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Original Article

Bridging Law and Sustainability: Corporate Responsibility for Environmental Pollution in Indonesia

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Abstract

Industrial activities in Indonesia have increasingly contributed to environmental pollution, highlighting the urgent need for corporate accountability and sustainable business practices. This study comprehensively analyzes corporate responsibility for environmental pollution in Indonesia, focusing on the legal framework, its implementation, and its effectiveness in promoting sustainable business practices. The issue of environmental pollution caused by industrial activities is a serious challenge that requires firm corporate accountability. This study uses a normative-empirical method by reviewing various environmental laws and regulations, such as Law Number 32 of 2009 concerning Environmental Protection and Management, and analyzing judicial cases and corporate Corporate Social Responsibility (CSR) practices. The results show that the legal framework in Indonesia regulates various types of corporate liability, ranging from civil liability (compensation), criminal (imprisonment and fines), to administrative (government coercion). However, implementation in the field still faces obstacles, particularly in terms of suboptimal law enforcement and a lack of effective oversight. Furthermore, this study identifies a paradigm shift from mere legal compliance to the adoption of voluntary sustainability initiatives, realized through CSR programs integrated with environmental principles. A synergy between strong regulations, consistent law enforcement, and internal corporate commitment is needed to ensure that the polluter pays principle is truly implemented, thereby minimizing the negative impact of industry on ecosystems. This study concludes that strengthening oversight and enforcement of sanctions oriented towards environmental restoration is key to achieving sustainable development goals.

Keywords: Corporate Responsibility, Corporate Social Responsibility (CSR), Environmental Pollution.

1. Introduction

Indonesia, as one of the developing countries, is striving to achieve equitable development across all sectors, both social and economic, for the improvement of public welfare. Salim (1979) in his work underlines that development and environment are two sides of an inseparable coin. However, development carried out without regard for environmental aspects often gives rise to threats to the sustainability of natural resources and public health, which will ultimately hinder the achievement of development goals themselves. The concept of sustainable development emphasizes that development must be able to meet the needs of the present without sacrificing the ability of future generations to meet their own needs, by integrating environmental protection, social welfare, and economic growth in a balanced manner (Suong & Budahu, 2022).

In the context of national law, sustainable development is not only a development aspiration, but must also be guaranteed by the legal system, primarily through Law Number 32 of 2009 concerning Environmental Protection and Management (UUPPLH), which

regulates how natural resources and the environment must be managed sustainably so as not to damage ecosystems or public health (Pabbu et al., 2024). Soemartono (1996) in his book Indonesian Environmental Law had long warned about the importance of legal instruments in environmental management. Although such regulations have been enacted, the implementation of law enforcement against perpetrators who cause environmental pollution or damage still faces many obstacles, such as weak enforcement mechanisms, lack of oversight, and low legal awareness among business actors (Nisa, 2020). Ibrahim (2008) asserts that normative legal research, as used in this study, is very important for examining the effectiveness of these environmental norms.

Damage or environmental pollution arising from human activities not only has environmental impacts, but also has broad social and economic effects, such as declining quality of life for surrounding communities, disruptions to health, and the loss of ecosystem functions that support human life (Hadiyati & Cindo, 2021). Wardhana (1999) elaborates in detail on the impacts of pollution on various environmental components. In many pollution cases, the companies or individuals responsible often fail to fulfill their obligations to rehabilitate the damaged environment, giving rise to legal disputes and compensation claims. This indicates that environmental protection and law enforcement are an inseparable part of efforts to achieve sustainable development in Indonesia (Iqbal et al., 2024). Rajagukguk (1993) highlights the dynamics of legal reform in the era of globalization that must be responsive to such issues.

Thus, there remains a strong need to improve the effectiveness of environmental law enforcement and ensure that development is truly environmentally conscious and sustainable, so as not merely to pursue economic growth, but also to guarantee environmental quality and the welfare of present and future generations. Based on the background described above, this research focuses on two main issues that need to be analyzed, namely the limits of corporate responsibility for environmental pollution and the coherence of the sanction mechanism for environmental pollution with the principles of sustainable development and environmental awareness. This is important because many business activities have the potential to cause environmental damage, so clarity is needed regarding the extent to which companies must be legally and socially responsible. In addition, legal sanctions against environmental pollution must be not only repressive but also preventive and restorative, in order to rehabilitate environmental conditions and encourage environmentally friendly corporate behavior. Accordingly, the problem formulation is directed at assessing the effectiveness of corporate legal responsibility and the appropriateness of sanction mechanisms in relation to the principle of environmental sustainability.

