

Integration of SDG Targets into the Regulatory Framework and Implementation of Corporate Social Responsibility in Industrial Areas

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ABSTRACT

The implementation of Corporate Social Responsibility (CSR) is often not optimally integrated with sustainable development targets due to the lack of clear achievement indicators in regulations. Purpose: Therefore, this research aimed to analyze the suitability of the CSR regulatory framework and its implementation objectives, as well as to evaluate the implementation in companies in the Batam Industrial Area to support the achievement of the Sustainable Development Goals (SDGs). Methods: The empirical legal research method used a legislative and empirical method where the primary data were obtained through observations and qualitative interviews at four manufacturing companies, namely PT Pegaunihan Technology Indonesia, PT Nusa Solar Indonesia, PT Batam Technology Center SLB, and PT Buana Logistik Mandiri Sukses, supplemented by secondary data. Results: The results showed that the CSR regulatory framework correlated with the SDGs in Indonesia referred to Law 13/2003, Law 25/2007, Law 40/2007, Law 32/2009, and PP 47/2012. The four manufacturing companies in Batam further implemented CSR, contributing to the SDGs through concrete programs in education, health, gender equality, and environmental protection. Conclusion: The research found that the implementation of CSR in the Batam Industrial Area had effectively supported the achievement of SDGs, but its effectiveness still needed to be optimized to ensure connection with the real needs of the surrounding community. Suggestion: The suggestion was that the Batam City Regional Government needed to strengthen local regulations by implicitly integrating SDG achievement indicators into companies' CSR reporting obligations. Contribution: The contribution of this research enriched the empirical legal literature on CSR and became a normative reference for the Batam City Government in formulating CSR policies oriented toward sustainable development.



Introduction

Corporate Social Responsibility (CSR) is a crucial topic in legal discourse and the current era of development. Companies are no longer solely responsible for profit-making and self-interest, but also address social issues that uphold social and environmental justice. The synergy fostered in this regard is called sustainable development.¹ As time passes, the global pressure to meet the Sustainable Development Goals (SDGs) is becoming increasingly apparent. Companies worldwide are increasingly being challenged to achieve social responsibilities, not only to address environmental concerns but also to achieve social justice. The concept of CSR developing through a voluntary method is highly influential in society

¹ Hari Sutra Disemadi and Paramita Prananingtyas, "Kebijakan Corporate Social Responsibility (CSR) Sebagai Strategi Hukum Dalam Pemberdayaan Masyarakat Di Indonesia," *Jurnal Wawasan Yuridika* 4, no. 1 (2020): 1.

and has become a legal obligation². This is inseparable from various international and national regulations that govern companies' role in contributing to societal welfare.³ Compliance with companies is no longer the main benchmark, as it is also about how companies can proactively support the achievement of the SDGs. This includes social, economic, and environmental justice that is progressive and positive, as well as supporting healthy and comfortable workers.⁴ In its implementation, the reality of CSR practices in large companies in Indonesia has shown compliance reflected in several company programs. These includes⁵ (1) Pinky Movement by Pertamina, (2) BRI Peduli Scholarship by Bank BRI, (3) Infrastructure Development by PT. Huawei Indonesia, (4) SHARE by Telkom Indonesia, (5) Community Involvement and Development (CID) by PLN Indonesia, (6) Psychological First Aid by Allianz Indonesia, (7) Garuda Indonesia Peduli by Garuda Indonesia, (8) Health Care Initiative by Best Agro International, (9) Proboscis Monkey Breeding by Adaro Energy, and (10) Mangrove Planting by Tokopedia.

Despite the compliance of large Indonesian companies with CSR, cases of failure cannot be denied. There is still a significant gap between the reality of these practices and how they should be implemented in connection with regulations and public expectations. An example of this failure in Indonesia is the Lapindo Mudflow case of 2006.⁶ PT Lapindo Brantas was found to have failed to take responsibility for the environmental and social impacts of the hot mudflow in Sidoarjo, East Java. Although the company promised to implement CSR as a form of social responsibility, it failed to compensate the affected victims adequately. There is also the case where PT. Freeport Indonesia implemented some initiatives, such as building health and education facilities. However, its contribution to the community and the environment is considered limited.⁷ The resulting environmental impacts continue without any concrete solutions from the company.

Reflecting on this phenomenon, many companies still view CSR not as an important aspect, but only as a legal obligation or a way to maintain public image. In fact, it should have a bigger role in improving social and environmental conditions. Several large companies only implement these programs as a formality, without a real commitment to making a positive impact on the community.⁸ This is often evident in the lack of transparency and accountability in program implementation, which makes it difficult to achieve the desired positive impact.⁹ Although CSR in Indonesia continues to grow, fundamental problems such as insufficient seriousness in its implementation and ineffective oversight remain major obstacles.

