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## 24 Juridical Study of Criteria for Carrying Out Corporate Social Responsibility (CSR) as a Legal Obligation for Companies

R. Murjiyanto<sup>1</sup>, Erna Sri Wibawanti<sup>2</sup>, Savira Alfi Syahrin<sup>3</sup> and Winarno<sup>4</sup>

<sup>1-4</sup>Janabadra University

Emails: rmurjiyanto@janabadra.ac.id, erna@janabadra.ac.id,  
saviranana@gmail.com, Winar.winarno84@gmail.com

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**Abstract**—The social and environmental responsibilities or Corporate Social Responsibility (CSR) required by companies are still not fully understood and complied with, and there are even differences of opinion. Aside from that, there are 5 clear policies governing consequences for corporations that do not meet their CSR requirements. The purpose of this research is to find answers to the problems, first, what are the criteria for companies that are obliged to carry out CSR responsibilities? second, how can businesses comply with and implement their CSR obligations? Third, 33 are the legal consequences and fines for corporations that do not meet their CSR obligations? This study uses a 29 native research method with a statutory regulatory approach (Statute Approach) by examining statutory regulations and related 101 materials. From the resulting analysis, it can be concluded that, firstly, companies that engage in natural resource-related commercial operations that have an impact on the quality of natural resources and have the potential to 6 harm the environment and the natural world meet the requirements for being required to fulfill corporate social responsibility (CSR) obligations, secondly, that the organization complies with and implements CSR duties. It is important to continuously educate people about these obligations, which can benefit the company as well as the environmental community, thirdly, legal certainty surrounds CSR obligations as a mandate that must be followed by businesses that are required to 23 o, and there are consequences in place for businesses that fail to adhere to these requirements. The findings of this study serve as suggestions for interested and authorized parties in developing policies connected to CSR requirements.

**Index Terms**— CSR, Legal Obligations, Company, Responsibility.

### 5 I. INTRODUCTION

Corporate Social Responsibility (CSR) is an act of organization responsibility for societal and environmental situations that is demonstrated to the community around the company and society as a whole. A company or institution's commitment to sustainable corporate responsibility can also be demonstrated by the CSR program, which can be viewed as a legally mandated volun 67 or mandatory action that sets aside a specific amount of money for humanitarian purposes. This action demonstrates the company's concern for its workers, the surrounding community, the larger community, and the environment (Lata & Kumar, 2023). The actualization of the CSR program is also an example of strong corporate governance practice. The benefits of CSR initiatives for shareholders are still deba 32 e, particularly in Indonesia, where CSR disclosure is still voluntary (Nurim et al., nd). CSR responsibilities are governed by Law Number 40 of 2007 for Limited Liability Companies and Law

Number 25 of 2007 for Capital Investments.

However, some parties continue to oppose the existence of corporate social and ecological obligation, referred to as Corporate Social Responsibility (CSR), despite the fact that business actors and related stakeholders are aware of and agree on the importance of companies implementing CSR programs. The enactment of the Limited Liability Company Law in Indonesia, namely Article 74, which requires firms to carry out social and ecological obligations, has resulted in both advantages and disadvantages. This shows that business people in Indonesia do not fully support CSR programs. For example, the Lapindo Brantas mudflow case in Sidoarjo and the Freeport case in Papua, all of which are related to business activities that do not care about the social and natural environment around them.

Among the public and business practitioners, there are still pros and cons to whether companies need to have social responsibility to their communities. Those who believe that companies need to have social responsibility believe that as part of society, companies should have social responsibility. However, those who are against it are of the view that to what extent is this social responsibility? Those who argue that corporations must have a social duty assume that the company's operations cause many societal problems. Because these difficulties are the product of the company's operations, the corporation must accept responsibility for fixing them. For example, industrial waste is the result of industry operating in an area. Because waste is a result of industrial activities, the industry should also resolve the waste problem so that it does not harm society. On the other hand, those who are pro for the social responsibility that companies must bear consider that companies are also part of society, so they also need to work together with society to create a better situation.