2. Literature Review

Indonesia's path of progress has consistently brought attention to the conflict between economic advancement and protecting the environment. Early studies like Salim (1979) emphasized the interconnection of development and the environment, warning against growth strategies that ignore ecological equilibrium. This issue aligns with the overall idea of sustainable development, which involves balancing social well-being, economic growth, and preserving the environment (Suong & Budahu, 2022).

Sustainability is incorporated into Indonesia's legal system through Law No. 32 of 2009 on Environmental Protection and Management, which requires responsible management of resources (Pabbu et al., 2024). Despite the recognition by Soemartono (1996) of the importance of legal tools in environmental management, challenges persist in enforcement,

such as inadequate mechanisms and limited compliance from businesses (Nisa, 2020). Ibrahim (2008) highlights the significance of normative legal research in evaluating the effectiveness of environmental regulations.

The impacts of pollution go beyond environmental harm, affecting public health, community well-being, and ecosystem services (Hadiyati & Cindo, 2021), with Wardhana (1999) elaborating on its various consequences. Failures in restoration efforts often result in legal conflicts and claims for compensation, emphasizing the interconnection between law enforcement and environmental conservation in achieving sustainable development (Iqbal et al., 2024).

These findings collectively demonstrate an existing disparity between regulations and their enforcement, underscoring the urgent necessity for enhanced corporate responsibility and sanction mechanisms that are not solely punitive but also preventive and restorative, thereby ensuring that Indonesia's progress remains environmentally conscious and socially equitable.

3. Methods

This research is a normative legal study, that is, research focused on the review and analysis of legal materials. Marzuki (2005) explains this normative legal research method. The legal materials studied include legislation, legal literature, doctrine, and court decisions relevant to the research topic. Normative legal research was chosen because the purpose of this study is to understand and analyze the legal aspects of corporate responsibility for environmental pollution, not to conduct field research or empirical studies. This research employs two main approaches, namely the statutory approach and the conceptual approach. The statutory approach is carried out by examining relevant legislation, including the 1945 Constitution of the Republic of Indonesia, Law Number 32 of 2009 concerning Environmental Protection and Management, Law Number 40 of 2007 concerning Limited Liability Companies, and Government Regulation Number 47 of 2012 concerning the Social and Environmental Responsibility of Limited Liability Companies. The conceptual approach is used to analyze legal concepts and doctrines related to corporate responsibility, environmental pollution, and legal obligations arising from corporate actions, thereby constructing a conceptual framework regarding the forms of corporate legal responsibility in the context of the Indonesian environmental legal system.

The data used in this research consist of primary legal materials, namely legislation as the normative basis, and secondary legal materials, in the form of journals, books, articles, and opinions of legal scholars discussing theories, doctrines, and legal interpretations related to corporate responsibility and environmental pollution. Soebagyo (1992) provides an important perspective on the legal obligations of parties in environmental management. Data analysis was conducted qualitatively using deductive legal reasoning, that is, deriving legal conclusions from applicable norms and linking them to the phenomenon of environmental pollution committed by companies. Through this technique, the research can explain the forms of corporate responsibility regulated by law, the legal implications of environmental pollution acts, and the role of the environmental legal system in enforcing corporate responsibility. This approach enables the research not only to explain what the law regulates, but also how that law is applied and interpreted in practice with respect to corporate responsibility toward the environment.

4. Results and Discussion

4.1. Limits of Corporate Responsibility for Environmental Pollution

4.1.1. Criminal Liability

Every human activity, whether small or large in scale, incidental or routine, always has an impact on the environment. Conversely, humans also cannot be separated from environmental influences, whether from natural conditions or social interactions among individuals and communities. Environmental problems arise when the capacity of an ecosystem component is exceeded, imbalances occur among components, environmental functions are disrupted, or disappear entirely. This condition indicates a misalignment between human activities and the environment's capacity to support sustainable development (Salim, 1979).

Referring to Salim (1979), two main factors that cause environmental problems to arise are technological development and population explosion. Technological development facilitates the massive establishment of industries, which has the impact of increasing waste and pollution. Population growth demands the expansion of land for settlements and food, thereby straining environmental capacity and triggering the destruction of natural habitats. Both of these factors have implications for two main forms of problems, namely environmental destruction and pollution.

Environmental destruction, as regulated in Article 1 point 14 of Law Number 32 of 2009 concerning Environmental Protection and Management (UUPLH), is an act that causes direct or indirect changes to the physical and/or biological characteristics of the environment such that the environment no longer functions in supporting sustainable development. Environmental pollution, according to Article 1 point 12 of UUPLH, occurs when living organisms, substances, energy, or other components enter the environment as a result of human activities to the extent that environmental quality decreases and is no longer in accordance with its designated purpose. The elements of environmental pollution include: the entry of polluting components, human involvement, a decrease in environmental quality, and non-conformity with environmental designation (UUPLH, 2009: Article 1).