² Muhammad Zaki et al., "The Corporate Social Responsibility Disclosure Reflect Ethical and Provides A Signal in the Form of Good News," *AKRUAL: Jurnal Akuntansi* 15, no. 2 (2024): 2085–9643.

³ Amr ElAlfy et al., "Scoping the Evolution of Corporate Social Responsibility (CSR) Research in the Sustainable Development Goals (SDGs) Era," *Sustainability (Switzerland)* 12, no. 14 (2020).

⁴ Niloufar Fallah Shayan et al., "Sustainable Development Goals (SDGs) as a Framework for Corporate Social Responsibility (CSR)," *Sustainability (Switzerland)* 14, no. 3 (2022): 1–27.

⁵ Lindungi Hutan Official, "10 Contoh Program CSR Perusahaan Di Indonesia," *Lindungihutan*. Accessed on July 10, 2025.

⁶ Azka Azkiya Zahro, "Menyorot Kasus Pelanggaran CSR Perusahaan Indonesia," *Netral News*. Accessed on July 10, 2025.

⁷ M. Hasyim Abdul Malik, "Pengaruh Good Corporate Governance Terhadap Kinerja Keuangan Sektor Aneka Industri Di Bursa Efek Indonesia," *Owner: Riset & Jurnal Akuntansi* 6, no. 3 (July 2022): 1629–1647.

⁸ Javerson Simamora, Onytra Nirwana Prihatin, and Dadang Apriyanto, "Kepastian Hukum Pelaksanaan Corporate Social Responsibility (CSR) Di Tengah Inkonsistensi Regulasi," *Jurnal Tata Kelola Hukum* 8, no. 12 (2025): 9–19.

⁹ Pelatihan CSR, "Mengatasi Kendala Penerapan CSR Di Indonesia: Pelatihan Untuk Menghindari Kesalahan Umum," *Pelatihan CSR*. Accessed on July 10, 2025.

Several successful programs have had positive impacts on the community, specifically in Batam which is part of Indonesia's largest industrial areas. Successful programs in Batam City include (1) 7 Care Programs from PLN Batam, such as Social, Education, Health, Environment, Religion, Arts-Culture-Sports, and Partnerships,¹⁰ (2) Kelong Tangguh Program from PT. Pertamina Patra Niaga DPPU Hang Nadim,¹¹ (3) CSR Assistance for Batam Polytechnic Education Fund by Bank Mandiri,¹² (4) CSR AWDA and FIFGROUP for 6 Houses of Worship in Batam,¹³ (5) CSR Kabil Industrial Area for road paving assistance in Kampung Panau,¹⁴ and (6) CSR PT. Panasonic Industrial Services is distributing 500 basic food packages to Baloi Permai residents.¹⁵ Although the implementation in several companies in Batam City has been successful, challenges in supervision, transparency, and accountability remain major issues that need to be addressed. CSR implementation in Batam City does not necessarily make a significant contribution and is not necessarily correlated with the SDGs.

The lack of optimal CSR socialization and implementation has created a need to analyze how the legal framework can be strengthened by enabling it to play a greater role in achieving these objectives within the corporate sector. The implementation as an obligation is regulated in several laws and regulations covering companies, job creation, as well as social and environmental responsibility. Article 74 paragraph (1) of Law Number 40 of 2007 on Limited Liability Companies (Law 40/2007) stipulated that "*Companies conducting business in and/or related to natural resources are required to carry out social and environmental responsibilities.*" The Elucidation to Article 74 paragraph (1) of Law 40/2007 also explains that companies related to natural resources include those whose business activities affect the functioning of natural resource capabilities. In relation to the Elucidation to Article 74 paragraph (1) of Law 40/2007, the types of companies' businesses required to implement CSR have been expanded.

CSR is implemented as a form of corporate moral responsibility to improve social and environmental conditions substantially. Current regulations remain insufficient in ensuring implementation and motivating companies to contribute more meaningfully to the SDGs and social justice. The reasons are varied, including differing views and suboptimal socialization, leading to a lack of widespread understanding. The community views CSR as a form of corporate concern for the community, expressed through assistance tailored to community needs. However, companies do not view this as a need but as a financial strategy and an effort to empower the community.¹⁶

¹⁰ PLN Batam, "Corporate Social Responsibility (CSR)," *PLN Batam*. Accessed on July 10, 2025.

¹¹ Resti Lestari, "Pemberdayaan Masyarakat Kampung Tua Kota Batam Melalui Program Corporate Social Responsibility (CSR) PT. Pertamina Patra Niaga DPPU Hang Nadim," *Al-Muhasib: Journal of Islamic Accounting and Finance* 2, no. 1 (2022).

