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The Role of Law in Addressing Environmental Crimes Caused by Companies

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Abstract

Environmental crimes committed by corporations have become a global issue requiring serious attention within the legal system. Irresponsible exploitation of natural resources, environmental pollution, and ecosystem destruction are the primary forms of environmental crimes frequently perpetrated by corporations. These crimes not only threaten environmental sustainability but also cause significant economic and public health harm to society. The role of law is therefore crucial in preventing and addressing environmental crimes committed by corporations. This study aims to analyze how law functions in preventing and addressing corporate environmental crimes through administrative, civil, and criminal legal instruments. A normative juridical research method is employed with a regulatory approach supported by relevant legal theories. The data consist of primary legal materials, including applicable laws and regulations, as well as secondary legal materials comprising scholarly literature, legal journals, and other legal documents. This study examines various legal instruments that have been implemented to control corporate environmental crimes, including licensing regulations, administrative sanctions, civil lawsuits, and criminal penalties for companies and their directors. Furthermore, this research addresses challenges in environmental law enforcement, such as weak oversight, political and economic interests, and a lack of inter-agency coordination. A deeper understanding of the role of law in this area is expected to contribute to the strengthening of environmental regulations to ensure corporate compliance with sustainable environmental standards.

INTRODUCTION

Environmental crimes committed by corporations are a serious problem that continues to grow alongside industrial development and the exploitation of natural resources (Hasan, 2023). Corporations often engage in activities that negatively impact the environment, such as water, air, and soil pollution, as well as ecosystem destruction resulting from mining, plantation, or manufacturing activities (Topan, 2019). The consequences of these environmental crimes extend beyond environmental degradation, causing significant social and economic losses for affected communities. Air pollution and water source contamination, for example, can give rise to public health problems and reduce economic productivity in the agriculture and fisheries sectors (Hasid, 2022). Strict regulations are therefore necessary to prevent and address environmental crimes committed by corporations in order to maintain ecosystem balance and protect communities' right to a healthy environment.

In addressing corporate environmental crimes, a clear understanding of the concept of environmental crime is essential. Environmental crimes by corporations may be defined as actions that directly or indirectly cause environmental damage or pollution, whether through negligence or intentional conduct in the course of business operations (Prakasa, 2024). Common forms of environmental crime include the untreated disposal of hazardous waste, illegal deforestation, and the exploitation of natural resources beyond the environment's carrying capacity (Kahfi, 2014). Such actions are generally carried out for economic gain without regard for the impact on ecosystems and surrounding communities (Pan et al., 2024).

The impacts of corporate environmental crimes are extensive and complex. From an ecological perspective, corporate pollution can destroy the natural habitats of flora and fauna, contribute to species extinction, and disrupt the balance of the food chain (Cendranita, 2024). Soil and water pollution from industrial waste can further degrade agricultural land fertility and reduce the quality of water used by communities for daily needs (Widiyanto, 2015). From a public health perspective, exposure to hazardous chemicals discharged into the environment can cause various chronic diseases, including respiratory disorders, cancer, and skin conditions (Parinduri, 2024). The economic impact is equally significant, as environmental pollution frequently harms sectors dependent on natural resources, such as agriculture, fisheries, and tourism, resulting in reduced income and potential loss of livelihoods for affected communities (Nugraha et al., 2024).

To better understand corporate environmental crimes, it is necessary to examine them through the lens of environmental law theory. Environmental law theory provides the legal basis for the regulation and oversight of corporate activities with the potential to damage the environment, emphasizing that environmental protection is not solely the responsibility of the state but a shared obligation among the government, corporations, and society (Sriyanti, 2023). In the corporate context, this theory holds that companies bear a legal responsibility to ensure that their business activities do not negatively impact the environment or surrounding communities (Nur'Aini, 2024).