Just as every business activity carried out will provide benefits for economic development both for local communities in their regional environment and nationally, there is also the possibility of having an impact on the environment both regarding natural resources and the lives of the people. The words social and environmental are two words, each of which has a different meaning. It may be interpreted as two different concepts: social responsibility and environmental responsibility (Mas Achmad Daniri and Miftahul Hakim, 2009). As a result, efforts must be made to maximize the existence of a business, particularly for the economic development of environmental communities, while also ensuring environmental preservation and avoiding potential environmental damage, both cultural, moral, and related to natural resources.

The way academics see corporate social responsibility has also changed throughout time (Kabir & Chowdhury, 2022). Social and ecological responsibility, sometimes known as Corporate Social Responsibility (CSR), is governed by Law Number 40 of 2007 on Limited Liability Companies. In the overall explanation, it is mentioned that laws governing social and ecological accountability seek to create economic growth that is likely that enhances the quality of life and the environment, which is good for the Company itself, the community at large, and society in general (Lestari et al., 2021). This clause is also meant to help build business partnerships that are harmonious and balanced, as well as influenced by the local community's surroundings, values, customs, and culture (Erna Amalia, 2019). It has been established that businesses engaged in operations involving natural resources have a duty to fulfill their social and environmental obligations.

Each commercial activity, regardless of its size, has a social and ecological obligation because it can either positively or negatively affect the environment, especially in terms of economic development and social responsibility, or deplete the environment's natural resources. Companies that engage in business operations involving natural resources are subject to requirements under the legislation, including fulfilling social and ecological obligations. Regulating the supply of unambiguous sanctions, however, has not been done in accordance with the legislation pertaining to corporate social and environmental responsibility. The only thing specified by the legislation and its implementing rules is that businesses who fail to uphold their social and ecological accountability duties would face penalties under the relevant laws (Lata & Kumar, 2021).

This research is based on the problem: first, what are the criteria for companies that are obliged to carry out CSR responsibilities?, second, how can CSR obligations be complied with and implemented by the company? Third, what legal assurances and penalties available for businesses that fail to fulfil their corporate social responsibility? It is envisaged that the research's findings would enable suggestions to be made that will need explicit rules governing the implementation of penalties on businesses that fail to uphold their social and environmental commitments. By examining pertinent statutory rules or other papers pertaining to the company's social and environmental responsibility, this research was carried out utilizing a normative technique. Law Number 40 of 2007 about Limited Liability Companies, Law Number 25 of 2007 concerning Capital Investment, and Government Regulation Number: 47 of 2012 concerning Social and Environmental Responsibility of Limited Liability Companies are the sources of major legal documents that were employed.

## II. METHODOLOGY

The study employs a normative or doctrinal research methodology that encompasses legal principles, legal systematics, legal synchronization, and legal comparative research. Doctrinal research is considered the most acceptable methodology in legal research (Daniel Coetsee, 2019). Normative legal research is a scientific approach to truth-finding that follows the legal science's logic from a normative perspective. A strategy centered on the examination and study of statutory rules, decisions from courts, and fundamental ideas in regulations pertaining to the topics addressed is known as the "statutory approach" and "concept approach." The primary source of legal material is Law of the Republic of Indonesia Number 40/2007 concerning Limited Liability Companies, Law Number 25 of 2007 concerning Capital Investment, Constitutional Court Decision Number 53/PUU-VI/2008, along with its implementing regulations. The conceptual approach will provide understanding by using doctrine in the form of legal expert opinions. The data and information obtained will be analyzed qualitatively to draw conclusions that can be justified objectively.