¹² Poli Batam, "Polibatam Terima Dana CSR Dari Bank Mandiri, Meningkatkan Kualitas Pendidikan Tinggi Vokasi," *Polibatam*. Accessed on July 10, 2025.

¹³ Heri Firmansyah, "AWDA-FIFGROUP Salurkan CSR Untuk 6 Rumah Ibadah Di Batam," *Radio Republik Indonesia*. Accessed on July 10, 2025.

¹⁴ Kabar Batam, "Salurkan CSR Perusahaan, Tokoh Pemuda Nongsa Gandeng Pemerintah Setempat Aspal Jalan Kampung Panau," *Kabarbatam.Com*. Accessed on July 10, 2025.

¹⁵ Zaki, "Semangat Saling Bantu Perusahaan Di Batam Melalui CSR," *Go Kepri*, last modified 2021, <https://gokepri.com/semangat-saling-bantu-perusahaan-di-batam-melalui-csr/>. Accessed on July 10, 2025.

¹⁶ Setiantono, Endang Etty Merawati, and Fahrudin Salim, "Pengaruh Strategi Implementasi Corporate Social Responsibility Terhadap Trust Masyarakat, Dan Komitmen Perusahaan Serta Dampaknya Pada Kinerja Perusahaan (Study Kasus: Perusahaan Swasta Nasional Pt Triputra Agro Persada Group)," *Jurnal Ilmiah* 3 (2020): 1-16.

Essentially, research on CSR and the SDGs is not relatively new. Several publications with various analytical objectives have studied it, namely (1) Corporate Social Responsibility: Exploring Perceptions, Motivations, and Practices,¹⁷ (2) Implementation of CSR (Corporate Social Responsibility) at PT. Semen Baturaja (Persero) Tbk as an Effort in Environmental and Partnership Development,¹⁸ (3) Implementation of PT. Pertamina's Corporate Social Responsibility Program for the Business Recovery of its Mentored MSMEs Following the COVID-19 Pandemic,¹⁹ and (4) Implementation of SDG's-12 through Community Development in CSR Programs.²⁰ Other publications include (5) Corporate Social Responsibility (CSR) of Limited Liability Companies according to Law No. 40 of 2007,²¹ (6) The Influence of Corporate Social Responsibility (CSR), Profitability, and Dividend Policy on Company Value in the Mining Sector Listed on the Indonesia Stock Exchange in 2020-2023,²² and (7) The Implementation of Corporate Social Responsibility (CSR) on Corporate Reputation and SDG Achievement in Indonesia.²³ This research analyzes the interaction between the CSR legal framework and the achievement of the SDGs in Batam City, from a Corporate Law perspective. Based on this description, the research questions are as follows; First, how is the Regulatory Framework Correlated with the Implementation of CSR and the Achievement of CSR Goals? Second, how is the Implementation of CSR in Companies in the Batam Industrial Area and its Correlation toward the Achievement of SDGs?

Research Methods

This research used an empirical method to examine the practical application of CSR in Batam and to assess social phenomena and community behavior related to its implementation.²⁴ For this empirical research, a legislative method was used with laws and regulations as a foundation to gather concrete evidence through direct observation.²⁵ The analysis adopted primary data through empirical research, directly including competent sources who provided answers from PT. Pegaunihan Technology Indonesia, PT. Nusa Solar Indonesia, Batam Technology Centre, SLB, and PT. Buana Logistik Mandiri Sukses. To support these empirical results, this research was based on secondary data and a literature

¹⁷ A A Made Pradnya Darsika and Luh Putu Mahyuni, "Corporate Social Responsibility: Eksplorasi Persepsi, Motivasi Dan Praktik," *E-Jurnal Ekonomi dan Bisnis Universitas Udayana* 9, no. 8 (August 2020): 687.

¹⁸ Riyan Ardi Cahya, "Implementasi CSR (Corporate Social Responsibility) PT. Semen Baturaja (Persero) Tbk Sebagai Upaya Dalam Pembinaan Lingkungan Dan Kemitraan," *JIM : Journal Of International Management* 1, no. 01 (May 2022): 43-56.

¹⁹ Bharata Dharmacahya, Dwiningtyas Padmaningrum, and Agung Wibowo, "Implementasi Program Corporate Social Responsibility PT. Pertamina Terhadap Pemulihan Bisnis UMKM Binaan Akibat Pandemi Covid-19," *Jurnal KIRANA* 3, no. 1 (May 2022): 13.