Legal compliance theory also serves as an important foundation for understanding how companies should adhere to environmental regulations. This theory explains that corporate compliance depends not only on the existence of regulations but also on the effectiveness of supervision, the deterrent force of sanctions, and corporate awareness of the importance of environmental sustainability (Sadnyini, 2023). Some companies may comply solely due to the threat of legal sanctions, while others maintain a genuine commitment to environmentally responsible business practices. Legal compliance can therefore be fostered through a combination of strict regulations, incentive systems, and education that cultivates corporate environmental responsibility (Mas, 2024).

Several legal principles serve as the foundation for governing corporate environmental responsibility. One key principle is the "polluter pays" principle, which holds that any party causing pollution or environmental damage must bear responsibility for remedying it, whether through compensation, environmental restoration, or other legal sanctions. This principle aims to ensure that corporations are not absolved of responsibility for their negative impacts and encourages the adoption of more environmentally responsible business practices (Purwendah, 2021).

The precautionary principle further provides that where a company's activities pose a potential risk to the environment, preventive measures must be taken even in the absence of conclusive scientific evidence of harm. This principle is grounded in the premise that prevention is preferable to remediation, particularly in relation to industrial pollution, the use of hazardous chemicals, and the overexploitation of natural resources. Its application is expected to encourage companies to adopt cleaner technologies and conduct risk assessments before undertaking potentially damaging activities (Purwendah E.K., 2019).

The principle of sustainable development is also a vital foundation for regulating the relationship between corporations and the environment, emphasizing that economic growth and industrial development must be pursued in a manner that preserves natural resources and safeguards the well-being of future generations. Corporations must therefore strike a balance between their economic interests and their ecological responsibilities (Gumilang, 2022). The application of sustainable development principles in corporate policy can be realized through the use of renewable energy, improved waste management, and technological innovation that supports resource efficiency.

An understanding of these theories and principles leads to the conclusion that corporate environmental crimes are not solely an environmental matter but are also closely tied to a company's social and economic responsibilities. Regulations grounded in environmental law principles are essential to ensure that corporations conduct their operations responsibly, and corporate awareness of the importance of environmental sustainability must be strengthened so that prevention relies not only on the threat of sanctions but also on an ethical commitment to environmental stewardship.

Several studies have examined corporate environmental crimes and their legal responses. Research by Hasan (2023), Topan (2019), Prakasa et al. (2024), and Kahfi (2014) identified various forms of corporate environmental crime and highlighted difficulties in proving corporate liability, but focused more on describing phenomena than on comprehensively analyzing legal instruments. Studies on the "polluter pays" principle (Purwendah, 2021), administrative sanctions (Pratama et al., 2023; Zulkifli, 2019), and oversight weaknesses (Cendranita & Firmansyah, 2024; Syaprillah, 2016) remained largely theoretical or fragmented, failing to integrate administrative, civil, and criminal sanctions or to offer structured enforcement strategies. Three main gaps are consequently identified: most research addresses legal responses in isolation; few studies adopt comparative approaches drawing on international standards; and none specifically identifies implementation gaps while offering structured strengthening strategies.

The novelty of this research lies in its use of a normative juridical approach with simultaneous comparative analysis of administrative, civil, and criminal instruments, its integration of key environmental law principles into a coherent analytical framework, and its identification of implementation gaps as the basis for formulating holistic enforcement strategies. The objectives are to analyze the role of law in preventing and addressing corporate environmental crimes, to identify enforcement challenges, and to formulate strategies for strengthening the legal framework. The theoretical benefits include enriching the environmental law literature on corporate liability, while the practical benefits provide input for policymakers — including the Ministry of Environment and Forestry, the judiciary, the police, and prosecutors — in designing more effective policies, evaluating Law Number 32 of 2009, and serving as a reference for legal practitioners and researchers.