## III. RESULTS AND DISCUSSION

### A. Criteria for Companies Required to Carry CSR Responsibilities

It is the duty of every business to engage in social responsibility as a whole, or CSR, and to contribute to the preservation of its surrounding ecosystem (Astri, 2012). It's just that CSR responsibilities can be voluntary, some are legal obligations that must be implemented and of course, contain sanctions if they are not implemented. According many definitions, corporate social responsibility (CSR) is optional for businesses, which means that it is not mandated by laws and entails taking into account the impact on society and the environment in addition to acting morally toward stakeholders (Turcotte & Lachance, 2023). The Company fulfills its social and ecological duties not only for the welfare of both society and the environment, but also to improve its own reputation. Businesses display to investors specific CSR data to demonstrate their superiority over competitors in order to draw capital and build a stronger reputation (Sitompul, nd).

The Law Number 40 of 2007 concerning limited liability companies, which requires businesses that conduct operations in the field of and/or related to natural resources to fulfill out social and ecological obligations makes the execution of CSR duties mandatory, as confirmed in Article 74 paragraph (1). The purpose of this provision is to maintain harmonious and balanced relationships between the Company and the local community, as well as to take into account the environment, values, norms, and culture. In the meantime, "Companies that carry out their business activities in the field of natural resources" are those whose operations involve the management and utilization of natural resources, or, alternatively, those whose operations have an effect on the operation of natural resource capabilities. The first consideration in identifying whether organizations must engage in corporate social responsibility (CSR) is the effect of the commercial operations conducted on the nature around them. The company's CSR committee must debate the evaluation process and choose which factors are prioritized by a group of experts and decision-makers (Brin, n.d.).

Apart from that, it has also been regulated in Law Number 25 of 2007 concerning Capital Investment, which, among other things, is stated in Article 15b, that "Corporate social responsibility" is ingrained in every investor they are all required to do it, in every investment firm to maintain a cordial, balanced connection as well as by the local community's surroundings, values, customs, and culture.

Thus, the following variables can be considered to determine which businesses must practice Corporate Social Responsibility (CSR), or social and environmental responsibility:

1. Form a Limited Liability Company;
2. Carrying out business activities in the field of natural resources;
3. Influences the quality and availability of natural resources;
4. Causing environmental damage; And
5. have sufficient financial capacity.

Businesses that fit these requirements must practice social and environmental responsibility (CSR); those that avoid facing penalties from relevant rules and regulations. In the meanwhile, social and environmental responsibility (CSR) is optional for businesses that do not satisfy these requirements, and its fulfillment can take into consideration the company's interests in terms of benefits to both the ecosystem and the business. The form of CSR implementation must also take into account the real interests of the environmental community so that it truly provides real benefits. Companies are competing to convey forms of philanthropic responsibility based on the real needs of society (Astri, 2012). The CSR program must be appropriate for the necessities of the community at large in order to be really advantageous to both the environment and the community. Use of CSR

as a strategy or instrument to achieve organizational goals through competitiveness, image creation, innovation, management, and stakeholder involvement (Hamidu et al., 2016). Implementing a form of CSR that is by the wishes and real needs of the environmental community, will provide more benefits and influence the positive response from the community. One of the countries that implements CSR obligations which considers it important as an investment for capital owners and even as a good image for the company is India. In India, corporate social responsibility (CSR) has gained significant traction as companies see the benefits of participating in it, including improved value for shareholders and strategic brand recognition (Bindhu, 2021). However, in requiring companies to implement CSR, they must also consider the company's capabilities, especially from the aspect of its financial capabilities.

#### B. CSR Benefits for Companies and Environmental Communities

In addition to benefiting society and the environment externally, social and ecological duties may additionally help the involved enterprise. Studies have indicated that corporate social responsibility (CSR) enhances a company's success by cultivating a favourable reputation (Kaur et al., 2022). As a result of the community's assistance, the firm will benefit from ease of communication with the local population and support in all commercial endeavours. It presents a significant possibility for the business to grow and expand. For a business to gain credibility with investors and develop a positive reputation, corporate social responsibility (CSR) is essential (Dewi, 2015). Corporate Social Responsibility (CSR) is a business strategy that enables firms to control their operations not just for the benefit of their investors but also for other stakeholders, which include the government, the environment, workers, non-governmental organizations, and community members (Panjaitan, 2015). It is acceptable to stress "maintaining the company's financial stability" in strategic CSR messaging when it comes to CSR promotion (Xie & Grace, 2022).