A company or corporation may be subject to criminal liability if proven to have committed or ordered environmental pollution. Sudiro (2009) also touches upon aspects of corporate liability that can be analogized in the environmental context. Article 116 paragraph (1) of UUPLH stipulates that criminal liability may be imposed on business entities as well as individuals who give orders or lead activities that give rise to criminal offenses. Accordingly, acts of pollution committed by a corporation are categorized as corporate crime, in which the company as a legal subject and the company's leadership as a representative of the legal entity may be subject to criminal sanctions.

Although the Indonesian legal system adheres to the principle of legality, the principle of substantive justice demands that law enforcement officers, both the police and the prosecution, be able to prosecute companies as corporate actors. Based on Law Number 40 of 2007 concerning Limited Liability Companies, the responsibility for corporate crime must be borne jointly by the board of directors and, if necessary, the commissioners, as the parties representing the company's interests both inside and outside the court. Syahrani (1985) explains the concept of corporations as legal subjects with rights and obligations, which is relevant in understanding the construction of this liability. This approach affirms the collective principle of corporate liability, while also emphasizing the important role of company leadership in ensuring that company activities comply with legal provisions and the principles of sustainable development (Law on Limited Liability Companies, 2007).

In practice, the application of criminal liability to corporations always faces various substantive and procedural challenges. A corporation as a legal entity does not possess "mental fault" (mens rea) in the personal sense as required in ordinary criminal offenses. Therefore, the identification doctrine and the principle of vicarious liability are often used to link the actions or negligence of key corporate personnel with the legal entity itself. The identification theory places corporate leaders for example, directors or commissioners as representatives of the corporation, such that their actions may be regarded as the actions of the corporation itself in criminal law (Dwipayana et al., 2019; Santosa, 2021).

One of the crucial issues in applying corporate criminal liability is proving corporate involvement in environmental pollution. In theory, the position of a corporation as a legal act results in the need for an adaptive legal approach, such as the application of strict liability in environmental law, whereby a corporation may be held criminally liable without the need to prove subjective fault. The concept of strict liability in environmental pollution cases is recognized as an important part of enforcing corporate accountability for its environmental impact, although its application in Indonesian criminal law still faces limitations and academic debate (Agustinus & Arifin, 2025).

The effectiveness of corporate criminal law enforcement is still felt to be suboptimal in many cases. Research by Winarsa et al. (2022) shows that although corporations have been regulated as legal subjects subject to criminal sanctions under UUPLH, field implementation is often hampered by the complexity of corporate structures, evidentiary obstacles in judicial proceedings, and the unclear identification of parties directly responsible for pollution acts. This situation causes law enforcement officers to still tend to focus sanctions on individuals within the corporation rather than on the legal entity itself.

Another issue that also receives attention is the protection of victims of environmental pollution. The application of corporate criminal liability has so far still not provided adequate legal protection to communities who become victims of environmental damage (Widowaty, 2012). A victim of pollution often only sees individual convicts, without adequate mechanisms for environmental remediation or compensation forming part of the corporate criminal liability. This approach is considered to not yet fully meet the principle of restorative justice in environmental law.

In broad terms, corporate criminal liability for environmental pollution in Indonesia is at a crossroads between the enforcement of positive norms in UUPLH and the reality of implementation in the field, which is still limited. This demands the strengthening of legal instruments, both through the application of the identification theory, the expansion of the scope of strict liability, and procedural legal steps that facilitate proof of corporate involvement. The development of mechanisms that are more responsive to ecological impacts and the social impacts on victim communities is an important aspect that must be integrated into the corporate criminal liability system to ensure a balance between economic activity and environmental protection.

4.1.2. Civil Liability

Perpetrators of environmental pollution and/or destruction are not limited to individuals, but may also be corporations. Under Indonesian positive law, corporations are recognized as legal subjects or legal units, and therefore have rights and obligations and may enter into legal relationships in the same manner as individuals. According to Syahrani (1985), a corporation is a collection of persons granted legal rights and obligations such that it can become a legal actor. Accordingly, a corporation may be held civilly liable if it commits an act that harms another party or the environment. Based on Article 1365 of the Civil Code (KUHPer) and the view of Fuady (2014), an act is categorized as a tort if it fulfills five elements,

namely: the existence of an act, the act is against the law, there is an element of fault whether in the form of intent or negligence, the act causes harm to the victim, and there is a causal relationship between the act and the harm. In the context of corporations, the party who becomes the legal representative to bear liability for torts is usually the management or members of the corporate management, as explained by Prodjodikoro (1959), and this is usually regulated in the corporation's statutes or Articles of Association.