METHOD

This research method employs a normative juridical method, namely an approach that emphasizes the study of applicable legal norms in regulating the prevention and handling of environmental crimes by corporations. It focuses on the analysis of legislation, legal doctrine, and environmental law principles related to corporate responsibility. The approaches used in this research are the statute approach and the conceptual approach. The statute approach is done by examining various regulations related to environmental law, such as Law Number 32 of 2009 concerning Environmental Protection and Management, as well as criminal, civil, and administrative law provisions that regulate sanctions against corporations committing environmental crimes. Meanwhile, the conceptual approach is used to understand relevant environmental law theories, such as the polluter pays principle, the precautionary principle, and the concept of corporate legal responsibility. The data in this study are sourced from primary and secondary legal materials. Primary legal materials include applicable laws and regulations, court decisions, and other legal instruments. Secondary legal materials include scientific literature, legal journals, and research documents addressing aspects of environmental law and corporate responsibility. The analytical technique used is qualitative analysis, which examines existing legal norms to provide legal arguments regarding the effectiveness of regulations and law enforcement in preventing and addressing environmental crimes by corporations. Through this method, the research can provide a comprehensive picture of how the law functions as a control tool against corporate activities that have the potential to damage the environment.

RESULTS AND DISCUSSION

The Role of Law in Preventing Environmental Crimes

Law plays a crucial role in preventing environmental crimes committed by corporations. One of the primary instruments for this prevention is the body of laws and regulations that bind companies in carrying out their business activities (Pratama, 2023). In Indonesia, the principal regulation governing environmental protection is Law Number 32 of 2009 concerning Environmental Protection and Management (Undang-Undang Perlindungan dan Pengelolaan Lingkungan Hidup/UUPPLH). This law stipulates that every company is obliged to manage the environment responsibly and must not engage in activities with the potential to cause environmental damage. Companies are also required to comply with environmental standards prescribed in various technical regulations, including Government Regulation Number 22 of 2021 concerning the Implementation of Environmental Protection and Management, which governs environmental quality standards and waste management requirements.

One of the primary legal instruments in preventing environmental crimes is the obligation for companies to implement environmental standards, including conducting an Analisis Mengenai Dampak Lingkungan (AMDAL) as stipulated in Article 22 of the UUPPLH. An AMDAL is a study conducted prior to the commencement of business activities to assess potential environmental impacts. Through this mechanism, companies are expected to identify and mitigate environmental risks at an early stage and develop measures to address potential impacts (Nugraheni, 2021). For activities not required to prepare an AMDAL, Article 34 of Government Regulation Number 22 of 2021 provides for Upaya Pengelolaan Lingkungan (UKL) and Upaya Pemantauan Lingkungan (UPL) as alternative environmental management and monitoring mechanisms.

From an administrative law perspective, environmental permit regulations constitute a key mechanism for preventing environmental crimes. Article 36 of the UUPPLH stipulates that every business or activity with a significant impact on the environment must obtain an environmental permit as part of its business licensing requirements. This permit is designed to ensure that companies satisfy environmental protection requirements before commencing operations. Companies that violate the terms of their environmental permits may be subject to administrative sanctions, which can include written warnings, government-mandated corrective measures, permit suspension, or permit revocation, as stipulated in Article 76 of the UUPPLH (Zulkifli, 2019).

In addition to permit regulations, corporate oversight is a crucial aspect of administrative law for ensuring compliance with environmental standards. Article 71 of the UUPPLH obliges the government to monitor companies' compliance with environmental management obligations. Where violations are found, administrative sanctions may be imposed to prevent further environmental damage. This oversight is carried out through various mechanisms, including periodic inspections, environmental audits, and mandatory company reports on waste and emissions management. Rigorous oversight further incentivizes companies to operate in accordance with environmental regulations (Syaprillah, 2016).

In the context of civil law, communities or parties harmed by corporate environmental pollution may file civil lawsuits. Article 87 of the UUPPLH provides that companies causing environmental pollution or damage are obligated to compensate affected parties. Such lawsuits may be filed by individuals, community groups, or environmental organizations with a legitimate interest in environmental protection, as stipulated in Article 92 of the UUPPLH, and seek compensation for losses suffered, including both material and immaterial damages.

