote the number of beneficiaries in one activity, although the corporate delivered more than one activity. Another example is the corporate did not report the targeted beneficiaries number when the corporate provided assistance in the form of medical equipment for hospitals.

Corporate Engagement in the SDGs Agenda

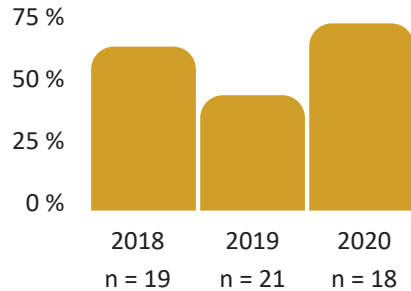
SDG 1: No Poverty



The companies involvement in this agenda decreased every year. Examples of the activities are:

- Providing compensation for community groups affected by disasters, poor community groups, or assistance for orphans.
- Providing shelter for vulnerable groups. It can be in the form of temporary building shelters (hunian sementara, huntara) for disaster refugees, and building or renovating houses for the poor or veterans groups.

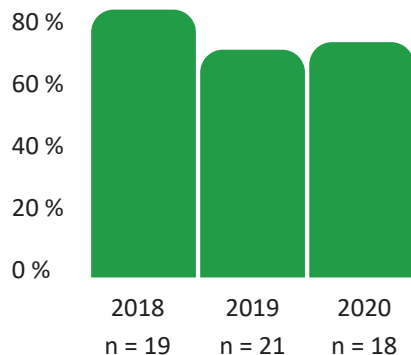
SDG 2: Zero Hunger



The trend for SDG 2 decreased in 2019 but raised again in 2020. The types of activity are:

- Distribution of food/nine essential staples (sembilan bahan pokok, sembako)
- Nutritious food provision for vulnerable groups such as the poor, disaster refugees, and orphans.
- Distribution of Qurban meat every Eid al-Adha.
- Educational program socialization to young mothers, pregnant women, and nursing mothers about food and food nutrition in the environment around the corporate and assistance in cooking food with adequate nutrition.

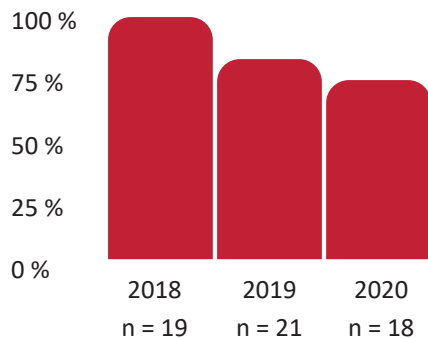
SDG 3: Good Health and Well being



Corporate philanthropy engagement on SDG 3 tends to decrease from 2018 to 2020. Examples of activities are:

- Medicines donation, financial assistance for treatment, and during the pandemic are provision of masks, hygiene kits for the community, and health-protective equipment for health workers.
- Assistance of health facilities such as ambulances, ventilators, and oxygen cylinders for hospitals.
- Establishing health clinics adapted to the local context, for an example, a pharmaceutical corporate set up a floating clinic in the West Nusa Tenggara area to target remote village.
- Psychological First Aid services are also usually established for disaster victims' psychological health.
- Training and sending health workers to areas with a lack of health services. For example, one of the corporates engaged in infrastructure prepared a midwife village program for the communities around the corporate area.
- Health education and socialization activities with topics of nutrition or maternal and children health. In addition, other health topics that are quite popular are reproductive health and the use of addictive substances in adolescent.

SDG 4: Quality Education



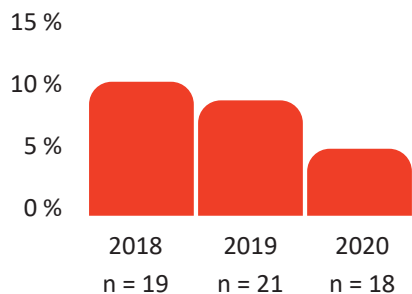
SDG 4 is the agenda with the most involvement from the corporates in this study. The types of activity are:

- Providing scholarships targeting orphans and students from underprivileged families.
- Providing school supplies packages for disaster refugees.
- Provision of learning facilities such as computers, blackboards, and in-

ternet or renovation and construction of school buildings/study places, including for disaster refugees.