²⁰ Bintang Masnola Capah, Hadiyanto Abdul Rachim, and Santoso Tri Raharjo, "Implementasi SDG's-12 Melalui Pengembangan Komunitas Dalam Program CSR," *Share : Social Work Journal* 13, no. 1 (August 2023): 150.

²¹ Rahmadany, "Tanggung Jawab Sosial Perseroan Terbatas (CSR) Menurut Undang-Undang No. 40 Tahun 2007," *Jurnal Insitusi Politeknik Ganesha Medan* 4, no. 2 (2021): 213-221.

²² Arief Widiasmoko, Desy Arigawati, and Leroy Holman Siahaan, "Pengaruh Corporate Social Responsibility (CSR), Rofitabilitas, Dan Kebijakan Dividen Terhadap Nilai Perusahaan Pada Sektor Pertambangan Yang Terdaftar Di Bursa Efek Indonesia Tahun 2020-2023," *Jurnal Ekonomi Utama* 4, no. 3 (2025): 725-739.

²³ Anas Tasya Angely Fidausya and Ajeng Tita Nawangsari, "Penerapan Corporate Social Responsibility (CSR) Terhadap Reputasi Perusahaan Dan Pencapaian SDGs Di Indonesia," *Jurnal Ilmiah Ekonomi dan Manajemen* 3, no. 12 (2025): 323-331.

²⁴ Muhammad Hendri Yanova, Parman Komarudin, and Hendra Hadi, "Metode Penelitian Hukum: Analisis Problematika Hukum Dengan Metode Penelitian Normatif Dan Empiris," *Badamai Law Journal* 8, no. 2 (2023): 394-408.

²⁵ David Tan, "Metode Penelitian Hukum: Mengupas Dan Mengulas Metodologi Dalam Menyelenggarakan Penelitian Hukum," *NUSANTARA: Jurnal Ilmu Pengetahuan Sosial* 8, no. 8 (2021): 2463-2478.

review to analyze relevant regulations.²⁶ Primary data collection methods were conducted through interviews and direct observation of the four companies, and the data were analyzed qualitatively through human interpretation.²⁷

Results and Discussion

1. *Correlation of the Regulatory Framework Regarding the Implementation of CSR in Indonesia to Achieve the SDGs*

CSR focused on companies' contribution to creating positive social, economic, and environmental impacts.²⁸ The aim was not only to pursue profits but also to consider the sustainability and well-being of society and the environment. In the context of the SDGs, CSR played a crucial role in advancing the 17 global objectives established by the UN in 2015.²⁹ The programs implemented by companies could directly contribute to various SDGs, such as poverty eradication (SDG 1), women's empowerment (SDG 5), economic growth and decent work (SDG 8), or action on climate change (SDG 13).³⁰ Through CSR, companies played an active role in advancing these objectives, positively and sustainably benefiting society and the environment. The obligations of CSR were stipulated in several laws and regulations, along with the derivative regulations, motivating companies to play an active role in social and environmental development. Furthermore, government policies, such as sustainability reporting, energy, and environmental management policies, were essential in guiding the integration of CSR into the SDGs.³¹ Clear and effective regulations were needed to ensure the business sector's positive contribution to broader development objectives. Subsequently, this research discussed the regulations governing the implementation of CSR in Indonesia in more detail.

a. Law Number 13 of 2003 on Manpower (Law 13/2003)

Although Law 13/2003 did not specifically regulate the implementation of corporate CSR for workers, it remained relevant when considered alongside the concept of CSR.³² Connecting Law 13/2003 to the concept of improving the quality of life of workers and the families comprised the health of workers' families, and was limited to that issue. Law 13/2003 regulated labor rights that could be connected to the CSR concept in SDGs 1 and 8, namely, (1) the right to welfare and protection in achieving this welfare (see Article 4 of Law 13/2003), (2) the right to receive wages or compensation to meet living needs, and

²⁶ Ibid.

²⁷ Hari Sutra Disemadi, "Lensa Penelitian Hukum : Esai Deskriptif Tentang Metodologi Penelitian Hukum," *Journal of Judicial Review* 24, no. December (2022): 289–304.

²⁸ Valencia Jovita Gunawan and Dianne Frisko Koan, "Corporate Social Responsibility (CSR) Dan Reputasi Perusahaan: Studi Pada Perusahaan Rokok Di Indonesia," *Indonesian Journal of Auditing and Accounting (IJAA)* 2025 2, no. 2 (2025): 1–8.

²⁹ Sulistyani Prabu Aji and Drajat Tri Kartono, "Kebermanfaat Adanya Sustainable Development Goals (Sdgs)," *Journal of Social Research* 1, no. 6 (May 2022): 507–512.