Civil liability for corporate acts can be analyzed through three main principles. First, liability based on fault, which states that a person may only be held liable if there is an element of fault, whether intentional or negligent, as regulated in Articles 1365 and 1366 of the Civil Code. Second, presumption of liability, which is the principle stating that the defendant is always presumed to be liable until able to prove that he or she is not at fault, such that the burden of proof lies with the defendant. Third, strict liability, which is liability imposed without regard to the element of fault. This principle is highly relevant in cases of environmental pollution and destruction, since proving fault is often difficult.

From a juridical perspective, corporate civil liability for environmental pollution is regulated in Article 87 of Law Number 32 of 2009 concerning Environmental Protection and Management (PPLH), which refers to Article 1365 of the Civil Code. In addition, Article 88 of Law No. 32 of 2009 affirms the application of the strict liability principle for corporations that cause environmental losses. This principle of absolute liability is reinforced by Article 51 paragraph (1) of Government Regulation Number 4 of 2001 concerning the control of environmental pollution and destruction related to forest and land fires, as well as the Decree of the Chief Justice of the Supreme Court Number 36/KMA.SK/II/2013 containing technical guidelines for handling environmental cases in court. The application of strict liability is important because environmental pollution is often collective in nature and it is difficult to identify individual fault. Under this principle, corporations must bear the burden of losses even if there is no element of negligence or intent, while simultaneously encouraging corporations to be proactive in pollution prevention, in accordance with the polluter pays principle. Nevertheless, the application of strict liability needs to be conducted proportionally so as not to burden corporations that have already implemented good environmental management standards.

In Indonesian positive law, perpetrators of environmental pollution and/or destruction are not only individuals but also corporations, because corporations are recognized as legal subjects with rights and obligations that may enter into legal relationships as other individuals do. As explained in Article 87 of Law Number 32 of 2009 concerning Environmental Protection and Management (UU PPLH), every person responsible for a business and/or activity who commits an unlawful act in the form of environmental pollution and/or destruction that causes harm to others or the environment is obliged to pay compensation and/or take certain actions; this indicates that corporations may be held civilly liable for the environmental losses they cause.

According to the concept of tort in Article 1365 of the Civil Code (KUHPer), an act may be considered a tort if there is an act, the act is against the law, there is an element of fault (whether intentional or negligent), harm is caused, and there is a causal relationship between the act and the harm. In corporate cases, these elements may be realized when a corporation's business activities exceed environmental quality standards or cause harmful impacts to the ecosystem and third parties.

The civil liability principles that apply also include an understanding of liability based on fault, in which fault becomes the basis of liability (as regulated in Civil Code Articles 1365–1366), however in the environmental context this principle is often not effective because

proving the element of fault is frequently difficult. To address this, the Indonesian legislature recognizes the principle of strict liability, that is, the principle whereby a perpetrator may be held liable without needing to prove an element of fault. This principle is explicitly contained in Article 88 of Law No. 32 of 2009, which states that every person whose actions, business, or activities use Hazardous and Toxic Materials (B3), produce or manage B3 waste, or pose a serious threat to the environment is absolutely liable for the resulting losses without the need to prove an element of fault.

The application of strict liability has been analyzed and explained by legal researchers as a principle that enables the handling of pollution and environmental damage cases more effectively because it does not require proof of intent or negligence, thus making it easier for victims to demand compensation from corporations that cause environmental impacts, even if the corporation cannot be proven at fault under fault norms. The principle of strict liability is an important part of environmental law enforcement in Indonesia because it provides legal certainty and protection for victims and encourages corporations to implement stricter preventive measures in their operations (Ardiansyah et al., 2024).

Thus, from a juridical perspective, corporations may be held civilly liable for environmental pollution and/or destruction based on the tort principle in the Civil Code and the strict liability principle as regulated in Law No. 32/2009. The strict liability principle in UU PPLH represents a form of legal reform directed at providing legal certainty and justice for victims of environmental pollution, as well as encouraging business actors to implement more effective preventive measures to avoid environmental losses.

