



## Corporate Social Responsibility in Resource Exploitation Towards Achieving Sustainable Development Goals (SDGs)

Akbar Helmie Nur Shahan<sup>1</sup> Livia Aurelia Naftalie<sup>2</sup> Moody Rizqy Syailendra Putra<sup>3</sup>

Faculty of Law Study Program, Universitas Tarumanagara, Indonesia<sup>1,2,3</sup>

Email: [akbar.205230364@stu.untar.ac.id](mailto:akbar.205230364@stu.untar.ac.id)<sup>1</sup> [livia.205230105@stu.untar.ac.id](mailto:livia.205230105@stu.untar.ac.id)<sup>2</sup>  
[moodys@fh.untar.ac.id](mailto:moodys@fh.untar.ac.id)<sup>3</sup>

### Abstract

This research aims to analyze the importance of Sustainable Development Goals (hereinafter referred to as "SDGs") in correlation to Indonesia's use of natural resources. This analysis is conducted by examining the living conditions in Indonesia, and the indicator of SDGs relating to poverty and the major problem of overconsumption of natural resources. This research is proposed to devote to the development of understanding what factors need to be fulfilled to obtain SDGs, as well as providing better information about the conditions of our natural resources and how it is being used. The outcome of this research is anticipated to provision a significant knowledge about the importance of SDGs in Indonesia's civil code and different aspects on how to meet the SDGs. With the fulfillment of SDGs in Indonesia, this can lead to a better reinforcement of the legal framework that helps sustainable development that can help the society in every sector.

**Keywords:** Sustainable Development Goals, Resources, Overconsumption



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### INTRODUCTION

This article is aimed at alarmingly assessing the correspondence between Indonesia Government regulations to address challenges in a global landscape. SDGs aimed to downturn economic growth from environmental damage and natural resource exploitation. Indonesian government commitment to tackling climate change by adopting, including ratifying the Paris Agreement and embracing the UN SDGs have broadened the influence towards sustainable development and environmental protections. Although Indonesia has abundant natural resources, a serious issue lies whilst the exploitation is occurring, significant natural resources (lands, hydrocarbons, and minerals) that, with the right use will be a catalyst for poverty reduction and which spur the economic development.<sup>1</sup> This exploitation caused serious environmental damage and social issues. Illegal activities of overconsuming natural resources caused a lot of concerns about the effectiveness of Indonesia's laws in controlling this problem. Despite having laws that aim to protect the environment and regulate the use of resources, enforcement is often weak, leading to ongoing exploitation.

Tensions between commercial interest and government enforcement, regarding the regulatory framework of how laws and policies correlate are needed to address these issues. In an attempt to stop resource exploitation, nevertheless, there are difficulties as resource exploitation could lead to environmental destruction and factors such as equal opportunity for human welfare who are concerned sustainably about the current situation and the future. It is a dire need and essential virtue to advocate sustainable development to notice and be able to handle such situations. A framework in Ethical impact by Environmental, Social, and Governance (ESG) standards, Only USD 502 billion in assets are managed by impact investing,

<sup>1</sup> Leadership Council of the Sustainable Development Solutions Network, editor. "Ten Priority Challenges of Sustainable Development." *An Action Agenda for Sustainable Development: REPORT FOR THE UN SECRETARY-GENERAL*, Sustainable Development Solutions Network, 2014.



which may have the greatest potential for ESG effect (Mudaliar & Dithrich, 2019).<sup>2</sup> Also, with collaboration with Corporate Social Responsibility, on how corporations self-regulate influence in society involving voluntary efforts taken into measures.

By transformation into low-carbon energy could therefore increase efficiency of resource uses, application for sustainable technologies for corporations, and other sectors, and cutting destructive waste such as pollution, a nation then can and by then develop and enhance human well-being while following global boundaries. All social and ethical factors must be reviewed for necessary improvements in Urban development, and the management of natural resources. By switching to a lower carbon output footprint, including increasing the greater efficiency use of resources, and therefore implementing sustainable agricultural technology, nations can develop and enhance human well-being while adhering to global boundaries.<sup>3</sup> Amid it all, questions remain regarding the effort to solve the ever-growing global issues such as environmental degradation, poverty, inequality towards society, climate change, peace, and justice by 2030, in 2015 the United Nations had then approved the Sustainable Development Goals (SDGs). Promoting sustainable practices and guaranteeing justice for impacted parties in a variety of legal contexts, including civil law proceedings.

### **Problem Formulation**

In the effort to uncover Resource Exploitation In Indonesia, Necessities of both CSR and ESG fulfillment are needed to meet SDGs requirements for the corporation, this article will address main issue based on the background of the problem above, the problem formulation is obtained as follows:

1. How to identify the element of SDGs in a civil law case?
2. How to distinguish the types of ESG and a CSR ?
3. How to identify an attempt in a Resource Exploitation case?
4. How does Indonesian law handle Exploitation cases?