³⁰ Ishatono Ishatono and Santoso Tri Raharjo, "Sustainable Development Goals (SDGs) Dan Pengentasan Kemiskinan," *Share : Social Work Journal* 6, no. 2 (December 2016): 159–167.

³¹ Meilanny Budiarti Santoso and Santoso Tri Raharjo, "Diskursus Corporate Social Responsibility (CSR) Dalam Mewujudkan Sustainable Development Goals (SDGs)," *Share : Social Work Journal* 11, no. 2 (February 2022): 100–121.

³² Dani Amran Hakim, "Urgensi Penerapan Corporate Social Responsibility Sebagai Upaya Menjamin Hak-Hak Tenaga Kerja," *FIAT JUSTISIA: Jurnal Ilmu Hukum* 10, no. 4 (May 2017): 623–546.

- (3) the right to be treated fairly.³³ However, this article did not cover other basic needs such as education, adequate housing, and sustainable programs for worker welfare.³⁴ Labor protection was regulated in Articles 67 to 101 of Law 13/2003. Companies' CSR that focused on labor protection reflected a commitment to improving the quality of life of the workforce within society.³⁵
- b. Law Number 40 of 2007 on Limited Liability Companies (Law 40/2007)
Law 40/2007 was the most fundamental legislation governing CSR obligations in Indonesia. It was regulated in Article 74 paragraphs (1) to (4) of Law 40/2007, stating that the obligation to implement CSR only applied to companies operating in the sector or related to natural resources. Companies outside the sector were not required to implement CSR in accordance with the provisions of Law 40/2007.³⁶ There were 2 qualifications of activity sectors that required companies to implement CSR, including³⁷ (1) the business operated in the natural resources sector, and (2) the activities were related to natural resources. The provisions of Article 74 of Law 40/2007 were aimed at fostering a balanced relationship between the company and the environment, in correlation with the values and culture of the local community. CSR was a company obligation budgeted and treated as a company expense, with implementation that prioritized propriety and fairness.³⁸ Although the regulations were limited, Law 40/2007 allowed the delegation of sanctions to other sectors as a consequence for companies that did not achieve the obligations (vide Article 74 paragraph (3) of Law 40/2007). Additionally, this article also indirectly imposed a moral obligation to achieve community welfare as mandated by SDG 1, namely, poverty alleviation.³⁹
- c. Law Number 25 of 2007 on Investment (Law 25/2007)
CSR obligations were also imposed on investors in Indonesia, both domestic and foreign, as stipulated in Law 25/2007. The regulation of CSR obligations was stipulated in Article 15, letter b of Law 25/2007, which states “Every investor is obliged to: b. Implement corporate social responsibility.” The explanation defined CSR as the obligation of investment companies to consistently build harmonious, balanced relationships that were in accordance with the local community's environment, values, norms, and culture. This article also stipulated the consequences for failure to achieve the obligations stipulated in Article 15, including⁴⁰ (1) written warning, (2) restrictions on business activities, (3) suspension of business activities, or (4) revocation of business activities.

³³ Windi Afdal and Zuraini, “Kepatuhan Hukum Perusahaan Pemberi Kerja Dalam Memenuhi Hak-Hak Tenaga Kerja Pada Program Jaminan Hari Tua (JHT) Jaminan Sosial Bidang Ketenagakerjaan,” *Jahkim: Jurnal Hukum dan Syariah* 18, no. 2 (2022): 344–360.

³⁴ Hakim, “Urgensi Penerapan Corporate Social Responsibility Sebagai Upaya Menjamin Hak-Hak Tenaga Kerja.”

³⁵ Ibid.

³⁶ Moody Rizqy Syailendra and Cindy Laurencia, “Tinjauan Yuridis Pelaksanaan Tanggung Jawab Sosial Perusahaan (Corporate Social Responsibility) Sebagai Kewajiban Hukum Di Indonesia,” *Journal Of Social Science Research* 3, no. 6 (2023): 1–12.

³⁷ Muhammad Bagas Prasetyo, “CSR Sebagai Komitmen Pelaksanaan Prinsip Responsibility Perusahaan Umum Daerah Tirta Bahari Kota Tegal,” *Jurbisman: Jurnal Bisnis dan Manajemen* 1, no. 1 (2023): 141–156.

³⁸ Michael Gerarrldino Yahya and Yunita Reykasari, “Pemberian Sanksi Hukum Bagi Perusahaan Berbadan Hukum Perseroan Terbatas (PT) Dalam Pelanggaran Kewajiban Coorporate Social Responsibility,” *Indonesian Journal of Law and Justice* 1, no. 4 (January 2024): 9.