4.1.3. Corporate Social and Environmental Responsibility

Corporate social and environmental responsibility (TJSL/CSR) in Indonesia has a strong legal foundation and is designed to balance corporate economic interests with social and environmental sustainability. Article 74 of the Law on Limited Liability Companies (UUPT) explicitly requires companies, especially those operating in the natural resource sector, to implement TJSL. The primary purpose of this article is to ensure that companies are not oriented solely toward financial profit, but also make real contributions to surrounding communities and maintain environmental sustainability. Conceptually, TJSL is the implementation of the sustainable development principle, which demands a balance between economic growth, social justice, and environmental sustainability (Asa, 2018). This affirms that CSR is not merely an additional activity or formality, but an integral part of corporate business strategy, which must be planned strategically, budgeted in financial reports, and implemented with principles of propriety, reasonableness, and accountability that is transparent to stakeholders.

In addition to UUPT, Law Number 32 of 2009 concerning Environmental Protection and Management, specifically Article 68, reinforces corporate obligations to provide correct, accurate, and timely information related to environmental protection, maintain the sustainability of ecosystem functions, and comply with environmental quality standards and criteria for environmental damage. Government Regulation Number 47 of 2012 then formalizes the implementation of CSR as part of business strategy, emphasizing the importance of reporting mechanisms, oversight, and evaluation of program impacts on society. With such comprehensive regulations, CSR should be capable of becoming an effective instrument to promote sustainable development, reduce social and environmental risks, and improve the quality of life of communities surrounding companies.

However, in reality there is a significant contradiction in the field between existing regulations and the CSR practices carried out by companies. Many companies, although they have formally compiled CSR reports and implemented programs, treat CSR as merely an

administrative obligation or a public relations tool. This means that the social and environmental impacts of CSR programs are often minimal, uneven, or even not felt at all by the community. This phenomenon reflects a gap between theory and practice, in which regulations emphasize the integration of CSR into business strategy and sustainable development, while corporate practice remains fragmented. Some business actors also hold the narrow view that CSR is synonymous with environmental activities, so that social and economic aspects of the community are often neglected. This condition shows that merely fulfilling legal requirements is not sufficient; without genuine internal commitment and effective oversight mechanisms, CSR can become a formality without substance.

Another challenge that worsens the effectiveness of CSR is the limited oversight and law enforcement by the government. Although regulations provide reporting standards and evaluation mechanisms, their implementation is not always strictly supervised, so companies that do not implement CSR substantively rarely receive sanctions or corrections. As a result, some companies feel satisfied with symbolically reporting programs—for example, through the publication of environmental activities or the provision of temporary social assistance—without ensuring any long-term impact for the community or the environment. This imbalance between regulations and practices shows that the effectiveness of CSR depends not only on the existence of law, but also on corporate awareness and commitment, as well as the active participation of the community as stakeholders demanding accountability.

From a critical perspective, this regulatory-practice contradiction affirms that CSR is not merely a legal obligation or a corporate image-building tool, but rather an indicator of the maturity of governance and corporate responsibility toward sustainable development. To bridge this gap, companies need to shift the CSR paradigm from formality to a strategy that is truly integrated with business operations. This includes the development of CSR programs based on community needs analysis, clear budget allocation, the establishment of measurable impact indicators, and transparent reporting mechanisms. In addition, strengthening government oversight, consistent law enforcement, and the active role of the community as independent monitors are key factors for CSR to produce real benefits.

Furthermore, companies must also understand that CSR is not only related to social or environmental activities separately, but must simultaneously encompass economic, social, and environmental dimensions. For example, a community economic empowerment program that utilizes local resources must be accompanied by environmental conservation and improvement of social quality, such as education and health. This approach not only fulfills regulations, but also creates shared value for the company and the community, enhances the company's long-term reputation, and supports the achievement of sustainable development goals at the national and global levels.

Thus, TJSL in Indonesia faces complex structural challenges, namely the contradiction between firm regulations and corporate practices that are still fragmentary. To achieve genuine effectiveness, integration of CSR as a real business strategy, strengthening oversight capacity and law enforcement, and corporate commitment to running programs with significant impact for society and the environment are needed. Only through a holistic combination of regulations, corporate awareness, and stakeholder participation can TJSL function as an authentic instrument of sustainable development, rather than merely administrative formality or image-building.

4.2. Coherence between the Sanction Mechanism for Environmental Pollution and Environmental Awareness

Law Number 32 of 2009 concerning Environmental Protection and Management affirms that environmental pollution and destruction constitute serious criminal offenses with far-reaching impacts. Article 98 establishes a prohibition on the destruction or elimination of forests, ecosystems, and protected areas. This provision shows that strategic environmental damage is not merely considered an administrative violation but a violation that fundamentally threatens ecosystem balance, thus requiring criminal enforcement. Article 104 affirms that every person who pollutes water, air, or soil may be subject to criminal sanctions. The criminal sanctions regulated consist of imprisonment of up to three years and a maximum fine of three billion rupiah. The level of criminal penalty is adjusted to the impact of pollution on the ecosystem and society, indicating that environmental law considers proportionality between harm and punishment.