### **Analysis**

According to the Sustainable Development Report (SDR), Indonesia's sustainable development has increased critically these past 2 decades. In 2022, Indonesia's score of sustainable development reached 70,16 on a scale of 100. In light of this, Indonesia until now has to face many economic and social challenges such as poverty that resulted in hunger issues, health, energy, conservation and preservation of natural resources, and until now, Indonesia is trying hard to eliminate all of those problems.<sup>4</sup> The belief that a business should function within the fundamental assumption to create a vibrant and positive impact in the environment and society we lived in as Corporate Social Responsibility. In Indonesia, CSR is regulated under Law No.40 of 2007 concerning Limited Liability Company.<sup>5</sup> In Indonesia, if a company fails to fulfill CSR, they can get sanctions by the law.<sup>6</sup> A set of rules defined to calculate and pinnacle measure Corporate influence in social and how it affects environmentally may be defined as ESG, or also known as Environmental, Social, and Governance. Although normally used in Investing, the general public such as employees, customers and suppliers may be part of it.<sup>7</sup> Imposing supplementary taxes and allocating an amount of the proceeds to purchase highly controlled

<sup>2</sup> Uzsocki, David. "Sustainable Investing Today." *Sustainable Investing: Shaping the Future of Finance*, International Institute for Sustainable Development (IISD), 2020.

<sup>3</sup> Leadership Council of the Sustainable Development Solutions Network, editor. "Ten Priority Challenges of Sustainable Development." *An Action Agenda for Sustainable Development: REPORT FOR THE UN SECRETARY-GENERAL*, Sustainable Development Solutions Network, 2014.

<sup>4</sup> Adi Ahidat, Ini Skor Pembangunan Berkelanjutan Indonesia menurut Indeks SDG

<sup>5</sup> Law No.40 of 2007 concerning Limited Liability Company.

<sup>6</sup> *Ibid.*

<sup>7</sup> Tom Krantz, Alexandra Jonker. What is Environmental, Social, and Governance?



carbon credits for forests and other natural areas. Examples of these taxes are imposed upon Forest, Land, and Agriculture (FLAG) enterprises, the money which are received from Carbon Border Adjustment measures, pollution taxes and more.<sup>8</sup>

CSR and ESG are quite like siblings, Whilst the core value of ethos which encourages practice nor policy that encapsulates sustainability and ethical virtue is Corporate Social Responsibility. The predicament of Environmental, social, and governance (ESG) in which their influence is proportion, both of those elements reflect desire and content towards a frequently regarded internal framework. The internal track back unto CSR whilst external impact had it focus on ESG. A render for peace and tranquility, SDG, commonly recognized as Sustainable Development Goals, is a for investment for the globe starting from now into the imminent, that is why henceforth in the vicinity the 17 Sustainable Development Goals (SDGs) is indeed a dire signal for people and countries around the globe to work in correspondence whether developed or developing nations.<sup>9</sup> Indonesia's condition about achieving SDGs is quite alarming, looking back at the main problem, where regulations do not necessarily make one stop an illegal act. Through CSR and ESG, SDGs can be obtained, especially for bigger companies whose reputation is based on achieving the targeted CSR and ESG. There are some types of CSR: Environmental, Ethical, Philanthropic, and Economic Responsibility.<sup>10</sup>

1. Environmental Responsibility is the influence a corporation generates to minimize its contribution to pollution, such as through sustainability in practices.
2. Ethical Responsibility is the impact a company achieves socially, such as ensuring fair wages, safe working conditions, and proper treatment of employees.
3. Philanthropic Responsibility is the significance a company provides externally, such as providing donations, and charities.
4. Economic Responsibility is the effort that a company generates to help boost its economy and local partnerships.

With the fulfillment of 4 responsibilities, a company has accomplished the standard of CSR, and herewith, a company's CSR could be beneficial, CSR may hence influence a positive impact on a corporate identity.<sup>11</sup> CSR has initiatives that will assist people become more culpable consumers, making it accessible for them to approach the products and services that are parallel with their values and educate them on arguments of sustainability and ethical consumption in this. CSR must be compelled with an encouraging impact on the overall health of the planet, as it boosten environmental responsibility and sustainable practices. ESG is also important for a company to fulfill, since ESG raises issues about climate change, and is used to embed sustainability in business practices.<sup>12</sup>

### How to Identify the Element of SDGs in a Civil Law Case?

The Sustainable Development Goals (SDGs) provide a global blueprint for sustainability, encompassing economic, social, and environmental dimensions. In civil law cases, elements of SDGs can be identified by analyzing legal obligations that corporations must fulfill to promote sustainable practices. For instance, SDG 12 on responsible consumption and production encourages governments to implement legal frameworks that regulate corporate activities. In Indonesia, the alignment with SDGs can be observed through Law No. 40 of 2007 on Limited

<sup>8</sup> Clements, Tom, and Laura Chappell. "A Progressive Agenda On International Nature." *Our Home: A Progressive Agenda On International Nature*, Institute for Public Policy Research (IPPR), 2024.