³⁹ Windi Afdal and Carina Tan, “Hubungan Hukum Pekerja Dan Keberlakuan Peraturan Perusahaan Dalam Perusahaan Konglomerasi,” *Journal of Judicial Review* 21, no. 02 (December 2019): 168–181.

⁴⁰ Mhd Bahlia, “Pengaruh Corporate Social Responsibility Dalam Meningkatkan Penanaman Modal Asing,” *Jurnal Hukum Samudra Keadilan* 12, no. 1 (2017): 26–43.

Every investor was obliged to pay attention to environmental issues to preserve nature and build harmonious relationships with the community, ensuring that all stakeholders benefited economically and socially.⁴¹

- d. Law Number 32 of 2009 on Environmental Protection and Management (Law 32/2009)
Law 32/2009 did not explicitly regulate corporate obligations for implementing CSR. Based on a systematic interpretation, CSR related to the environment certainly refers to Law 32/2009 as the primary foundation for environmental management and protection. Article 12 of Law 32/2009 stated that the utilization of natural resources should be based on the Long-Term Environmental Development Plan (RPPLH), considering the environmental carrying capacity and assimilative capacity. The obligations in Article 68 of Law 32/2009 relevant to corporate CSR obligations included (1) providing information related to environmental protection and management, (2) maintaining the sustainability of environmental functions, and (3) complying with the provisions of quality standards and/or environmental damage criteria.⁴²
- e. Government Regulation Number 47 of 2012 on the Social and Environmental Responsibility of Limited Liability Companies (PP 47/2012)
The issuance of PP 47/2012 further emphasized that the implementation of CSR was no longer voluntary (directory) but became a mandatory obligation for companies conducting business in and/or related to natural resources (see Article 3 of PP 47/2012).⁴³ This obligation should be budgeted and recorded as a company expense, in accordance with the principles of propriety and fairness.⁴⁴ Companies that did not implement CSR as regulated would be subject to sanctions in accordance with statutory regulations. Conversely, companies that played a role in implementing CSR would receive awards from authorized agencies (see Articles 7 & 8 of PP 47/2012). These regulations aimed to⁴⁵ (1) increase corporate awareness of CSR in Indonesia, (2) meet the evolving legal needs of the community regarding CSR, and (3) strengthen CSR regulations stipulated in various laws and regulations.

2. Implementation of CSR by Companies in the Batam Industrial Area and Its Correlation with the Achievement of the SDGs

CSR in the Batam area had become a strategic tool, given that the area was an industrial city. This development facilitated and connected the implementation of CSR to the achievement of SDGs. To understand the empirical implementation in Batam, this research focused on four manufacturing companies namely, (1) PT. Pegaunihan Technology Indonesia (PT. Pegaunihan), (2) PT. Nusa Solar Indonesia (PT. Nusa), (3) Batam Technology Centre, SLB (PT. Batam TC), and (4) PT. Buana Logistik Mandiri Sukses (PT. Buana). This research was

⁴¹ Cynthia Tuju, "Tanggung Jawab Perusahaan Dalam Konservasi Lingkungan Berdasarkan Undang-Undang Nomor 25 Tahun 2007 Tentang Penanaman Modal," *Lex Crimen* 5, no. 6 (2016): 147-154.

⁴² Muhammad Taufiqurrahman and Hendryanto Sitepu, "Kewajiban Perusahaan Dalam Pelaksanaan Tanggung Jawab Sosial (Corporate Social Responsibility)," *JURNAL RETENTUM* 2, no. 1 (March 2020).

⁴³ Abdul Azis Manurung, "Analisis Yuridis Penerapan PP Nomor 47 Tahun 2012 Tentang Tanggung Jawab Sosial Dan Lingkungan Perseroan Terbatas (Studi Pada PTPN IV Unit Pasir Mandoge)," *Premise Law Journal* 4 (2016): 1-15.

⁴⁴ Defril Hidayat Defril, "Corporate Social Responsibility: Analisis Hukum Peluang Dan Tantangan Sebagai Partner Pembangunan Daerah," *Jurnal Hukum Samudra Keadilan* 18, no. 2 (December 2023): 424-436.

⁴⁵ Henni Wijayanti and Tomi Hidayatullah, "Implementasi PP No. 47 Tahun 2012 Dalam Pelaksanaan Tanggungjawab Sosial Dan Lingkungan Pada PT. Pembangunan Jaya Ancol," *Syntax Literate: Jurnal Ilmiah Indonesia* 7, no. 2 (2022).

conducted using interviews with informants to ensure the relevance of the data and facts collected. The four companies have implemented CSR with varying methods, depending on the nature of the programs, including environmental, social, health, and education.