The corporation's interests as well as the interests of the ecological communities from outside the company are served by the implementation of social and ecological commitments. CSR include marketing strategies, community support initiatives, and strategic tools (Review et al., 2017). Businesses engage in CSR initiatives to increase business performance by producing advantages for all parties involved (Balqiah et al., 2023). The CSR Disclosure aspect can be used as an important means for organizations to communicate with stakeholders (Sun et al., 2022). Corporations that fulfill their social and environmental responsibilities will be able to build trust and gain the support of the environment, particularly the ecological community. This will make it easier and more convenient for businesses to carry out their operations, which will lead to advancement and growth for the business. Strong corporate identity through techniques and methods of influencing the company's image, one of which is CSR (Stoyanov, 2019). Delaying requests for CSR implementation out of concern about losing contracts with shareholders and other extractive industries damages society and incites hatred (Erđiaw-kwasie et al., 2023). Suppliers who have poor CSR could boost their CSR performance in response to contract reductions and shocks about CSR (Lehmann et al., 2022). Some business contracts include CSR to increase trust. CSR provisions have been included in the operational section of the agreement (Levashova, 2018).

Several reasons why CSR needs to be implemented: (1) It is an ethical thing to do; (2) Improve the company's image; (3) This is necessary to avoid excessive regulations; (4) Types of social responsibility activities can also be profitable; (5) A better social environment will be beneficial for the company; (6) Can attract investors' interest; (7) Can increase employee motivation; (8) Can help to fix social problems caused by business (Agustina, 2018). Corporations may be able to satisfy at least certain stakeholder group needs by making strategic trade-offs among CSR aspects, ensuring adequate credibility generally (Fallan & Fallan, 2019). Core CSR could involve paying off community stakeholders and moving valued personnel who are competent carriers in order to preserve the company's standing as a trustworthy contractual partner that "keeps its word" in its primary business (van Balen et al., 2021).

Humans can do commerce in a variety of disciplines, including the field of abundant natural resources, in order to meet their fundamental needs. On the other side, people also need to be aware of the necessity of protecting the ecosystem in order to ensure its sustainability for future demands. For the benefit of future generations, resources from nature must be preserved so that they can be used for a variety of purposes, particularly as a means of subsistence. Corporate Social Responsibility (CSR), which is mandated by the Law on Social and Ecological Accountability, is an initiative to make sure that company operations in the natural resources sector that have the ability to affect the environment, carry out their obligations as responsible in the form of a program of activities that provide benefits for environmental preservation, both the natural environment and the socio-cultural environment of the community. As stated, every business has ecological and social obligations as a legal subject. According to the law, businesses that engage in commercial operations involving resources of

nature have a duty to exhibit responsibility for society and the environment. These activities can take place within as well as out of the company's premises.

Business activities need to be encouraged to improve the economy and development in all fields, various business opportunities need to be encouraged and developed, but This is not an indication that a corporate action will not have an effect, particularly on the environment. Ecological social accountability is utilized for community members around the corporation and to the rehabilitation of the surrounding environment (Constitutional Court of the Republic of Indonesia, 2008). This might be one of Start Energy CSR's major obstacles, even if the initiative was suggested as a collaboration to support local economic growth (Rudito, 2014). In Indonesia, corporate social responsibility (CSR) also reflects the necessity for people to be given sufficient and correct knowledge regarding products (Kriyantono, 2015).

#### *C. Legal Certainty of CSR as a Legal Obligation that Contains Sanctions*

A Judicial Review lawsuit against Law number 40 of 2007 concerning Limited Liability Companies was brought to the Constitutional Court due to disagreements over the The corporate required CSR obligations, particularly with regard to the duty to fulfill social and ecological obligations or Corporate Social Responsibility (CSR). In the application for Judicial Review of the Decision of the Constitutional Court Case Number 53/PUU-VI/2008 (Constitutional Court of the Republic of Indonesia, 2008) mentioned in the petition is regarding the formal and material review of Article 74 paragraph (1), paragraph (2), and paragraph along with the Elucidation of Law Number 40 of 2007 concerning Limited Liability Companies to the 1945 Constitution of the Republic of Indonesia, with the reason that the constitutional rights of the petitioners have been impaired.