Article 105 regulates the prohibition of releasing pest organisms or hazardous chemicals that can disrupt ecosystem balance. Violations of this article indicate high ecological and public risk, so the law affirms criminal imprisonment of up to five years and a maximum fine of five billion rupiah. Articles 106 and 107 regulate negligence in the management of environmental disasters. Criminal sanctions of up to ten years imprisonment and fines of up to ten billion rupiah are given to negligent parties, indicating that environmental law emphasizes preventive and corrective responsibility toward the risk of ecological disasters.

Article 108 extends criminal responsibility to legal entities. Companies or institutions that cause environmental pollution or destruction may be subject to the same or higher sanctions than individuals. This provision affirms the principle of corporate liability in Indonesian environmental law, which requires legal entities to be directly responsible for ecosystem damage and social impacts.

The mechanism for enforcing criminal sanctions begins with investigation, in which law enforcement officers collect technical evidence, documentation of damage, and expert testimony. This evidence forms the basis for determining whether the elements of the offense are fulfilled and establishing the degree of intent or negligence of the perpetrator. Prosecution emphasizes criminal accountability for both individuals and legal entities. In court, judges assess evidence and expert testimony to determine whether the perpetrator is guilty and the appropriate type of criminal sanction. Law No. 32 of 2009 emphasizes the principle of restorative justice, so that criminal sanctions are not only punitive but also encourage environmental recovery through ecosystem rehabilitation, waste cleanup, or other corrective actions.

The effectiveness of environmental criminal sanctions is highly dependent on the capacity of law enforcement officers, inter-agency coordination, and the legal awareness of perpetrators. The complexity of environmental offenses, which are technical, multilateral, and have long-term impacts, demands comprehensive investigation and prosecution. The incapacity of officers or weak oversight can reduce the deterrent effect, so environmental damage continues to occur despite formal sanctions. Therefore, Law No. 32 of 2009 creates a legal framework emphasizing the integration of law enforcement, ecosystem restoration, and legal compliance education. Environmental criminal sanctions function strategically to protect public interests and ensure ecosystem sustainability, while also affirming that perpetrators' intentional or negligent acts against environmental law have serious criminal implications.

4.2.1. Civil Sanction Mechanism for Environmental Pollution

The civil law aspect plays an important role in environmental law enforcement. Whenever environmental pollution or destruction occurs, harmed parties will emerge, whether individuals, communities, or the state. To address this, the Law on Environmental Management and Protection (UUPPLH) regulates a dispute resolution mechanism through civil channels, as contained in Chapter XIII Articles 84 through 93. Environmental dispute resolution may be carried out through litigation, namely the courts, or non-litigation, namely outside the courts with voluntary agreement of the parties. The primary purpose of this mechanism is to protect the rights of harmed parties while also ensuring that environmental damage can be effectively addressed.

UUPPLH also encourages dispute resolution outside the court, as regulated in Article 85, to reach agreement regarding the form and amount of compensation, actions to remedy pollution or destruction, and steps to prevent recurrence of pollution or damage and to minimize negative impacts on the environment. In addition to the obligation to provide compensation, parties proven to have polluted the environment may be required to take certain actions, for example installing or improving waste management units to comply with quality standards, restoring environmental functions, or eliminating the causes of pollution and destruction.

Civil liability for environmental pollution may be fault-based, which requires evidence of fault, or strict liability, in which the polluting party is responsible without the need to prove fault. The principle of strict liability emphasizes that the focus is on the impact caused, not on who is at fault. In filing a lawsuit, the amount of compensation must be calculated clearly so that the panel of judges can assess the losses experienced, with calculations referring to Regulation of the Minister of Environment Number 7 of 2014 concerning Environmental Losses Due to Environmental Pollution and/or Destruction.

The primary purpose of civil sanctions in the form of compensation is to restore environmental damage to its original condition, repair the rights of harmed parties, and restore the economic conditions of communities affected by environmental pollution or destruction. Thus, the civil mechanism is not only compensatory, but also preventive and restorative, ensuring that polluters are fully responsible for the impacts caused to the environment and society.

4.2.2. Social and Environmental Responsibility Sanction Mechanism

The Law on Environmental Protection and Management (UU PPLH) applies the principle of tiered enforcement, which aims to balance preventive, corrective, and repressive aspects against violations of environmental permits. In its mechanism, companies or activity responsible parties first receive a written warning to provide an initial warning to adjust their business practices, then may be subject to government coercion in the form of temporary suspension of production activities, closure of waste disposal channels, or demolition of facilities if the violation has serious impacts on humans and the environment. If such actions are not heeded, freezing or revocation of the environmental permit becomes the highest sanction, affirming the legal system's responsiveness to serious violations while also providing a deterrent effect.