The concept of CSR in companies has become an important element of business continuity because it has not only been observed as an additional responsibility but also as a crucial part of sustainable business.⁴⁶ The four companies implemented CSR programs in daily operations through various concrete actions. PT. Pegaunihan implemented an effective waste management system, such as (1) recycling, waste reduction, and responsible waste processing, (2) carrying out tree planting or reforestation activities around the company area, (3) carrying out socialization activities with health themes to the community in the surrounding area and the company, (4) mentoring and CSR training for company employees, (5) organizing a comprehensive occupational health and safety program, including routine health checks, Occupational Health and Safety (OHS) training, and (6) the provision of health facilities. PT. Nusa carried out environmental management and life monitoring plans and further conducted routine inspections of the Wastewater Treatment Plant (WWTP), exhaust gas, and domestic waste areas. PT. Batam TC also implemented a waste reduction program by using chemical vendors and WWTP machines, built engagement programs such as annual family dinners, partnered with a hotel to provide gym, sauna, pool, and yoga facilities, developed several occupational safety and health committees, mentors, and CSR training, and adopted several CSR programs such as mangrove planting, as well as providing scholarships to orphanages. Finally, PT. Buana recycled waste for reuse, promoted energy efficiency within the company, and allocated aid to underprivileged communities in the surrounding area.

Table 1 Comparison of Main CSR Focuses

Company Name	Main CSR Focus
PT. Pegaunihan	Environment, health, and education
PT. Nusa	OHS and environmental management
PT. Batam TC	Environment, OHS, and social inclusion
PT. Buana	Environment, social, and energy

Source: Interview Results and Researcher Analysis, 2025

To support the achievement of the SDGs, concrete achievement indicators were needed as a basis for assessment. However, the achievement of these indicators varied depending on the company's conditional factors.⁴⁷ These four companies have achieved indicators that could be observed directly or indirectly in comparison in the following table.

Table 2 Achievement of SDG Indicators

Company Name	Achievement of Indicators
PT. Pegaunihan	1. SDG 3 – The company implements several health outreach programs, including blood donation drives in collaboration with the Indonesian Red Cross, regular blood sugar and other health checks, as well as health seminars on cervical and breast cancer.
	2. SDG 4 – The company actively assists underprivileged students in achieving their educational needs, including children in orphanages and foundations, in obtaining

⁴⁶ Muhammad Firzatullah et al., “Penerapan Corporate Social Responsibility (CSR) Dalam Implementasi Etika Di PT. Cirebon Power,” *Jurnal Ekonomi & Bisnis* 12, no. 2 (2024).

⁴⁷ Arif Paksi, “Penerapan Corporate Social Responsibility Dalam Mendukung Sustainable Development Goals 2030 Di PT Pelabuhan Tanjung Priok,” *Jurnal Penelitian Multidisiplin Terpadu* 8, no. 6 (2024).

	a quality education.
	3. SDG 5 – The company is committed to increasing inclusion and diversity, including gender equality in the workplace by ensuring there is no gender disparity across all positions within the company.
	4. SDG 6 – The company consistently ensures the availability and management of clean water and sanitation in the workplace.
	5. SDG 8 – The company provides skills training and creates employment opportunities at its various operational locations, supporting local economic growth.
	6. SDG 9 – The company builds resilient infrastructure, promotes inclusive and sustainable industrialization, and supports innovation and efficiency in production processes.
	7. SDG 17 – The company collaborates with the government, educational institutions, and Non-Governmental Organizations (NGOs) to ensure the success of various CSR and sustainability programs.
PT. Nusa	The company has implemented several SDG targets, including SDG 6, SDG 8, SDG 9, and other correlated targets.
PT. Batam TC	1. SDG 4 – The company actively organizes STEM (Science, Technology, Engineering, and Mathematics) education programs for students and local communities, including scholarships, vocational training, and teacher capacity building support. 2. SDG 5 – The company is committed to increasing inclusion and diversity, including gender equality in the workplace. The company has various programs to support women's leadership and an equitable work environment. 3. SDG 6 – Through social responsibility projects, the company supports access to clean water in remote areas by providing water purification technology and sanitation education. 4. SDG 7 & SDG 13 – Addressing Climate Change. The company develops and implements low-emission technologies, including renewable energy and carbon capture solutions. This contributes to a sustainable and environmentally friendly energy transition. 5. SDG 8 – The company provides skills training and creates jobs at its operational sites, supporting local economic growth. 6. SDG 9 – Through research and technology investments, the company strengthens innovation in the energy industry, including digitalization, automation, and efficiency in production processes. 7. SDG 17 – The company collaborates with governments, educational institutions, and NGOs to ensure the success of various CSR and sustainability programs.
PT. Buana	The company has implemented several SDG targets, including SDG 6, SDG 8, SDG 9, and other correlated targets.