In their petition, the applicants argued that the obligation of Social and Environmental Responsibility (TJSL) will increase production costs and potentially reduce the company's competitiveness, contains uncertainty and discrimination, and is contrary to the basic principles of CSR which are ethical, moral and voluntary, causing double collection which occurs, must be borne by the company in addition to paying taxes, potentially creating abuse by those carrying out the obligations. Resulting in ambiguities, contradictions, overlaps, and inconsistent regulations; creating legal uncertainty and discrimination amongst business players; and creating inefficiencies and unfairness for business actors possessing corporations in the shape of limited liability firms is further claimed that the idea of economic democracy—particularly the term "fair efficiency" as defined in Article 33 paragraph (4) of the 1945 Constitution—has been removed or at the very least rendered meaningless since TJSL was transformed from a moral imperative to a legal requirement in statutory regulations.

Regarding the petitioners' petition, the Court argued, among other things: (Mahkamah Konstitusi Republik Indonesia, 2008): that social and corporate interests are related, and that business interests might react to legal duties by "evading," "complying with," or "cooperating." Since the legislation is viewed as a state instructions or policy, businesses are required to adhere to and abide by its requirements. The ruled and the governing (to comply) are not on an equal footing. Businesses and the government must work together to enhance the wellbeing of the populace. A governmental policy known as "Social and Environmental Responsibility" (TJSL) calls for collaboration and shared accountability between the government, corporations, businesses, and society. Companies that aim to make a profit must also be balanced with social and environmental obligations. In all cases, good corporate social responsibility actions reflect good corporate governance (Kalagond & Kamashetty, 2023). CSR responsibility is a state policy that must be complied with, especially for companies that are required to do so based on law. Ethic principles, legal adherence, economics, and respect for all parties involved are a company's most crucial components (Rela & Ramli, 2020). The natural law school argues that TJSL is an affirmative rule that necessitates collaboration from all parties involved in addition to compliance. According to Article 74 a quo, TJSL is *malum in se* rather than merely *malum prohibitum*.

The current condition of Indonesia's environment and natural resources is now extremely concerning for both present and future generations. In order to create an equitable and ecologically sound environment (sustainable development), the state's role in controlling the earth, water, air, and natural resources stored therein, including the rights to govern, exploit, preserve, and regulate, is meant to benefit all stakeholders, who cannot be minimized or even disregarded. According to the Court's decision, the Company's obligation under CSR is to look out for the community's welfare as a means of working with the government to help it fulfill its mission of enhancing the well-being of its citizens. The environment is a place for companies to operate, so it is a logical consequence if the company contributes to ensuring environmental sustainability (Ary et al., 2018). The idea of corporate obligation, also referred to as corporate social responsibility or CSR, holds that companies have an obligation to take the social, ecological, and financial effects of their actions and activities into account (Sadanand & Salgaonkar, 2023).

Next, the Court considered, among other things: (Mahkamah 4. Konstitusi Republik Indonesia, 2008): that the legal policy which forms the law to govern and carry out social and environmental responsibility (TJSL) with consequences is the norming of TJSL as a legal duty. This is predicated on the possibility of deteriorated social and ecological situations in the past, where business activities disregarded ecological and social variables, leading to losses for both the ecosystem and the local population. While the formalizing or legalizing of moral ideals is what law attempts to, the link between morality, ethics, and law is gradual. In this regard, moral and ethical principles that are deemed significant and adopted willingly (voluntary) may be progressively transformed into laws or statutes to increase their legal force. Initially moral, ethical, and voluntary, CSR ideals were later incorporated into the law as tangible obligations. TJSL arrangements with legal obligations (Siregar, 2016), when juxtaposed with voluntary CSR, offer greater legal certainty. Although voluntary TJSL provisions are not sufficiently strong to compel businesses to comply with TJSL, thereby increasing CSR, TJSL norms will be capable to prevent multiple interpretations from businesses; this was meant to provide regulatory authority, binding strength, and encouragement for businesses to carry out TJSL. From voluntary to mandatory TJSL, it is intended that the corporation would make improvements to enhance social welfare. In the consideration of the Assembly, social and environmental responsibility which is voluntary is described as a legal obligation that has strong binding, and compelling legal force, especially for companies that meet certain criteria required after the law. With this legally enforceable requirement, it is envisaged that businesses would be more inclined to adhere to and fulfill their corporate social responsibility (CSR) commitments, which will improve the welfare of people as well as ecosystems.