<sup>9</sup> Wan Saiful Wan Jan, Defining Corporate Social Responsibility

<sup>10</sup> Amanda McGrath, Alexandra Jonker, What is corporate social responsibility (CSR)?

<sup>11</sup> Crowther, & Aras, 2008

<sup>12</sup> Dr. Radhika Kapur, Corporate Social Responsibility



Liability Companies, which mandates Corporate Social Responsibility (CSR) initiatives. This law ensures that corporations address social and environmental concerns as part of their operational framework. Failure to adhere to such regulations often leads to civil disputes where courts examine whether corporate actions align with sustainability principles.

### **How to Distinguish the Types of ESG and CSR?**

Environmental, Social, and Governance (ESG) and Corporate Social Responsibility (CSR) are interconnected but distinct concepts. CSR emphasizes voluntary corporate efforts to benefit society and the environment, whereas ESG focuses on measurable criteria used by investors to evaluate a company's sustainability and ethical practices.<sup>13</sup> CSR initiatives typically include:

1. Environmental Responsibility: Efforts to reduce pollution and implement sustainable practices.
2. Social Responsibility: Programs aimed at improving employee welfare and community well-being.
3. Philanthropic Responsibility: Donations and charity initiatives.
4. Economic Responsibility: Ethical contributions to local economies.<sup>14</sup>

In contrast, ESG evaluates corporate impact through structured metrics, influencing investor decisions and regulatory compliance. For example, ESG assessments can determine whether a corporation's environmental practices meet international standards such as the Paris Agreement.<sup>15</sup>

### **How to Identify an Attempt in a Resource Exploitation Case?**

Identifying resource exploitation involves recognizing unauthorized or excessive use of natural resources. Common indicators include environmental degradation, illegal deforestation, and water pollution. In Indonesia, government reports and legal documentation are key tools for tracking such exploitation.<sup>16</sup> Legal cases often rely on:

1. Compliance Audits: Examining whether corporations adhere to environmental laws.
2. Environmental Impact Assessments (EIA): Required under Indonesian regulations to evaluate potential ecological damage before project approval.
3. Corporate Reports: Annual sustainability reports may reveal lapses in ethical practices.<sup>17</sup>

Through litigation, affected parties can seek reparations for environmental harm and advocate for stricter enforcement of resource management laws.<sup>18</sup>

### **How Does Indonesian Law Handle Exploitation Cases?**

Indonesian law provides a framework to combat resource exploitation, but enforcement challenges remain. Key regulations include:

1. Law No. 32 of 2009 on Environmental Protection and Management: This law mandates sustainable resource use and imposes penalties for environmental violations.
2. Presidential Decree No. 47 of 2012: It emphasizes corporate accountability for environmental and social impacts.

<sup>13</sup>What is ESG? Harvard Business Review, 2021.

<sup>14</sup>Corporate Social Responsibility and Ethical Business Practices, World Bank Report, 2020.

<sup>15</sup>Paris Agreement on Climate Change, United Nations Framework Convention on Climate Change.

<sup>16</sup>Indonesia's Environmental Protection Laws, Ministry of Environment and Forestry, 2023.

<sup>17</sup>Annual Sustainability Reports: A Guide for Corporations, International Institute for Sustainable Development, 2022.

<sup>18</sup>Legal Responses to Environmental Degradation, Journal of Environmental Law, 2021.



Despite these provisions, weak enforcement often undermines their effectiveness. Strengthening oversight and increasing penalties for non-compliance are critical to ensuring the success of these laws.<sup>19</sup>

## **CONCLUSION**

Conducting Resource Exploitation in correlation with ESG and CSR components constructs two core benefits: theoretical and practical. This research's theoretical advantages consist of (1) Promoting insights of ESG and CSR concepts in the context of civil law and (2) Offering understanding for creating a thorough concept pertaining to these components. In light of this, it is now known that CSR, ESG's fulfillment leads to an SDG checklist. With the profound increase in the SDG, Indonesia is one step closer to being a better home for the people, businesses, and foreign business owners. Quintessentially, readers may use the results of this review as a guide to determine examples of resource exploitation related to the SDGs. Furthermore, these findings can aid Indonesia administer civil law matters moving forward, especially when it comes to sustainable resource management.

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<sup>19</sup>Challenges in Enforcing Environmental Laws in Indonesia, Asian Development Bank Report, 2023.



Our resources are running out. These charts show how urgently action is needed <https://www.weforum.org/agenda/2024/03/sustainable-resource-consumption-urgent-un/>

Paris Agreement on Climate Change, United Nations Framework Convention on Climate Change. <https://unfccc.int>

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## Glossary

CSR	Corporate Social Responsibility
ESG	Environmental, Social, and Governance
FLAG	Forest, Land, and, Agriculture
KUHPer	Kitab Undang-Undang Perdata or Civil Code
PP	Peraturan Presiden or Presidential Decree
SDGs	Sustainable Development Goals
SDR	Sustainable Development Report
UN	United Nations
Paris Agreement	International Treaty on Climate Change that was signed in Paris, France, in 2015.