- Establishing parks/reading corners and providing reading books through smart cars containing books for children in Indonesia's border areas.
- Establishing educational institutions at the early childhood (pendidikan anak usia dini, PAUD), elementary, and even polytechnic levels that are accessible for free for the public or the students receive scholarship assistance.
- Funding for sending teachers to some understaffed schools. One of the activities was carried out by a pharmaceutical corporate that has sent additional teachers to 47 districts/cities.
- Training for teachers on the use of the internet for higher quality teaching.
- Training for students related to social issues such as bullying and reproductive health.
- Preparing a vocational curriculum that is more aligned with the workforce. Training for students related to social issues such as bullying and reproductive health.
- Preparing a vocational curriculum that is more aligned with the workforce.

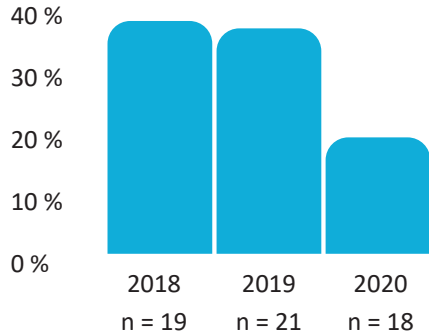
SDG 5: Gender Equality



Not many companies target this SDG. The types of activity are:

- One of Indonesia's largest FMCG corporates conducted self-esteem training for female students and teachers.
- Economic empowerment by empowering digital platforms.
- Providing capital loans for training participants and also establishing women's cooperatives.

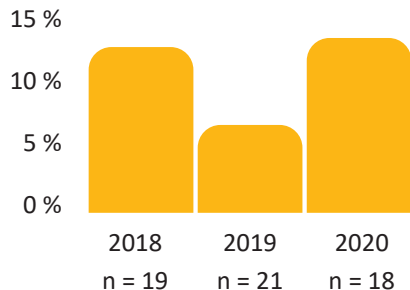
SDG 6: Clean Water and Sanitation



Around 37% of companies were involved in this goal in 2018, but the trend moved downwards in 2020. The types of activity are:

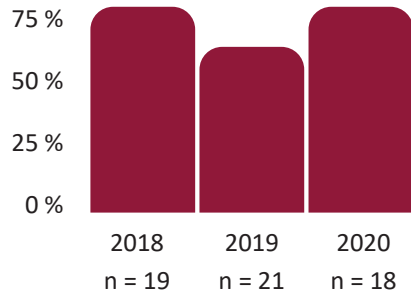
- Infrastructure construction for wells digging or pipes installation for clean water access.
- Maintaining the availability of clean water by cultivating plants on swamp land using saturated soil culture technology or river cleaning activities with the aim to maintain the quality of water sources.
- Building toilets facilities in disaster areas or the areas that do not have toilets yet.

SDG 7: Affordable Clean Energy



Only a few corporates were involved in this agenda. The types of activity are: Provision of affordable energy, which is related to the accessibility of electrical energy in areas that have no access to electricity and telecommunications networks.

SDG 8: Decent Work and Economic Growth



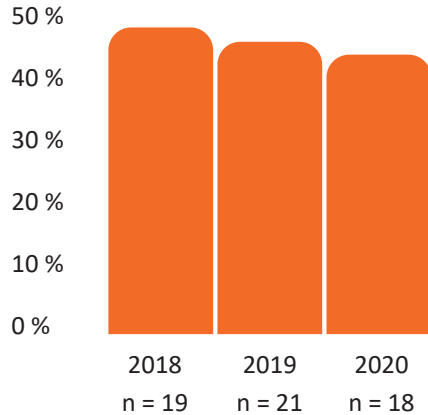
This goal is included in the agenda that many companies carried out, and the trend tends to be stable from 2018 to 2020. The types of activities are:

- Provision of seeds or fertilizer or animal feed for farmers/breeders or provision of capital for business actors in MSMEs.
- Training on skills to advanced business for entrepreneurs. For example, training for oil palm farmers to maintain the quality of bokar (ingredient for rubber processing) and increase the production of oil palm plantations. Digital training, financial literacy, and the use of website-based platforms, enabling the farmers to use technological advances in marketing their products.
- Mentoring 40 young farmers for 100 days to equip them with agricultural knowledge and entrepreneurship to create a low-risk failure.
- Provision of technical skills for vocational graduates to join training at the job training centers. Two financial corporates were also trying to widen economic access for persons with disabilities who have MSMEs with the mentoring and provision of capital.
- One of the mining corporates even strengthened a village as a business unit so that the villagers could be independent. This activity is also intended for village units which are already independent around the corporate area. These units collaborate to build village-owned enterprises (Badan Usaha Milik Desa, BUMDes).