Article 74 paragraph (3) and the Explanation to Law 40/2007 state that sectoral laws impose penalties on corporations that fail to apply TJSL. If the regulation of TJSL sanctions is regulated separately in Law 40/2007, then such provisions create legal uncertainty. On the other hand, if TJSL sanctions are regulated in sectoral laws, then such provisions guarantee legal certainty because they do not create conflicts between laws. CSR norms in Article 74 of Law 40/2007 reflect social justice. John Rawls establishes a connection between the principles of justice and equality and freedom, two essential components of social order. Based on the considerations mentioned above, the Court thinks that the norms contained in Article 74 paragraph (1), paragraph (2), and paragraph (3) as well as the Elucidation to Law 40/2007 are constitutional legal norms and do not conflict with Article 28D paragraph (1) 1945 Constitution.

Handing over the implementation of TJSL to each company can prevent corruption and facilitate interaction between companies and the community, nevertheless, the government's only responsibility is to remain monitoring on whether the relevant corporation has actually adopted TJSL. If it does not implement TJSL, Sectoral laws will impose sanctions on the businesses in question. For instance, the Environmental Law will impose penalties if the corporation disregards its ecological obligations, and the Laws will impose punishments if the business disregards its social duties.

43. Court thinks that the basic principle of the economy in Indonesia is populist. A legal mandate to practice corporate social responsibility (CSR) is one method the government encourages businesses to get involved in the local economy's growth. As a result, the alignment of CSR with legal requirements is consistent with Article 33, paragraph 4, of the 1945 Constitution, particularly the words "efficiency with justice." In its decision, the request for formal review of Article 74 paragraph (1), paragraph (2), and paragraph (3) of Law Number 40 of 2007 concerning Limited Liability Companies and its explanation is rejected. Likewise rejecting the request for material review in its entirety, and stating that Article 74 paragraph (1), paragraph (2), and paragraph (3) of Law Number 40 of 2007 concerning Limited Liability Companies and its Explanation do not conflict with Article 28D paragraph (1), Article 28I paragraph (2), and Article 33 paragraph (4) of the 1945 Constitution (Mahkamah 29. Konstitusi Republik Indonesia, 2008).

16. The Constitutional Court's ruling increases the legal certainty concerning corporate social responsibility (CSR) obligations as a mandated legal responsibility that businesses must adhere to. This means that businesses that fail to carry out the mandatory CSR may face penalties under the relevant laws. The CSR concept in Indonesia has become a legal obligation and binds companies to implement it (Yunari, 2019). The characteristics of CSR were originally voluntary (voluntary) then changed to legal obligations (legal obligations) which were coercive (mandatory) (Siregar, 2016).

The government still has to be concerned about the matter of sanctioning businesses that fail to fulfill their corporate social responsibility (CSR) and environmental requirements. Numerous businesses have yet to fulfill their ecological and social obligations as of right now. There are still a lot of businesses, particularly in the mining industry, that don't practice corporate social responsibility (CSR), even to the point of ruining nature and disregarding community welfare (Sutri Lasdienti, 2020). Government laws and policies do not contain any regulations that control punishments; they simply specify that corporations that fail to comply with ecological

and social commitments would face penalties under the terms of statutory regulations. Not only are the contents of the desired legislative rules unclear, but there are also unregulated aspects of what punishments are permissible, how they are applied, and who possesses the power to apply them.