The Law on Environmental Protection and Management (UU PPLH) explicitly establishes a sanction mechanism against violations of environmental permits through the principle of social and environmental responsibility. Article 76 provides the basis for the government to apply administrative sanctions to those responsible for businesses or activities, ranging from written warnings to the freezing or revocation of permits, affirming a tiered law enforcement approach. This tiered mechanism allows companies to be given the opportunity

to correct violations before being subjected to severe sanctions, while also emphasizing procedural fairness in environmental law enforcement.

Article 77 emphasizes the oversight role of the central government, in which the Minister may directly apply administrative sanctions if the government considers that the regional government is deliberately failing to take action against serious violations. This shows that UU PPLH anticipates the potential weakness of implementation at the regional level and ensures consistent law enforcement across all regions. Thus, this system integrates dual authority between the central and regional governments, while also providing a corrective instrument in the event of neglect of responsibility by regional governments.

Article 78 affirms that administrative sanctions do not release those responsible for businesses from other responsibilities, including obligations for environmental restoration and criminal liability. This provision affirms the principle of dual liability, in which violations of environmental permits have administrative consequences as well as other broader consequences, such as ecosystem restoration and criminal legal accountability. Furthermore, Article 79 emphasizes that if those responsible for businesses do not comply with government coercion, freezing or revocation of the environmental permit may be applied, making the sanction mechanism more repressive as a last step to ensure compliance.

Article 80 outlines the forms of government coercion, including temporary suspension of production activities, relocation of production facilities, closure of waste disposal channels, demolition of facilities, and other actions to halt violations while also restoring environmental functions. This article also provides flexibility for the government to directly apply coercion without a warning if the violation poses a serious threat to humans or the environment. Thus, government coercion functions as a preventive-proactive instrument to prevent wider damage, while also emphasizing the urgency of addressing significant violations.

Articles 81 and 82 emphasize legal certainty regarding environmental restoration. Article 81 provides a basis for imposing fines for delays in implementing government coercion, while Article 82 allows the government to compel those responsible for businesses to carry out restoration, and if not implemented, a third party may be appointed with costs borne by the company. This reflects the polluter pays principle and ensures that environmental restoration responsibility is not merely formal but also substantive.

Overall, UU PPLH emphasizes a tiered, comprehensive, and recovery-oriented sanction mechanism, with the active role of both central and regional governments to prevent neglect of responsibility. This article-based approach demonstrates integration between administrative sanctions, government coercion, and restoration obligations, thereby forming a progressive legal framework consistent with international standards in environmental law enforcement.

UU PPLH also affirms dual authority between central and regional governments, in which the Minister may take over enforcement if regional governments deliberately fail to take action against serious violations. This mechanism prevents inconsistency in law enforcement across regions and ensures that serious violations do not escape action. Additionally, the law emphasizes the principle of environmental responsibility, in which administrative sanctions do not release companies from environmental restoration obligations or criminal liability. Environmental restoration may be carried out directly by the company or by a third party appointed by the government, with costs charged to the company, in accordance with the polluter pays principle that is in line with international standards.

From a policy perspective, UU PPLH has the advantage of providing tiered enforcement mechanisms, flexibility in central-regional oversight, and guarantees of environmental restoration responsibility. However, challenges remain, such as differences in officer capacity

across regions, potential delays in restoration, and the effectiveness of the deterrent effect depending on the speed and consistency of sanction application. Compared to international regulations, UU PPLH shares similarities with the tiered enforcement system of the Environmental Protection Agency (EPA) in the United States, but places greater emphasis on the role of regional governments and environmental restoration obligations as an integral part of corporate responsibility. Overall, UU PPLH presents a progressive legal framework emphasizing the principle of comprehensive social and environmental responsibility, with systematic and multilayered law enforcement, making it a potential model for developing countries in enforcing modern environmental law.

The coherence between the environmental pollution sanction mechanism and environmental awareness is a reflection of the integration between legal norms and ecological sustainability objectives. Law Number 32 of 2009 concerning Environmental Protection and Management (UUPPLH) establishes criminal, civil, and administrative sanction mechanisms as integrative law enforcement instruments, in which polluters are not only subjected to punishment but are also required to carry out environmental restoration. This approach is consistent with the principle of environmental awareness, which emphasizes sustainability, prevention of damage, restoration of ecosystem functions, and community involvement in environmental management (Khaidar et al., 2023). Thus, the sanction mechanism is not only aimed at providing a deterrent effect, but also at ensuring that the community's right to a healthy environment remains protected.