SOES PARTNERSHIP AND BINA LINGKUNGAN PROGRAM

In several SOEs whose reports were analyzed in this study, the budget allocation for MSMEs economic assistance activities was carried out based on the Regulation of the Minister of State-Owned Enterprises Number PER-02/MBU/04/2020 Third Amendment to the Regulation of the Minister of State-Owned Enterprises Number PER-09/MBU/07/2015 about the Partnership and Bina Lingkungan Program for State-Owned Enterprises. This regulation regulates the obligation for SOEs to conduct training and provide access to capital loans for MSMEs. MSMEs that are assisted do not have to have the same line of business as the enterprise. For example, one of the SOEs in the health sector mentored MSMEs in the field of fashion, food, and art products. In addition to training, SOEs must also provide access for MSMEs to market their products.

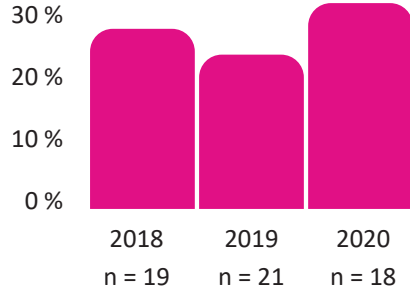
SDG 9: Industry, Innovation and Infrastructure



This goal is consistently conducted by almost 50% corporates from 2018 to 2020. The types of activity are:

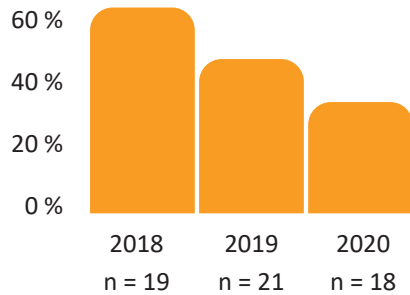
- Development of infrastructure related to access such as roads.
- Construction/renovation of public facilities such as schools, village offices, sports venues, places of worship, and hospitals.
- Drainage construction.
- Development of several economic zones such as markets and tourist attractions such as parks.wisata seperti taman.

SDG 10: Reduce Inequalities



Nearly 30% of corporates were involved in this goal. Goal 10 is closely related to goal 8, which is related to decent work and economic improvement to further increase social and economic inclusion regardless of age, gender, disability, race, ethnicity, origin, religion, and financial ability. In addition, this goal is also related to providing education access to vulnerable groups.

SDG 11: Sustainable Cities and Communities

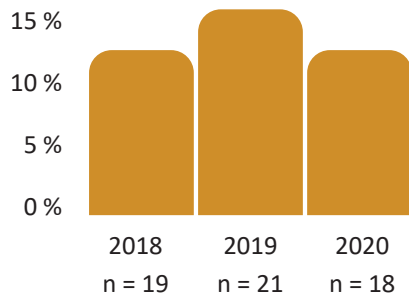
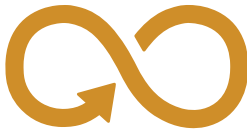


The corporate philanthropy involvement for this goal tends to decline. The types of activity are:

- Involvement in the construction of affordable flats and also cleaning the Krukut River banks.
- Construction of municipal facilities that handle waste. Several corporates were involved in assisting the waste bank.
- Provide briefing for garbage collectors so that they can utilized waste more economically.
- Provision of public places and green areas that are accessible and safe for all people.

- Financial support for art studios to preserve local dances and carving crafts in the community and finance sports activities or facilities that the community can use.
- Build water conservation ponds, and build eduparks and ecoparks from former mining areas to maintain the sustainability of the ecosystem in the area.

