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Corporate Social Responsibility as a Strategic Instrument for Environmental Health in Indonesia: Comparative Lessons From India and the European Union

Diana Setiawati
Faculty of Law, Universitas Muhammadiyah Surakarta
ds170@ums.ac.id

Hary Abdul Hakim
Faculty of Law, Universitas Muhammadiyah Magelang
haryabdulhakim@unimma.ac.id

Indah Maulani
Faculty of Law, Universitas Muhammadiyah Surakarta
im295@ums.ac.id

Hanifah Febriani
Faculty of Law, Universitas Muhammadiyah Surakarta
hf185@ums.ac.id

Dewi Novitasari
Faculty of Geography, Universitas Muhammadiyah Surakarta
dns104@ums.ac.id

Lelya Cahya Mufidati
Faculty of Law, Universitas Muhammadiyah Surakarta
C100210131@student.ums.ac.id

Muhammad Haidar Aufa
Faculty of Law, Universitas Muhammadiyah Surakarta
C100230239@student.ums.ac.id

Rizki Apriansah
Faculty of Law, Universitas Muhammadiyah Surakarta
c100230477@student.ums.ac.id

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ABSTRAK
Penelitian ini mengkaji kerangka hukum tanggung jawab sosial dan lingkungan perusahaan (corporate social responsibility/CSR) di Indonesia dan mempertanyakan bagaimana CSR dapat direposisi menjadi instrumen strategis bagi kesehatan lingkungan, suatu persoalan yang kian relevan seiring rekodifikasi hukum kesehatan dan lingkungan nasional. Dengan metode hukum normatif yang memadukan pendekatan perundang-undangan, konseptual, dan komparatif, serta didukung

Corresponding Author:
Diana Setiawati
ds170@ums.ac.id

analisis isi kualitatif terhadap laporan CSR dan keberlanjutan yang diterbitkan pada 2021–2025 oleh sampel purposif perusahaan pada sektor lingkungan, penelitian ini menemukan bahwa Pasal 74 Undang-Undang Nomor 40 Tahun 2007, yang secara substansi dipertahankan melalui Undang-Undang Cipta Kerja (Nomor 6 Tahun 2023), mewajibkan CSR namun bersifat lex imperfecta. Kewajiban tersebut tidak dilengkapi standar yang dapat ditegakkan maupun indikator berorientasi kesehatan, dan tetap terputus dari standar kesehatan lingkungan yang kini diatur dalam Undang-Undang Nomor 17 Tahun 2023 dan Peraturan Pemerintah Nomor 28 Tahun 2024 yang mencabut Peraturan Pemerintah Nomor 66 Tahun 2014; akibatnya, program yang dilaporkan hanya menghasilkan keluaran lingkungan yang dampaknya terhadap kesehatan masyarakat belum dapat diverifikasi. Untuk menjawab kesenjangan ini, penelitian menawarkan model reformasi empat pilar bagi pembuat kebijakan sekaligus pedoman praktis bagi dunia usaha dalam menyelaraskan CSR dengan prioritas kesehatan nasional. Kebaruannya terletak pada pengintegrasian hukum perusahaan dan hukum kesehatan lingkungan dalam satu kerangka analisis serta penarikan pelajaran operasional dari India (Companies Act 2013) dan Uni Eropa (Directive 2022/2464, 2024/1760, dan 2026/470).

Kata Kunci: tanggung jawab sosial dan lingkungan perusahaan; kesehatan lingkungan; reformasi hukum; pertanggungjawaban korporasi; keadilan lingkungan

ABSTRACT

This study examines the legal framework governing corporate social responsibility (CSR) in Indonesia and asks how CSR might be repositioned as a strategic instrument for environmental health, a question made timely by the recent recodification of Indonesian health and environmental law. Using a normative juridical method that combines statutory, conceptual, and comparative approaches, and drawing on a qualitative content analysis of CSR and sustainability reports published between 2021 and 2025 by a purposive sample of companies in environmentally sensitive sectors, the analysis shows that Article 74 of Law No. 40 of 2007, retained in substance under the Job Creation Law (No. 6 of 2023), makes CSR mandatory yet operates as a lex imperfecta. The duty lacks enforceable standards and health-oriented indicators, and it remains disconnected from the environmental health standards now established by Law No. 17 of 2023 and Government Regulation No. 28 of 2024, which revoked Government Regulation No. 66 of 2014; as a result, reported programmes deliver environmental outputs whose public-health outcomes cannot be verified. To address this gap, the study offers policymakers a four-pillar reform framework and gives corporations practical guidance for aligning CSR with national health priorities. Its novelty lies in bridging corporate law and environmental health law within a single analytical framework and in drawing operational lessons from India (Companies Act 2013) and the European Union (Directives 2022/2464, 2024/1760, and 2026/470).

