

ITA's Perspective on Reporting on Corruption in Indonesian Tin Supply Chains

Summary

The International Tin Association (ITA) has been following the reporting on corruption in the Indonesian tin sector, including the recent article published in [Follow the Money](#). Tin has been mined in Indonesia's Bangka Belitung Province for hundreds of years, historically contributing to local development, and the region remains a significant global tin producer. Certain governance and environmental challenges have been frequently reported, including linked to unconventional, people's and illegal mining in a highly complex local context. The recent corruption investigation by the Indonesian Attorney General's Office implicating a former mining ministry official, former senior officials of private smelters and of state-owned PT Timah Tbk, and other business individuals has brought these issues into new focus. Having engaged with the Indonesian tin sector for many years, including in efforts to encourage positive change, ITA welcomes these decisive actions by the Indonesian government. ITA is also aligned with various observations made in the [Follow the Money](#) article discussing audit transparency, the need to move beyond over-reliance on industry schemes and certifications, instead prioritising transparent reporting for all actors and practical support for on-the-ground improvements.

History and challenges

Tin has been mined in Bangka Belitung over hundreds of years, resulting in a highly complex local context and stakeholder relationships especially related to artisanal and small-scale mining, which is variously defined as unconventional or 'people's mining', and illegal mining.

PT Timah Tbk, is one of the world's largest producers of tin and a member of the International Tin Association (ITA). As the state-owned mining company, it is the main concession holder on Bangka Belitung and is primarily engaged in integrated tin mining and smelting operations producing tin metal as well as some [solder and chemicals](#) products through its subsidiaries. In addition to PT Timah Tbk, various private smelters have operated in Bangka Belitung at different times generating significant volumes of tin. These private smelters have not been members of the ITA. Further complexity is added by the presence of informal mineral traders known as collectors within the supply chain who often act outside of mining regulations.

Various governance and environmental issues have been publicly reported in Indonesia for many years including highlighted to the supply chain by a [2012 Friends of the Earth campaign](#). ITA has proactively engaged in, and supported, various collaborative initiatives with the aim to understand and improve the complex situation in Indonesia's tin sector. These efforts include commissioning studies to understand local laws and [unconventional mining](#) including alternative livelihoods, and collaborating with multi-stakeholder initiatives such as IDH (the Sustainable Trade Initiative including their "Road to Responsible Mining" later the [Tin Working Group](#) funded by the European Partnership for Responsible Minerals (EPRM).

The corruption case, impacts and subsequent actions

National efforts to improve and enforce Indonesia's complex legal framework for mining, mineral and metal trading relevant to the tin sector have had varied results over the years with differing levels of community acceptance. Historically, poor coordination between levels of government, weak enforcement, and transparency issues in some parts of the tin sector have posed a key challenge. These systemic challenges may be linked to opportunities for the fraudulent misrepresentation of mineral sources, even though all are mined within the same Bangka Belitung provincial area.

According to [reports](#) the Attorney General's Office's investigation into corruption targeted a network of illegal tin mining and trade from PT Timah Tbk's concessions involving a former government official from Indonesia's Ministry of Energy and Mineral Resources (ESDM), some former senior executives of private smelters and of PT Timah Tbk, and other businessmen.

PT Timah Tbk as a state-owned company has fully cooperated with the investigation. Certain former executives from PT Timah Tbk's management during the period under investigation have faced legal consequences, with some convictions already secured. Some of the former government officials were also convicted. The Indonesian Attorney General's office issued a recommendation for the Minister of State-Owned Enterprises to review the performance of PT Timah Tbk's Board of Directors from 2019–2023 and seek accountability. ITA has been closely following these developments and continues to review its own governance and director due diligence procedures learning lessons from this situation. As an ITA member, PT Timah Tbk is also committed to ongoing transparent disclosure of its environmental, social and governance performance to date and in the future, including against the Tin Code.

Other business individuals convicted in the investigation are associated with private smelters. These companies were not ITA members, have not participated in ITA's efforts to address the situation, and do not transparently report to the Tin Code.

ITA acknowledges and supports the recent decisive actions undertaken by the Indonesian government aimed at enhancing formalisation and control over the tin sector. These actions include regulatory reforms, new initiatives aimed at mineral tracking, and putting in place new leadership including at PT Timah Tbk. Even with strong government action and industry commitment, further concerted and collaborative efforts with all stakeholders are required to address the complex challenges.

Accessing credible information on Indonesian company performance and ways to engage

The Follow the Money article highlights that many downstream companies based their due diligence on specific scheme audits, yet it raises general questions about the limitations of such schemes in preventing risks. Downstream electronics companies tend to be several tiers removed from tin smelters and do not source from them directly. They may face ongoing challenges in achieving meaningful engagement and understanding of due diligence expectations in all those downstream tiers. This then challenges effective implementation of existing due diligence obligations on 'conflict minerals', as well as more recent expectations for environmental and broader human rights due diligence. ITA is dedicated to bridging this gap, and improving mutual understanding between upstream and downstream actors, including through an upstream-downstream working group.

The Tin Code serves as the global reporting mechanism for tin producers that independently assesses performance against more than 70 environmental, social and governance (ESG) standards using a transparent ratings system. Each rating provides further information, including any identified gaps in performance and opportunities to improve ratings. PT Timah Tbk, which continues to support the implementation of ESG, has also participated in conducting ESG ratings at the Morningstar Sustainalytics rating agency and follows the GRI Sustainability Reports Index rules in an effort to improve the implementation of ESG activities.. The Tin Code operates on an annual reporting cycle with all reports required to be made public for greater transparency. The Tin Code is purposefully not a certification nor a guarantee of risk-free material, which may encourage 'tick-box' compliance without driving the continuous improvement and meaningful due diligence essential for responsible sourcing. PT Timah Tbk's past Tin Code reports (from before the corruption investigation began) included opportunities for improvements in both managing local suppliers (Principle 8) and evaluating potential risks in mineral purchases as part of responsible sourcing (Standard 7.3).

ITA agrees with FTM remarks that companies should not solely rely on industry schemes for their due diligence obligations. As outlined in our published article on company due diligence responsibilities, industry schemes, and 'recognition', we align with the OECD view that companies retain individual responsibility for their due diligence. This principle of individual company responsibility for due diligence is further reinforced by the EU 'Responsible Minerals' Regulation (2017/821). Participation by smelters in audits or even 'recognised schemes' is not, in itself, a guarantee of effective due diligence without sufficient transparency and information. Companies should also understand the scope of industry programmes and limitations with respect to their individual obligations.

Similarly, regulations and audits can only be effective when complemented by practical on the ground support. This includes continued dialogue with local stakeholders, supporting traceability, and formalisation efforts of unconventional miners making sustainable and responsible mining practices achievable on the ground. The ITA remains committed to supporting these ongoing efforts and welcomes further discussion and collaboration on all related matters.

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