Source: Interview Results and Researcher Analysis, 2025

The comparison table showed that PT. Pegaunihan and PT. Batam TC better accommodated the SDGs than PT. Nusa and PT. Buana's commitment to healthy living, quality education, clean energy, climate change mitigation, and partnerships. Based on interviews, PT. Nusa and PT. Buana accommodated the SDGs only within the facilities they could provide within the company, namely clean water, decent work, industry, innovation, and infrastructure. PT. Nusa and PT. Buana were working to enhance the integration of the SDGs across the company to support a more comprehensive CSR implementation.

CSR implementation was influenced by a clear, adequate understanding of regulations, thereby ensuring correlation with the SDGs. The following compares the opinions of the four companies regarding SDG correlation.

- a. PT. Pegaunihan believed that the policy framework in Law 40/2007 and Batam City Regulation 2/2012 sufficiently motivated CSR, but in practice, correlation and refinement were still needed to ensure CSR was more focused on achieving the SDGs. PT. Pegaunihan required:
 - 1) The reconstruction of Batam Regional Regulation 2/2012 explicitly stipulated that every CSR program should adhere to the 17 objectives and 169 targets of the SDGs, including measurable indicators, and provide an SDG contribution evaluation form in every company's CSR report;
 - 2) Strengthening accountability by implementing mandatory periodic CSR-SDG reporting based on SDG indicators (e.g., contribution to SDG 4 = number of children receiving assistance) and open publication through a publicly accessible online information system;
 - 3) Incentives and sanctions, including legal/fiscal incentives for companies that consistently and progressively adhered to the SDGs (e.g., regional tax cuts, licensing priority) and administrative sanctions or legal reputational downgrades (e.g., through CSR blacklisting) for companies failing to achieve the obligations or make false reports, and
 - 4) Cross-sector integration by collaborating with the Departments of Environment, Education, Health, and the Regional Development Planning Agency (Bappeda) in developing and evaluating CSR-SDG programs.
- b. PT. Nusa believed that the regulations for implementing CSR were quite appropriate.
- c. PT. Batam TC believed that existing regulations provided a sufficient legal basis to motivate CSR implementation, as stipulated in Law 40/2007 and PP 47/2012. However, further correlation was needed to ensure CSR implementation was more focused on achieving the SDGs in practice. Additional policy frameworks were needed, such as:
 - 1) CSR reporting guidelines based on the SDGs and the Global Reporting Initiative (GRI),
 - 2) Fiscal incentives for companies implementing CSR programs that have a tangible impact,
 - 3) Establishment of nationally standardized CSR performance indicators and sectoral regulations that integrate CSR with regional sustainable development strategies.
- d. PT. Buana believed that CSR implementation regulations were sufficiently appropriate.

The implementation of CSR by companies in the Batam industrial area showed positive developments, serving as a strategic instrument to support the achievement of the SDGs. The four companies studied, including PT. Pegaunihan, PT. Nusa, PT. Batam TC, and PT. Buana have implemented various CSR programs covering environmental, social, health, education, and employment sectors. PT. Pegaunihan and PT. Batam TC appeared to excel at integrating CSR programs with SDG indicators, including partnerships and clean energy initiatives. In terms of regulations, PT. Pegaunihan and PT. Batam TC were pushing for policy refinements to more explicitly reference the SDGs, while PT. Nusa and PT. Buana assessed that current regulations were sufficiently supportive. The aggregate of all practices implemented by these four companies showed that CSR in Batam was not only administrative but also directed towards making a tangible, sustainable impact on society and the environment.

Conclusion

In conclusion, the correlation between CSR regulations in Indonesia and the SDGs was evident in the integration of national policies with global sustainability principles. Several national regulations, such as Law 13/2003, Law 40/2007, Law 25/2007, Law 32/2009, and PP 47/2012, have reinforced CSR obligations as a tangible contribution by companies to realizing sustainable development. Four companies in the Batam industrial area, namely PT. Pegaunihan, PT. Nusa, PT. Batam TC, and PT. Buana implemented CSR programs focused on the environment, education, and the welfare of the surrounding community. These programs correlated with several SDGs, including health, education, and sustainable environmental management. Although already well-functioning, the companies expected more supportive regulations to maximize CSR contributions to the SDGs.

Suggestion

Regulations related to CSR should be strengthened by implicitly establishing SDG achievement indicators within companies' reporting obligations on social and environmental responsibility. Furthermore, companies should be able to implement CSR programs more in correlation with the needs of the surrounding community, accelerating SDG achievement.

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