Keywords: corporate social responsibility; environmental health; legal reform; corporate accountability; environmental justice

INTRODUCTION

This study investigates the legal framework governing corporate social responsibility (CSR) in Indonesia and explores how CSR can be structured as a strategic instrument for promoting environmental health. Three objectives guide the analysis: (1) to identify the legal foundations of CSR relevant to environmental protection; (2) to assess the extent to which corporate CSR initiatives contribute to environmental health; and (3) to establish the gap between regulatory intent and corporate practice and, on that basis, to formulate directions for regulatory reform. The contribution is twofold. Doctrinally, it bridges two bodies of law that Indonesian scholarship has treated separately, corporate law and environmental health law. Practically, it offers policymakers and corporations a framework for converting a legal obligation that currently functions as a formality into a measurable contribution to public health.

The urgency of this inquiry follows from the trajectory of Indonesian industrialisation. Industrial development has driven substantial economic growth, but it has also produced widespread degradation of air, water, and soil quality in regions of high industrial concentration. The World Health Organization estimates that modifiable environmental factors account for nearly a quarter of the global burden of disease, with low- and middle-income countries bearing a disproportionate share. Communities surrounding industrial zones in Indonesia experience elevated rates of respiratory illness, waterborne disease, and exposure to hazardous substances, while state enforcement of environmental regulation remains inconsistent (Retnaningsih, 2015). In this setting the private sector is not merely a source of environmental risk; it is also a potential co-producer of environmental health, provided that the legal instruments directing corporate behaviour are adequately designed.

The Indonesian record on standard indicators of environmental health illustrates the scale of the challenge. Ambient air quality in major industrial and urban corridors regularly exceeds national standards; several rivers that supply drinking water to millions, of which the Citarum is only the most notorious, receive largely untreated effluent; access to safely managed sanitation remains incomplete in peri-urban settlements adjacent to manufacturing zones; and hazardous waste continues to enter environmental media through inadequate handling (Organization, 2016). Each deficit translates into a disease burden, from acute respiratory infection to diarrhoeal disease and heavy-metal exposure, that falls first upon communities living closest to industrial operations. It is this spatial coincidence between corporate activity and community harm that makes the corporation an unavoidable subject of environmental health policy, and CSR the most immediately available legal channel through which that subject can be reached.

Indonesia possesses such an instrument, at least formally. Article 74 of Law No. 40 of 2007 on Limited Liability Companies obliges companies engaged in or related to natural resources to implement social and environmental responsibility (*tanggung jawab sosial dan lingkungan*, TJSL), an obligation elaborated by Government Regulation No. 47 of 2012, so that Indonesia is frequently cited as an early adopter of mandatory CSR (Waagstein, 2011) (Rosser & Edwin, 2010). At the outset it is important to distinguish this duty from two neighbouring obligations with which it is often conflated. TJSL under Article 74 is a strategic corporate duty to contribute to sustainable development; it is not the same as the environmental *compliance* obligations imposed by environmental law (the permit-based duties to prevent and control pollution), nor the same as *voluntary* social programmes that exceed any legal requirement. Keeping the three apart matters analytically: conflating TJSL with environmental compliance inflates apparent CSR performance, while conflating it with philanthropy understates the mandatory character Indonesian law has chosen (Rehman, Bresciani, Yahiaoui, & Giacosa, 2022).

Yet the persistence of environmental health problems in industrial regions raises a fundamental question: why has a legally mandated instrument produced so little verifiable improvement in environmental health, Existing studies have examined the constitutionality and politics of Article 74 (Rosser & Edwin, 2010), its implementation problems in local regulation (M Fajar, 2018) (D Setiawati, Ayu Astutik, Soepatini, Alfateh, & Gladya Naranta, 2022), and CSR disclosure behaviour (W Prihatiningsih, Syaebani, & Devina, 2017) (Wahyuni & Zumaroh, 2019). What remains underexplored is the specific interface between the CSR obligation and environmental health law, including the absence of health-oriented performance standards within CSR regulation, an interface made more urgent by the recent recodification of both fields. That gap defines the research problem of this article.

Theoretical framework: from voluntary philanthropy to mandated accountability

The conceptual starting point is the debate between voluntary and mandatory conceptions of CSR. In the classical account, CSR occupies the discretionary layers of corporate obligation, resting upon economic and legal foundations. Companies engage in social programmes to build reputation, satisfy stakeholders, or express ethical values, and the market disciplines insincerity. The strategic-management literature radicalised this account through the idea of creating shared value, reframing social and environmental engagement as a source of competitive advantage rather than a cost(Porter & Kramer, 2011). A parallel development in regulatory theory questions whether voluntarism suffices in economies where market and civil-society discipline is weak. In such settings, several jurisdictions have converted CSR into a statutory duty, with India's Companies Act 2013 as the most-cited example and Indonesia's Article 74 as an earlier precedent (Gatti, Vishwanath, Seele, & Cottier, 2019).

