

Draft Government Regulation on Corporate Social Responsibility and the Environment

The government has finally completed a draft regulation on corporate social responsibility and the environment to facilitate the implementation of Article 74(4) of the Limited Liability Company Law (Law No. 40 of 2007) as that article relates to corporate social responsibility (CSR) and the environment. This draft has changed from an earlier draft as it removes a proposed article on community complaints regarding companies that do not comply with their obligations as the community sees them.


The draft, in fact, does not provide anything unexpected. The CSR obligation exists for all companies and the CSR obligation is to be carried out by the directors of the company and with the agreement of the commissioners of the company and pursuant to the Articles of Association. The companies that have this CSR obligation are then modified in the succeeding article to be all companies that operate in the natural resources sector or companies that have operations in an area related to natural resources.

It is worth noting that related companies is defined in the draft regulation as any company whose operations will impact on the functioning of the natural resources sector, particularly with respect to the capability of the natural resources.

The CSR program is to be based on the annual work plan and must be agreed to by the Board of Commissioners or a General Meeting of Shareholders. The work plan must include an explicit budget in order to set out the funding of the CSR program.

The implementation of the program is to be clarified in an annual report that is to be presented to the General Meeting of Shareholders and the General Meeting of Shareholders is to assume responsibility for the report.

The regulation simply states that any company that does not comply with its CSR obligations is liable to sanctions.

The Elucidation to the regulation provides a long list of associated legislation that is to be read in conjunction with the draft. These include, among others, laws on industry; environmental management; anti-monopoly; human rights; forestry; labour; state-owned enterprises; and, water. 

❖ Past Issues

- ✍ Supervision of Goods and / or Services - Minister of Trade Regulation (Issue 1118 - 12/06/2009)
- ✍ Income Tax on Income from Construction Services - Amendment of Regulation No. 51 of 2008 (Issue 1117 - 11/06/2009)
- ✍ ASEAN Framework Agreement on Visa Exemption (Issue 1116 - 10/06/2009)
- ✍ Procedures for Monitoring and Evaluating the Management of Labor Data and Information

❖ Documents

Draft Government Regulation on CSR
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*Puri Imperium Office Plaza UG 15
Kuningan, Jakarta 12319
to subscribe, call 62-21-83701827 or fax to 62-21 83701826
or email layanan@hukumonline.com*