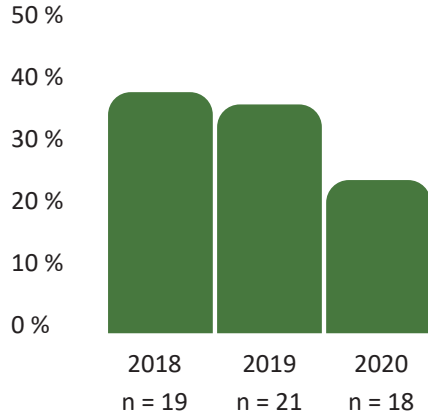
SDG 12: Responsible Consumption and Production



This goal is still closely related to SDG 11, which is related to the provision of infrastructure to support waste/garbage processing and recycling. Not many corporates are involved in this agenda. The types of activity are:

- Creating a community-managed waste bank.
- Placing drop boxes in public outlets as a designated place to put plastic bottle waste for collection and recycling.
- Companies engaged in finance field built a waste bank management in the building where the corporate area is located and handled the waste of the urban village community around the building.
- Education and capacity building of the community as actors involved in sustainable consumption. One corporate even designed a framework to increase the capacity of the community in sorting.

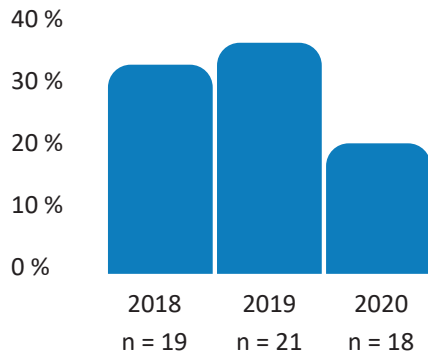
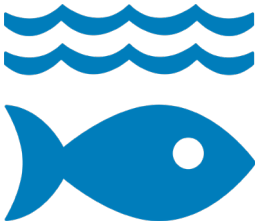
SDG 13: Climate Action



Around 50% of companies were involved in this goal in 2018, although the trend has decreased to 33%. The types of activity are:

- Planting trees such as mangroves and breadfruit in the area around the corporate or other areas as deemed necessary.
- Some corporates did not mention in detail about their activities, they only stated donations for environmental preservation.

SDG14: Life Below Water

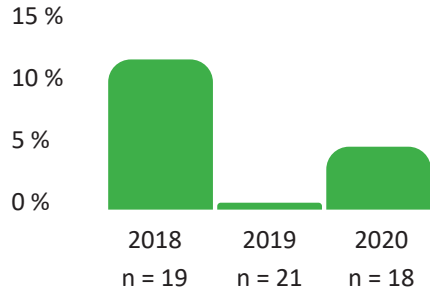


Not many companies have contributed to this goal, and the trend declines. The types of activity are:

- Mangrove planting on the coast.

- Workshop on mangrove conservation and planting with the local environmental service office.
- Planting coral reefs on the seashore near the corporate's operations
- Provision of ships to transport garbage and control pollution in their sea areas.

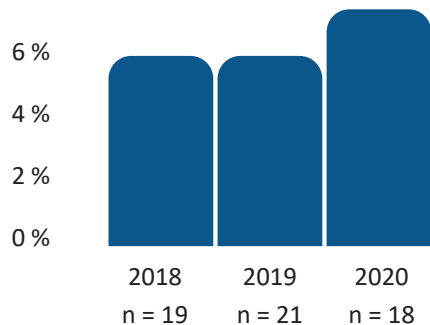
SDG 15: Life on Land



Not many companies are involved in this goal. The types of activity are:

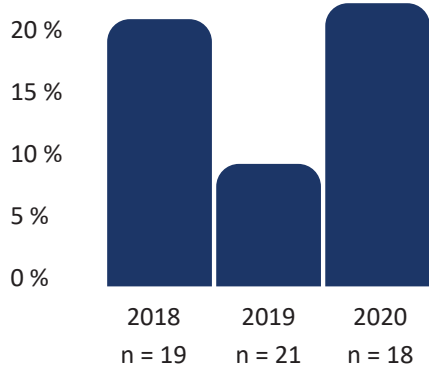
- Mining corporates that built ecoparks and eduparks on their former mining areas.
- Establishing a conservation area for deer and achovies as unique animals to be protected around the corporate area.
- Conserving local plants so they do not extinct. Other corporates did not provide details on the program activities carried out.

SDG 16: Peace, Justice and Strong Institutions



Not many corporates are involved in this goal. The types of activity: Building BUMDes by partnering with villages around the company's area. With corporate's assistance, it is hoped that BUMDes can become an effective, accountable, and transparent institution at all levels.