Three further concepts complete the framework. Corporate accountability denotes the obligation of business to report, explain, and answer for its social and environmental impacts, not only to shareholders but to affected communities and the state(Balzarova & Castka, 2018). Environmental justice insists that the distribution of environmental burdens and benefits, and participation in environmental decision-making, must not systematically disadvantage vulnerable groups(Schlosberg, 2007), a concern acute in Indonesia, where the communities most exposed to industrial pollution possess the least capacity to influence corporate or governmental decisions. The concept of greenwashing supplies the critical counterpart: the practice of conveying a misleading impression of environmental responsibility through unsubstantiated claims, selective disclosure, or the presentation of outputs as impacts (Delmas & Burbano, 2011). Because greenwashing is an evidentiary rather than a rhetorical category, this study treats it not as an accusation but as a hypothesis to be tested against defined indicators (developed in the method). Finally, the Sustainable Development Goals supply an operational vocabulary linking CSR to health, Goals 3, 6, 12, and 13 all presupposing private-sector contribution beyond business as usual (Scheyvens, Banks, & Hughes, 2016), and recent empirical work confirms that CSR orientation and green innovation are mutually reinforcing determinants of sustainable performance (Rehman et al., 2022) (Waris, Suki, Ahmed, & Barkat, 2024).

Against this framework the Indonesian problem can be stated precisely. The law has already made CSR mandatory; what it has not done is make CSR accountable. The remainder of this article demonstrates that proposition and develops its regulatory consequences.

RESEARCH METHOD

This research employs a normative juridical method, appropriate for examining the coherence, adequacy, and enforceability of legal norms governing CSR and environmental health (Marzuki, 2021). Three approaches are combined. First, a statutory approach analyses the relevant instruments: Article 74 of Law No. 40 of 2007; Government Regulation No. 47 of 2012; Law No. 32 of 2009 on Environmental Protection and Management as reworked by the Job Creation Law (Law No. 6 of 2023) and implemented by Government Regulation No. 22 of 2021; Law No. 17 of 2023 on Health and its implementing regulation, Government Regulation No. 28 of 2024 (which revoked Government Regulation No. 66 of 2014 on Environmental Health); and supporting instruments including Financial Services Authority Regulation No. 51/POJK.03/2017 and the PROPER environmental performance rating programme. Second, a conceptual approach interrogates the ideas underlying these norms, namely mandatory CSR, corporate accountability, environmental justice, and greenwashing. Third, a comparative approach examines the Indian and European Union regimes of mandated corporate responsibility to identify transferable design principles.

The legal analysis is enriched by qualitative content analysis of secondary empirical material. To keep this component transparent, its parameters are stated explicitly. The sample comprises the publicly available CSR and sustainability reports of the companies and corporate groups listed in Table 1, purposively selected on three criteria: (i) operation in an environmentally sensitive sector captured by Article 74’s natural-resource criterion (pulp and paper, mining, energy, and bottled water); (ii) public availability of a CSR or sustainability report covering all or part of the 2021–2025 window; and (iii) sector spread, so that no single industry dominates. This is an illustrative, not a statistically representative, sample; its purpose is to characterise disclosure patterns, not to estimate population parameters. Each report was read against a fixed coding frame with four categories, deliberately distinguished: (a) CSR *activity* (what the company does); (b) environmental *output* (the immediate, quantifiable product of the activity, e.g., tonnes of waste processed, trees planted); (c) environmental *outcome* (a measured change in environmental quality, e.g., a reduction in pollutant concentration); and (d) public-health *outcome* (a measured change in exposure or disease). For each programme we recorded the presence or absence of a stated baseline, a time-bound target, a disclosed measurement method, a reporting boundary, year-on-year comparison, and independent assurance. The same indicators constitute the protocol used to test, rather than assume, greenwashing.

The principal limitation is reliance on secondary data without field verification, so the analysis assesses the design and disclosure of CSR programmes rather than their on-the-ground reception; this limitation is revisited in the conclusion as an agenda for future socio-legal research. Consistent with this limitation, the study does not assert, and its method cannot establish, that any programme produced a health outcome; it reports what companies disclose and evaluates the disclosure.