Environmental social accountability is a duty, and its non-fulfillment can affect the penalties imposed on businesses (Karmilia, 2018). If the business does not include CSR into its business operations, it may face legal repercussions (Sirait et al., 2024). Based on Law number 40 of 2007 concerning Limited Liability Companies, article 74 paragraphs (3 and 4), that Government laws govern additional rules on Social and Environmental Responsibility, and statutory regulations impose fines on businesses that fail to fulfill their commitments as originally intended. Government rules should therefore regulate the imposition of penalties on businesses that fail to comply with their ecological and social responsibilities. However, the instructions that the government has issued to carry out the law simply restate its provisions, namely that companies that fail to comply with their social and ecological duties will face penalties under applicable statutes. When implementing policies that fail to expressly indicate the application of punishments, they must take into account other relevant statutes and rules that govern the issuance of penalties and the fulfillment of social duties.

Law Number 19 of 2003 concerning State-Owned Enterprises, Law Number 25 of 2007 concerning Capital Investment, Law Number 40 of 2007 concerning Limited Liability Companies, and Law Number 4 of 2009 concerning Mineral and Coal Mining are just a few of the statutory regulations that address ecological and social issues. These four statutes mandate company social responsibility on the part of businesses. Social accountability is mandated under Law Number 40 of 2007 respecting Limited Liability Companies for businesses that engage in operations involving natural resources or the field. Corporate social accountability laws are not particularly regulated under Law Number 22 of 2001 concerning Oil and Natural Gas. If you look closely, there is one clause that specifically mentions laws pertaining to social duties. "The Cooperation Contract as defined in paragraph (1) must contain at least basic provisions, namely: improving the surrounding community and guaranteeing the rights of traditional residents," reads Article 11 paragraph (3) letter p.

According to Article 34 paragraph (1) of Law Number 25 of 2007 on Capital Investment, businesses that fail to fulfill their responsibilities may face administrative penalties in the form of written notifications, limitations on business operations, freezing of company activities and/or investment facilities, or termination of company operations and/or investment facilities (Undang Undang Republik Indonesia Nomor 25 Tahun 2007 Tentang Penanaman Modal, 2007).

Meanwhile, administrative punishments are outlined in Article 151 paragraphs (1) and (2) and are imposed for breaking the requirements of Article 95 of Law Number 4 of 2009 concerning Mineral and Coal Mining (duty in carrying out social development). Written notifications, temporary cessation of all or a portion of exploration or extraction activities, or the cancellation of company permits are some examples of these administrative punishments (Pemerintah RI, 2009).

The laws and regulations pertaining to social and ecological duties for businesses primarily consist of provisions for administrative punishments, such as written notifications, cancellation of business licenses, and even termination of company operations, against corporations that fail to comply with social duties. Strict regulations in the way of administrative penalties including fines must be put in place to increase legal certainty and motivate corporate executives to uphold their ecological and social commitments, particularly in the natural resources industry. The state treasury receives the fines, which are then utilized for the company's local ecological and social issues.

#### IV. CONCLUSION

Based on the resulting discussion, the following conclusions can be drawn: first, limited liability companies, businesses engaged in the natural resources industry, those with the capacity to negatively impact the ecosystem and natural resource quality, those with the potential to harm nature and the environment, and those with adequate financial capabilities are the businesses required to fulfill their CSR obligations. secondly, so that CSR obligations are complied with and implemented by the Company, and it is important that CSR responsibilities are continuously understood, since doing so might help the company as well as the environmental community. Thirdly, the decision of the Constitutional Court Case Number 53/ PUU-VI/2008, which required company must apply, strengthens the legal requirement of CSR responsibility. The requirements of applicable legislation impose administrative penalties on companies that violate their corporate social responsibility (CSR) duties. These penalties might take the form of written notifications, the annulment of company permits, or even the cessation of commercial operations.

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