SDG 17: Partnership for the Goals



Not many corporate philanthropy carry out this agenda even though the trend tended to be stable in 2018 to 2020. The types of activity are:

- Partnering with farmers and convince them to join the Rubway application, an application created to map the risks of robber plantation to reduce losses.
- Partnership between banking corporates and journalist partners in journalistic training so that the participants can understand banking issues and cover them well.
- Initiating a multi-stakeholder communication forum to oversee the decision-making process for the preparation of community development programs and philanthropic programs in an optimal and well-targeted manner. This forum exists in 26 villages and 3 sub-districts around the corporate's area. This partnership is also realized by the existence of a partnership between the corporate and the BUMDes that was built. However, the details of the program activity were not reported.


TAX INCENTIVE

In the context of Indonesia, tax incentives for corporate philanthropy are already regulated in Law No. 36 of 2008 on the Fourth Amendment to the Income Tax Law (UU PPh) and the Government Law Number 93 of 2010 as well as Regulation of the Minister of Finance Number 76 of 2011 which states that there is a tax deduction for corporates when one of the followings is met:

1. Contribute to national disasters as determined by government regulations and distribute them to disaster management agencies or institutions that have received permits;
2. Contribute to donating educational facilities to educational institutions;
3. Contribute to the sports development and the contributions channeled through sports coaching institutions;
4. And participate in financing social infrastructure development.

For points 1, 2 and 3, donations can be in the form of money and goods. The contribution amount is deducted from the corporate's gross income, which is taxable, so the Income Tax (PPh) payable becomes smaller. In its mechanism, disaster management agencies and institutions or parties receiving disaster donations must submit reports on the receipt and distribution of donations to the Director General of Taxes quarterly, and non-disaster donation recipient institutions must report at the end of each tax year.

Tax incentives are quite attractive to corporates as one of the driving factors in carrying out philanthropic activities. In the FGD, one of the implementing NGOs (NGOs which directly implement the program to beneficiaries) in food strengthening stated that corporates often ask for proof of donations/donations, showing that the corporates have donated. This proof must be attached when the corporation wants to use it as a reference for tax deductions. This indicates that there are efforts for corporates to obtain tax incentives through philanthropic activities. Unfortunately, according to philanthropists, this incentive is ineffective because the process is considered very complicated compared to the tax incentives received. The existing regulations are also considered not to support philanthropic activities.



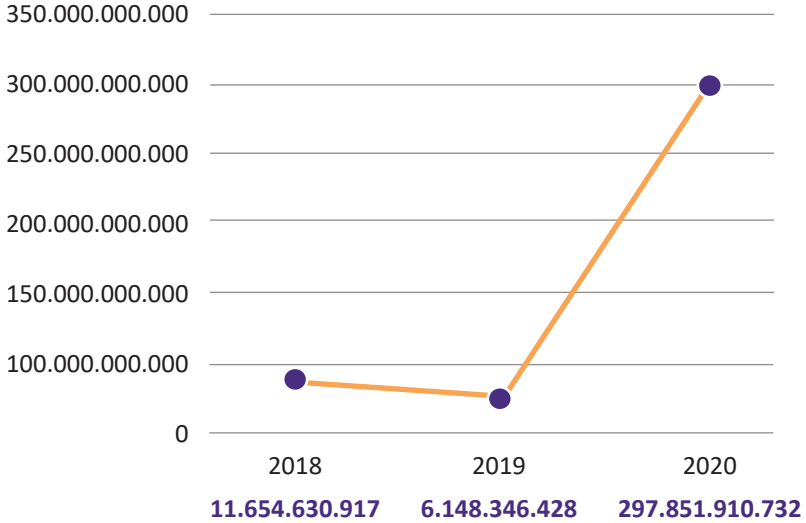
So, in my opinion, the world of philanthropy in Indonesia is complex because it does not have a policy (which supports it, ed.). There is no fiscal policy issued by the Ministry of Finance for philanthropic activities, especially for corporations. It has been continued to be discussed in the last ten years (but nothing has changed, ed.)