RESULTS AND DISCUSSION

Legal foundations of CSR relevant to environmental protection

The first finding concerns the architecture of the CSR obligation. Article 74 of Law No. 40 of 2007 declares that companies conducting business in or related to natural resources ‘must’ implement social and environmental responsibility, budgeted as a company expense with due regard to propriety and reasonableness. The Constitutional Court upheld the provision against challenge, confirming that mandatory CSR is constitutionally permissible in Indonesia. Government Regulation No. 47 of 2012 restates the duty and locates its planning within the company’s annual work plan. Importantly, this obligation survived the regulatory consolidation effected by the Job Creation Law (Law No. 6 of 2023, which enacted Government Regulation in Lieu of Law No. 2 of 2022 into law). The Job Creation reforms recast Indonesia’s environmental-licensing architecture, replacing the environmental permit (*izin lingkungan*) with an environmental approval (*persetujuan lingkungan*) integrated into risk-based business licensing under Government Regulation No. 22 of 2021, but they left Article 74 and Government Regulation No. 47 of 2012 substantively intact. The TJSL duty therefore persists as a distinct obligation alongside, and not merged into, the reformed environmental-compliance regime, which is precisely why the two must not be conflated when corporate performance is assessed.

Closer doctrinal inspection reveals a norm that is mandatory in form but imperfect in structure, a *lex imperfecta*. Three defects stand out. First, the object of the duty is undefined:

neither statute nor implementing regulation specifies what counts as adequate social and environmental responsibility in scale, content, or duration. Second, the norm carries no autonomous sanction; Article 74 paragraph (3) merely refers to sanctions ‘in accordance with the provisions of laws and regulations,’ a *renvoi* that points nowhere in particular because no sectoral provision attaches a specific penalty to CSR non-performance (Mukti Fajar, 2018). Third, and most consequential here, the norm contains no performance indicators, and none of the indicators that exist elsewhere in the legal system are health-oriented (Sukarja, 2019b).

The disconnect is sharpened, not softened, by recent recodification. Indonesian law elsewhere recognises environmental health as a distinct regulatory object, but the governing instrument has changed since most CSR scholarship was written. Government Regulation No. 66 of 2014 on Environmental Health, long treated as the reference standard, was revoked by Government Regulation No. 28 of 2024, the implementing regulation of Law No. 17 of 2023 on Health. Under the current framework, environmental health is the effort to maintain the quality of environmental media, water, air, soil, food, housing and settlements, workplaces, and public places and facilities, free from risk factors capable of harming health, enforced through health-based quality standards and requirements. This matters in two ways. It supplies the up-to-date yardstick against which corporate programmes must be measured: a programme contributes to environmental health only insofar as it demonstrably reduces a recognised risk factor in one of these media. And it deepens the central diagnosis, because the CSR duty remains unconnected to these standards even after their re-enactment. Neither Law No. 17 of 2023 nor Government Regulation No. 28 of 2024 references the corporate TJSL duty, and neither Article 74 nor Government Regulation No. 47 of 2012 references environmental health standards. The two regimes were recodified in parallel and still pass each other without touching.

It is instructive to contrast this normative emptiness with the one instrument that does grade corporate environmental performance: the PROPER programme of the Ministry of Environment and Forestry, which assigns colour-coded ratings from black (deliberate non-compliance) to gold (sustained excellence). Its two decades of operation show that graded, published assessment is administratively feasible in Indonesia and that reputational incentives move corporate behaviour. Yet proper remains legally disconnected from Article 74: a company’s CSR performance neither feeds into its rating in any health-weighted way, nor does a poor rating trigger any CSR consequence. The building blocks of an accountability architecture already exist; what is absent is the norm that assembles them.

The fragmentation extends horizontally. Law No. 32 of 2009 imposes environmental-management duties and liability, but treats them as compliance distinct from CSR; sectoral regimes add their own community obligations, such as community development in mining law; state-owned enterprises operate a separate programme; and regional governments have enacted divergent local CSR regulations (Mukti Fajar, 2015) (Mukti Fajar, 2013). The aggregate is a crowded but uncoordinated field in which a company can be subject to several community-obligation regimes, none of which requires it to demonstrate a measurable environmental health outcome (Diana Setiawati, Ayu Astutik, Soepatini, Alfateh, & Gladya Naranta, 2022).

Corporate practice: genuine initiatives, unverifiable health outcomes

The second finding emerges from the content analysis of corporate reporting between 2021 and 2025. Table 1 summarises representative initiatives, classified according to the coding frame set out in the method.