However, the coherence between the sanction mechanism and environmental awareness still faces structural and factual obstacles. From the perspective of criminal sanctions, empirical studies show that their application is often constrained by economic priorities, bureaucratic barriers, and the complexity of evidence, so that criminal sanctions are rarely applied optimally, especially in large industrial pollution cases. Meanwhile, administrative sanctions as the first instrument in environmental law enforcement also face limitations in oversight officer capacity, inconsistency in inter-agency coordination, and weak public participation. This condition indicates a disparity between legal norms and field realities, so that the preventive effect against environmental violations has not been maximized (Lestari et al., 2025).

On the civil side, the compensation mechanism referring to fault-based liability as well as strict liability presents challenges in terms of determining the amount of environmental losses and appropriate restoration. This has implications for slow litigation processes and the ineffectiveness of ecological restoration, so that coherence between civil sanctions and the restorative principle in environmental awareness is not fully achieved (Budiono & Dharmahendra, 2025).

Ideal coherence can only be achieved through comprehensive, integrated, and public participation-based law enforcement. Law enforcement must pay attention to preventive and restorative aspects, not merely repressive ones; criminal and administrative sanctions must work in synergy with civil mechanisms so that every violation is addressed comprehensively, including environmental restoration, compensation for affected communities, and prevention of recurrence of damage. In addition, strengthening institutional capacity, reinforcing inter-agency coordination, transparency of legal procedures, and public education are key factors in realizing coherence between legal sanctions and environmental awareness.

Thus, an effective sanction mechanism not only enforces punishment, but also functions as a strategic instrument to ensure ecosystem sustainability, environmental justice, and the social responsibility of business actors. This approach emphasizes that environmental law must be adaptive and proactive, capable of responding to the complexity of modern pollution

challenges, and aligned with the principle of environmental awareness that integrates ecological, social, and economic aspects in the management of natural resources.

5. Conclusion

Corporate responsibility in Indonesia is broad, multilayered, and goes beyond mere administrative compliance, because companies are burdened with responsibility through three main legal regimes: administrative, civil, and criminal. The principle of Strict Liability serves as the normative basis, so that companies must bear compensation and environmental restoration without the need to prove fault, particularly for activities that pose a high risk of environmental damage. In the civil realm, this responsibility not only encompasses financial compensation for victims, but more crucially includes the obligation of environmental function restoration, ensuring that companies bear the full costs of the negative externalities they cause. Administratively, companies are required to comply with environmental permits and quality standards, with the most severe threat being permit revocation, while criminally, corporations may be subject to sanctions including the confiscation of illegal profits and the obligation to take corrective actions. This system demonstrates legal integration that supports the Polluter Pays Principle.

Indonesia's sanction mechanism is normatively quite coherent because it combines administrative, civil, and criminal sanctions that are preventive, restorative, and ecologically just in character. UUPPLH emphasizes that administrative sanctions may take the form of coercive action or permit revocation, civil sanctions require compensation and environmental restoration, and criminal sanctions allow for the punishment of corporations as well as the application of additional restorative sanctions. However, practical implementation faces obstacles. The amount of criminal fines is often not proportional to the company's illegal profits, making them ineffective as a deterrent, while excessive discretion in the application of administrative sanctions or slow permit revocation processes indicate a compromise between law enforcement and economic interests. As a result, the effectiveness of the sanction system in restoring the environment and preventing recurring damage is still limited, so that the practical coherence of the sanction mechanism is highly dependent on the firmness and consistency of law enforcement officers.

To strengthen the corporate responsibility system in Indonesia, several strategic steps can be taken to create a more effective and forward-looking framework. First, revising or applying the Strict Liability principle more rigorously can ensure that judges consistently mandate specific actions, particularly physical and biological environmental restoration, rather than relying solely on monetary compensation. Second, clarifying the limits of criminal liability through clear guidelines will encourage companies to internalize environmental costs, ensuring fines exceed any economic benefits gained from violations. Third, administrative sanctions can be made more impactful by streamlining processes and reducing discretion in permit revocation, especially for repeated violations causing significant harm. Fourth, standardizing the calculation of criminal fines will guarantee that penalties always outweigh the company’s gains, preventing unjust enrichment. Fifth, consistent enforcement of administrative sanctions, accompanied by robust post-sanction monitoring, will ensure that environmental restoration measures are fully implemented and effective. By adopting these measures, corporate responsibility in Indonesia can evolve beyond punitive actions to become restorative, preventive, and proactive, aligning with modern principles of environmental stewardship and sustainability.

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