(Corporate Philanthropist)

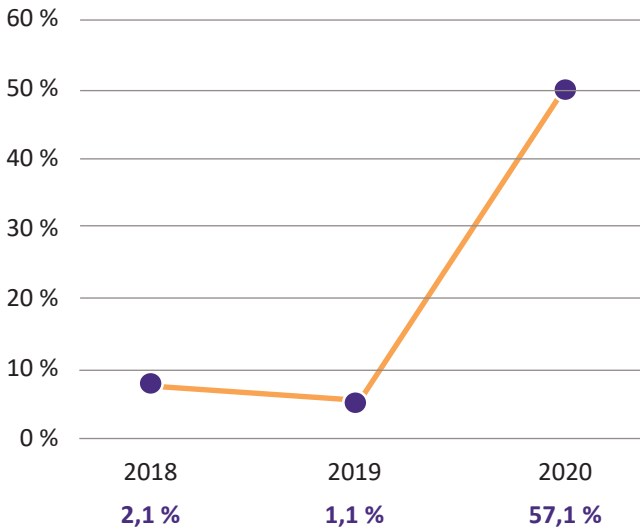


THE IMPACT OF THE PANDEMIC ON CORPORATE PHILANTHROPY

Fund Allocation for SDG 3 , "Good Health and Well-being", Increased



Graph 6. Graph 6 Fund Allocation for SDG 3



Graph 7. Fund Allocation Percentages for SDG 3

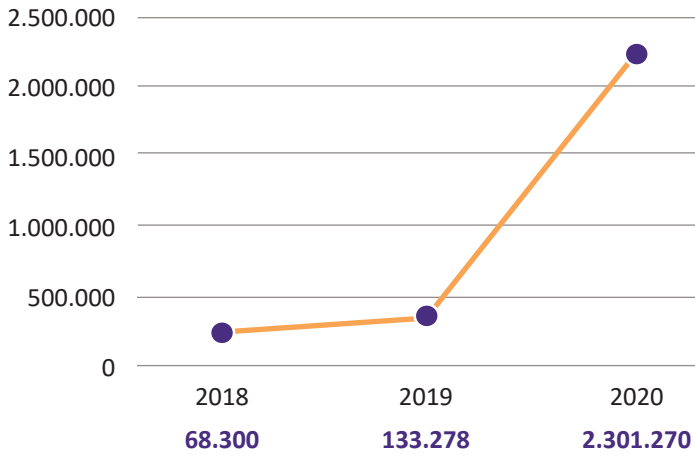
The graph above shows that compared to other goals, the SDG 3 experienced a significant increase during the pandemic in 2020. It occurred because almost all corporates were involved in SDG 3, especially in overcoming the impact of the pandemic from the health aspect. In its implementation, there are various activities that the corporate philanthropy has done to fulfil SDG 3 in the pandemic era. The beneficiaries were also varied, ranging from the community around the corporation, health workers or the general public who come from vulnerable groups.

Extractive sector companies, such as mining, allocated budgets to provide masks and hygiene kits for people living near their corporates. The FMCG corporation also provided facilities for hand washing in several schools and donated hygiene kits that produced for health workers. Several corporates also donated health facilities such as COVID-19 detection test kits (antigen/PCR), oxygen cylinders, ventilators, laboratory construction, and providing ambulances.

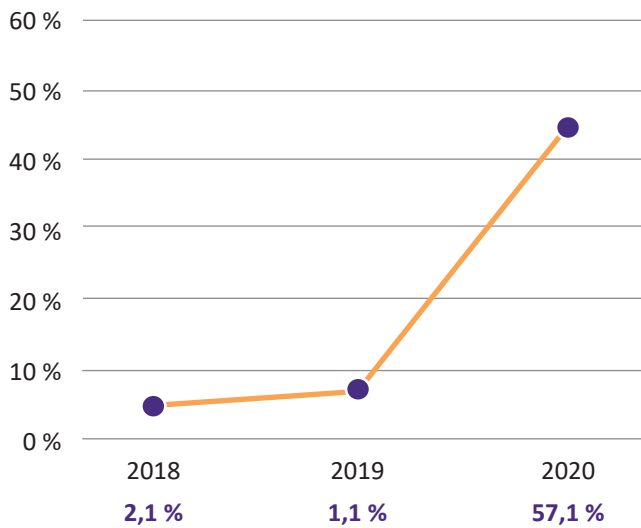
The corporation also donated according to its specificity. Property and infrastructure corporates were involved in converting hospital rooms to wards to treat COVID-19 patients. Telecommunications corporates provided free internet facilities at Wisma Atlet, a building for COVID-19 self-isolation patients so that the health workers could coordinate well while serving patients.

Beneficiaries for SDG 2, “Zero Hunger”, Increased

The graph below shows that SDG 2 beneficiaries consistently increased every year, but a significant increase occurred in 2020 when the beneficiaries increased 16 times compared to 2019. This increase is also in response to the COVID-19 pandemic, which in addition to focusing on the provision of medical devices, the corporate’s philanthropic activities also tried to respond to the threat of a lack of food due to restrictions or the economic impact of COVID-19.