Table 1. Selected CSR initiatives with relevance to environmental health reported by Indonesian companies, 2021–2025

Company	Period	Reported initiatives (activities / outputs)	Relevance to environmental health (potential contribution)	Source (report, year)
Asia Pulp & Paper (Sinar Mas)	2021	Waste reuse (37% of waste), renewable-energy investment, forest and water conservation	Reduced pollutant load; water-resource protection	Sustainability report, 2021
PT Bumi Resources Tbk	2021–2024	ISO 14001 certification, waste management, land reclamation aligned with the SDGs	Post-mining land and water risk mitigation	Sustainability report, 2024
PT Vale Indonesia Tbk	2024	ISO 14001 and 50001, Green PROPER rating, low-carbon innovation, ecosystem protection	Emission reduction; ecosystem services	Sustainability report, 2024
PT Trisula International Tbk	2023–2024	Integrated wastewater treatment (IPAL), hazardous (B3) waste management, complaint channel	Control of waterborne exposure pathways	Annual/sustainability report, 2024
PT Pertamina Hulu Mahakam	2023–2024	Women-led waste-to-energy programme converting organic waste into methane for households and MSMEs	Cleaner cooking fuel; organic-waste reduction	Sustainability/TJSL report, 2024
PT Pertamina EP Sangasanga Field	2023–2024	Community water-supply system (WSS Saliki)	Access to clean water; reduced waterborne-disease risk	TJSL report, 2024
PT Tirta Investama (AQUA)	2021–2025	Bottle-to-bottle recycling (>80,000 t plastic collected; 2,916 informal waste workers benefited), watershed conservation in seven river basins, WASH programmes, rooftop solar (~8.2 MWp)	Plastic-pollution reduction; water quality; sanitation and hygiene	Sustainability report, 2021–2025

Harita Nickel; PTTEP Indonesia; Turangga Resources	2023–2025	Responsible-mining certification, integrated waste management in tourism areas, reforestation and manure-waste valorisation with Dayak Ngaju communities	Community empowerment; waste infrastructure; environmental hygiene	Sustainability reports, 2023–2025

Source: processed by the authors from the corporate CSR and sustainability reports listed under 'Corporate reports analysed' in the references.

Two readings of this evidence must be held together. The first is appreciative: the initiatives are real, several are substantial, and their thematic orientation, water, waste, emissions, sanitation, and hygiene, maps closely onto the determinants of environmental health recognised by Law No. 17 of 2023 and Government Regulation No. 28 of 2024 and by the WHO framework (Organization, 2021). Programmes such as integrated wastewater treatment, community water-supply systems, and waste-to-energy conversion act on exposure pathways that produce disease. This confirms the theoretical premise that CSR can function as an instrument of public-health co-production when it is well designed (Porter & Kramer, 2011) (Rehman et al., 2022).

Three patterns deserve note. First, sectoral concentration: the most substantive programmes cluster in extractives, energy, and water-intensive industries, precisely the sectors captured by Article 74's natural-resource criterion, suggesting that the mandatory character of the duty shapes which companies act, even if it does not shape how well they act. Second, thematic convergence on water, from watershed conservation to wastewater treatment, mirroring both community demand and the reputational salience of water. Third, an emerging alignment vocabulary: recent reports map programmes onto the SDGs and onto certifications such as ISO 14001, indicating that companies are fluent in the language of measurable commitment; what they lack is a domestic legal grammar requiring the measurement to concern health (Scheyvens et al., 2016).

The second reading is critical, and here the four-category distinction does decisive work. The reported evidence populates the first two categories, activities and environmental outputs, richly, and the last two, environmental outcomes and public-health outcomes, scarcely. Reporting emphasises inputs (trees planted, tonnes collected, awards received) rather than measured changes in environmental quality, let alone in exposure or disease. For this reason the initiatives in Table 1 are characterised as CSR activities with relevance to environmental health and as potential contributions to it, not as demonstrated environmental health outcomes; where a corporate report uses outcome language, it is reproduced as a company claim, not adopted as a finding. This restraint is required by the evidence: waste-management, clean-water, conservation, or emission-reduction programmes are relevant to environmental health, but they cannot be said to have improved health in the absence of data on environmental quality, exposure levels, or disease incidence.

Applying the greenwashing protocol confirms the point while disciplining the conclusion. We do not find that any sampled company committed greenwashing in the strict sense; such a finding would require case-by-case verification beyond the reach of document analysis, and the protocol is used precisely to avoid an unsupported accusation. What it does reveal, consistently, is an outcome-reporting deficit: across the sample, disclosed baselines, reporting boundaries, time-bound targets, year-on-year comparisons, transparent calculation methods, and independent assurance are largely absent, while broad qualitative claims and selective favourable data are common. Awards and certifications, including PROPER ratings, tend to function as proxies for impact. This is the structural condition under which greenwashing becomes possible, not proof that it has occurred; because the framework demands neither health-oriented indicators nor verification, the pattern is best read as rational behaviour under an indeterminate norm rather than corporate deviance(Wulan Prihatiningsih, Syaebani, & Devina, 2017) (Widyastuti, Said, Siswono, & Dian, 2019). The consequence is epistemic as much as regulatory: on the existing disclosures, neither the state nor affected communities can know whether mandatory CSR is improving environmental health.

The gap between regulatory intent and corporate practice and its causes

The third finding synthesises the previous two: a structural gap separates the ambition of the framework from the minimalism of practice, which favours low-cost, high-visibility programmes and reports without impact assessment (Wahyuni & Zumaroh, 2019). Five causes explain the gap. First, normative indeterminacy: a duty whose content is unspecified invites minimal performance. Second, enforcement weakness: without sanctions or dedicated supervisory machinery, the duty is self-policed. Third, institutional fragmentation: CSR, environmental compliance, and health policy are administered by different agencies with no shared metrics, so the Ministry of Health’s priorities in sanitation and disease prevention are not reflected in CSR planning (Retnaningsih, 2015). Fourth, capacity asymmetry: smaller companies lack the expertise to design outcome-oriented programmes even in good faith. Fifth, weak countervailing power: the communities most affected by pollution have the least leverage, precisely the configuration environmental-justice theory identifies as pathological (Schlosberg, 2007). The gap is not an implementation accident; it is the predictable product of the norm's design.

The regional dimension sharpens the point. In the absence of national implementing standards, provinces and districts have filled the void with local CSR regulations that differ in almost every material respect(Diana Setiawati, 2023). For a company operating across regions, this heterogeneity multiplies formal obligations without adding substantive accountability anywhere, and invites forum-oriented behaviour in which programmes follow the path of least administrative resistance rather than the geography of greatest health need. Decentralisation has thus reproduced at the regional level the same design defect found in the national norm: proliferation of obligation without specification of outcome (Sukarja, 2019a).

Comparative lessons: why India and the European Union, and what transfers

Comparative experience shows that the defects identified above are corrigible, but the choice of comparators must be justified. India and the European Union are selected because they bracket the design space of mandated corporate responsibility. India is the paradigmatic *input-mandate* model and the closest structural analogue to Indonesia: a large, developing, common-law economy that, like Indonesia, made CSR mandatory and faces comparable enforcement-capacity constraints, which gives its experience high transfer relevance. The European Union is the paradigmatic *information-and-conduct* model and the global regulatory frontier, whose standards diffuse well beyond its borders, which makes it an aspirational benchmark. Together they answer two different questions Indonesia must resolve: how much to require companies to do, and how to make what they do verifiable (Behringer & Szegedi, 2016).

The regulatory models differ accordingly. India's Companies Act 2013, section 135, gives the duty measurable content: qualifying companies must spend at least two percent of average net profits on scheduled CSR activities, disclose through a board-level CSR committee, and, following the 2019–2021 amendments, transfer unspent funds and face monetary penalties for default. The European Union regulates not expenditure but information and conduct, and does so through three linked instruments whose functions must be kept distinct. The Corporate Sustainability Reporting Directive (Directive (EU) 2022/2464) concerns *disclosure*: it obliges large companies to report sustainability impacts, risks, and opportunities, including pollution and health-related impacts, under uniform standards subject to assurance. The Corporate Sustainability Due Diligence Directive (Directive (EU) 2024/1760) concerns *conduct*: it requires companies to identify, prevent, mitigate, and remediate adverse human-rights and environmental impacts across their value chains. The Omnibus I amendment (Directive (EU) 2026/470, of 24 February 2026) amends both regimes, principally by raising thresholds and narrowing scope to reduce administrative burden. Table 2 sets the two jurisdictions side by side against the design dimensions relevant to Indonesia.

Table 2. Comparative design of mandated corporate responsibility: India, the European Union, and transferability to Indonesia

Design dimension	**India (Companies Act 2013, s. 135)**	**European Union (CSRD/CSDDD as amended by 2026/470)**	**Transferability to Indonesia**
Regulatory logic	Mandated expenditure (input mandate)	Mandated information and conduct (disclosure + due diligence)	Both logics are compatible with Art. 74; Indonesia can combine content standards with disclosure
Determinate content	≥2% of average net profit on scheduled activities	Standardised reporting (ESRS) + duty to identify/prevent/mitigate/remediate impacts	Adopt eligible programme categories keyed to PP 28/2024 media
Verification	Board CSR committee; auditable spend; transfer of unspent funds	Independent assurance of sustainability statements	Graft onto Proper and assured POJK 51/2017 disclosure
Sanctions	Monetary penalties for default (2019–2021 amendments)	Administrative supervision; liability regime (narrowed by 2026/470)	Introduce graduated administrative sanctions
Principal limitation	Spend target can privilege disbursement over impact	Presupposes a mature assurance industry; scope recently narrowed	Neither model is transplantable wholesale; adapt design principles only