Graph 8. Beneficiaries of SDG 2



Graph 9. Fund Allocation Percentages for SDG 2

Corporate philanthropy tried to respond to SDG 2 by distributing sembako to people living in the corporate's operational areas. Some even provided electronic vouchers for vulnerable groups such as Gojek drivers that could be used to buy groceries. Another form of activity is the provision of food distributed to vulnerable groups (poor, orphanage children, informal workers such as street vendors, street cleaners) or health workers on duty during the pandemic. One corporation even set up a soup kitchen that provided food to vulnerable groups for free.

Disruption of Program Implementation

One of the philanthropic activities carried out by one FMCG company was assisting tea farmers who partner with the corporate to obtain Rainforest Alliance certification or in the verification process of gaining the certificate. Due to the pandemic, there were restrictions on the space for assisting farmer partners who had been targeted to achieve certification or hinder the verification process carried out face to face.

One of the agribusiness corporates had to stop one of their philanthropic activities, namely providing assistance in rejuvenating the people's gardens of farmer partners due to the COVID-19 pandemic. However, they still open training and assistance to farmers by implementing health protocols during this pandemic.

Utilization of Technology in the Implementation of Philanthropic Activities

In addition to disrupting program implementation, the COVID-19 pandemic has also spawned several innovations in the theme of activities and program implementation. In response to the lack of physical activity in the elderly during the Large-Scale Social Restrictions (Pembatasan Sosial Skala Besar, PSBB) at the beginning of the COVID-19 pandemic, one of the FMCG company issued a special sports video series for the elderly and adult women through the Youtube channel and a campaign to exercise in the pandemic era.

One of the government-owned telecommunications company routinely conducts mentoring activities for marketing digitalization to MSMEs from various sectors every year as one of the philanthropic activities carried out. However, during this pandemic, one of the focuses of corporate philanthropic activities was the mentoring process and business incubation for start-ups that utilize technological developments to accelerate their development so that they have high economic value or potential to grow rapidly and compete in the market.

The development of technology, especially the internet, also affects how corporate philanthropy implements previous programs. Another FMCG corporation in 2019 provided education about nutrition directly to mothers who had toddlers at the integrated healthcare center (Pos Pelayanan Terpadu, Posyandu) located around the corporate environment. In 2020, this education was conducted online through webinars and information about nutrition was provided on social media. Additionally, other health education, such as hand washing or dental health, was also carried out through webinars that also presented dentists or health practitioners. The corporation also collaborated with the Ministry of Education, Culture, Research, Technology, and Higher Education to organize education into distance learning (Pembelajaran Jarak Jauh, PJJ) sessions conducted by schools. Similarly, there is also a corporation mentoring program for entrepreneurs on economic empowerment. One of the financial corporations routinely assisted 26 entrepreneurs with disabilities for three months. Since the pandemic, this assistance activity has been carried out online with zoom.

RECOMMENDATION

1

The capacity of corporations to implement the SDGs in their organizations varies. More massive socialization of the SDGs is needed for corporates that have yet to use the SDGs approach, especially in their philanthropic activities.

With its ample funding power, corporate philanthropic activities have great potential, especially in funding to achieve the goals of the SDGs. Therefore, there is a need to collaborate through collective action between corporate philanthropy, government, and other philanthropic organizations to achieve the SDGs from national to regional levels. This collaboration includes mapping the corporate's potential up to the regional level and the SDGs goal that has been carried out. The focus of the synergy can be encouraged wider by corporates under SOEs and in collaboration with the government. There is already a good practice and the regulation of the Minister of SOEs that encourages SOEs to be involved in the process of economic empowerment for MSMEs (whether it is in line with the corporate's business or not) because of the obligation to implement the Partnership and Bina Lingkungan Program for SOEs.

2

3

Tax incentives are still a matter of interest for corporates and can potentially encourage philanthropic activities. There is a need for a follow-up study to enforce the development of fiscal policy/regulations which support the increase of philanthropy potential contribution to Indonesia's development is necessary, and a harmonized reporting procedure as well as tax incentive application so that philanthropy activity can be used optimally.

4

In the report, budget allocations and beneficiaries transparency were found to be inconsistent across companies. There is a need to have monitoring on corporate philanthropy activity, started with a common perception on philanthropy activities reports' transparency.



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