Two lessons follow for Indonesia, together with their limits. The transferable design principles are determinate content, mandatory metrics, independent verification, and graduated sanctions; the EU due-diligence logic (identify–prevent–mitigate–remediate) is itself a template for embedding health impact assessment within CSR planning, and standardised, assured disclosure is what converts corporate responsibility from rhetoric into comparable data. But neither model transplants wholesale. India's spending quota presupposes reliable profit accounting and an active registrar, and it privileges disbursement over impact, an error Indonesia should avoid. The EU regime presupposes a mature assurance industry, and, as the 2026/470 amendment shows, even a frontier jurisdiction has found ambitious disclosure and due-diligence mandates costly enough to retrench; this is a caution against importing scope faster than administrative and assurance capacity can bear. Indonesia already possesses embryonic institutions on which the design principles could be grafted, notably PROPER and Financial Services Authority Regulation No. 51/POJK.03/2017; what is missing is the connective tissue between these instruments and the CSR duty, and the health dimension within all of them.

Repositioning CSR as a strategic instrument for environmental health: a four-pillar framework

The analysis culminates in a reform framework that repositions CSR from symbolic compliance to a strategic, health-centred practice. Figure 1 visualises the framework; its four pillars are elaborated below and operationalised in Table 3, which specifies for each pillar the legal instrument and its hierarchical level, the responsible institution, the reporting and verification mechanism, and the associated sanction or incentive.

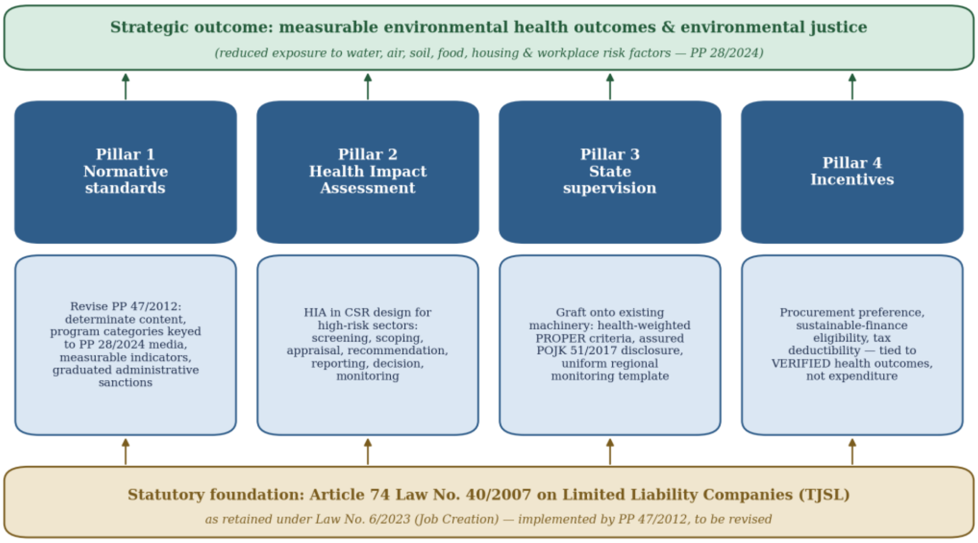

Figure 1. Proposed framework for repositioning CSR as a strategic instrument for environmental health

First, the normative pillar. Government Regulation No. 47 of 2012 should be revised to give the Article 74 duty determinate content: CSR planning should identify the environmental health risks generated or faced by the company's operations and select from a menu of eligible programme categories keyed to the environmental health media of Government Regulation No. 28 of 2024 (water, air, soil, food, housing and settlements, workplaces, and public facilities).

Plans should carry measurable indicators and time-bound targets, and non-performance should attract graduated administrative sanctions.

Second, the planning pillar. Health Impact Assessment (HIA) should be integrated into CSR design for high-risk sectors, in the way environmental assessment is integrated into project licensing. Following established practice, HIA proceeds through defined stages, screening (is an assessment needed?), scoping (which impacts and populations to examine), evidence appraisal (assessing likely effects, with attention to vulnerable groups), recommendation development, reporting, decision-making, and monitoring and evaluation (World Health Organization, 2021). Embedding these stages forces a programme to state, in advance, which health risk factor it targets and how the change will be measured, thereby operationalising the very distinction between programme outputs and measurable health impacts that the empirical analysis found missing, and aligning the CSR duty with the health-system architecture of Law No. 17 of 2023 while giving environmental justice procedural teeth (Schlosberg, 2007).

Third, the supervision pillar. Rather than creating a new bureaucracy, supervision should be grafted onto existing machinery: PROPER's methodology can incorporate weighted environmental health outcome criteria; sustainability reporting under POJK 51/2017 can be extended with mandatory, assured disclosure of CSR health metrics; and regional governments can be given a uniform monitoring template through ministerial regulation. Standardised, verified disclosure, the core EU lesson, would for the first time make the health performance of mandatory CSR knowable.

Fourth, the incentive pillar. Mandates alone produce minimal compliance; strategy requires upside. Public-procurement preferences, sustainable-finance eligibility, and tax-deductibility of verified health-oriented CSR expenditure would align private incentives with public-health outcomes (Porter & Kramer, 2011). The Indian caution applies: incentives must attach to verified outcomes, not to expenditure as such (Gatti et al., 2019).

Table 3. Operationalisation of the four-pillar framework

Pillar	Legal instrument (level)	Responsible institution	Reporting & verification	Sanction / incentive
1. Normative standards	Revision of PP 47/2012 (executive; no statute needed)	Ministry of Law; Ministry of Environment and Forestry	Programme plan with indicators keyed to PP 28/2024	Graduated administrative sanctions (statutory anchor needed for autonomous penalties)

2. Health Impact Assessment	Ministerial regulation under UU 17/2023 & PP 28/2024	Ministry of Health	HIA report per stage (screening–monitoring)	Licensing/eligibility conditionality
3. State supervision	Ministerial regulation; amendment of POJK 51/2017	KLHK (PROPER); OJK; regional governments	Health-weighted PROPER; assured disclosure; uniform regional template	Rating downgrade; disclosure enforcement
4. Incentives	Fiscal/procurement regulation	Ministry of Finance; LKPP	Verified health-outcome evidence	Tax deductibility; procurement preference; finance eligibility

A key question is whether these reforms can be achieved by amending Government Regulation No. 47 of 2012 or require change at a higher level. The answer is mixed, and sequencing follows from it. In the short term, without statutory amendment, the government can revise Government Regulation No. 47 of 2012 to prescribe programme categories, indicators, and reporting duties, and the Ministry of Environment and Forestry can pilot health-weighted proper criteria, both within existing executive authority. In the medium term, ministerial regulation can standardise regional monitoring and the Financial Services Authority can extend assured disclosure to CSR health metrics. In the long term, however, two elements exceed what a government regulation can do under the hierarchy of norms and require statutory revision: attaching an *autonomous* administrative sanction to CSR non-performance, since Article 74(3) currently delegates sanctioning to other statutes, and consolidating the fragmented community-obligation regimes into a single outcome-based framework. Not every pillar, in short, is deliverable by executive action alone.

Taken together, the four pillars answer the research problem. The failure of Indonesian CSR to improve environmental health is not a failure of corporate goodwill, as the empirical record shows genuine initiatives, nor of legal ambition, as the mandate exists. It is a failure of regulatory design at the interface of two legal fields. Bridging that interface, through determinate norms, health impact assessment, verified disclosure, and outcome-linked incentives, is the condition under which mandatory CSR can mature into a strategic instrument of environmental health and environmental justice.

CONCLUSION

This study set out to examine the legal foundations of CSR relevant to environmental protection in Indonesia, to assess the contribution of corporate CSR practice to environmental health, and to identify and remedy the gap between regulatory intent and corporate conduct.

The analysis yields three answers. First, Indonesia's mandatory CSR regime under Article 74 of Law No. 40 of 2007 and Government Regulation No. 47 of 2012, retained in substance through the Job Creation Law, is a *lex imperfecta*: it commands without specifying, obliges without sanctioning, and remains disconnected from the environmental health standards that Indonesian law now sets under Law No. 17 of 2023 and Government Regulation No. 28 of 2024. Second, corporate practice between 2021 and 2025 shows genuine and thematically well-aimed activities in water, waste, energy, and sanitation, but their health impact is unverifiable because the law demands neither baselines, nor outcome indicators, nor independent assurance; on the evidence available these are potential contributions to environmental health, not demonstrated outcomes, and visibility substitutes for accountability. Third, the gap is a design defect rather than an enforcement accident, and comparative experience from India and the European Union shows that determinate content, mandatory metrics, verified disclosure, and graduated consequences can correct it, provided the design principles are adapted rather than transplanted.

The significance for the reader is practical. For policymakers, the four-pillar framework offers an implementable path to reform, most of which can proceed by amending implementing regulations, though attaching autonomous sanctions and consolidating the community-obligation regimes will require statutory revision. For corporations, the framework indicates that the strategic value of CSR lies in verified contribution to community health, not in the volume of publicity generated. For scholarship, the article demonstrates the analytical yield of reading corporate law and environmental health law as a single regulatory system. Future research should test this framework empirically through fieldwork on community-level health outcomes of CSR programmes, an inquiry this normative study could not undertake, and should examine the political economy of adopting outcome-based CSR regulation in Indonesia's decentralised governance.

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