Beyond compensation, civil law also imposes environmental restoration obligations on companies that cause damage. Article 87, paragraph (2) of the UUPPLH provides that, in addition to paying compensation, companies are responsible for restoring the environment to its condition prior to the pollution or damage. This restoration may take the form of ecosystem rehabilitation, toxic waste remediation, or other measures aimed at restoring environmental balance. Where a company fails to fulfill this obligation, it may be subject to further legal action to compel compliance.

Criminal law also plays a crucial role in preventing environmental crimes by imposing sanctions on perpetrators of environmental pollution or destruction. Articles 98 to 103 of the UUPPLH regulate various forms of environmental crime subject to criminal penalties. Article 98, for example, provides that any person who intentionally commits an act resulting in serious environmental pollution or damage may be sentenced to a maximum of ten years' imprisonment and a fine of up to IDR 10 billion. These criminal penalties serve as a deterrent, encouraging companies to exercise greater caution in their operations.

Beyond sanctions against companies as legal entities, managers and responsible officials within a company may also be subject to criminal liability where they are proven to have been involved in environmental crimes. Article 116 of the UUPPLH provides that where an offence is committed by a corporation, criminal sanctions may be imposed on the responsible manager or on the corporation as a legal entity. A company director or manager may thus face criminal penalties if proven to have issued orders or been negligent in preventing environmental pollution. This provision ensures that companies are not merely subject to financial penalties but that individuals within them also bear personal accountability.

From the foregoing, it is evident that law plays a strategic role in preventing corporate environmental crimes. Strict environmental regulations, licensing mechanisms, administrative oversight, and the threat of civil and criminal sanctions collectively aim to ensure that companies do not engage in environmentally damaging business practices. Through the effective implementation of these legal mechanisms, companies are expected to conduct their activities more responsibly and with greater regard for their environmental impact.

Law Enforcement Against Corporate Environmental Crime Committers

Law enforcement against corporate environmental crime perpetrators is a crucial aspect of ensuring corporate compliance with environmental regulations. The government plays a primary role in oversight and enforcement through various available legal instruments. Institutions such as the Kementerian Lingkungan Hidup dan Kehutanan (KLHK), the Pusat Pengendalian Pembangunan Ekoregion (P3E), and regional environmental agencies are tasked with monitoring corporate activities that have the potential to damage the environment. The Police, Prosecutors, and Courts also play a role in handling environmental crime cases through administrative, civil, and criminal mechanisms. Synergy among these institutions is essential to ensure the effective prosecution of environmental law violations.

In terms of authority, law enforcement agencies play a strategic role in handling environmental crime cases committed by corporations. Article 94 of the UUPPLH authorizes Pejabat Pengawas Negeri Sipil (PPNS) — civil servant investigators — to conduct environmental investigations into alleged environmental violations. The police and prosecutors may also handle such cases within the criminal law framework. In certain cases, the Komisi Pemberantasan Korupsi (KPK) may intervene where there are elements of corruption in the management of environmental permits or policies that give rise to illegal practices harmful to the environment. This enforcement mechanism requires strong inter-agency coordination to prevent overlapping authority in the handling of corporate environmental violations.

Administrative sanctions are one form of enforcement frequently applied to corporations committing environmental violations. Article 76 of the UUPPLH stipulates that administrative sanctions may take the form of written warnings, temporary suspension of activities, government-mandated corrective measures, administrative fines, revocation of environmental permits, or permanent suspension of business activities. These sanctions aim to compel companies to promptly remedy violations without recourse to a lengthy judicial process. However, the effectiveness of administrative sanctions often depends on the government's commitment to consistent oversight and enforcement.

In addition to administrative sanctions, companies found to have caused environmental harm may also be subject to civil liability. Communities, environmental organizations, or the government may file civil lawsuits pursuant to Articles 87 and 92 of the UUPPLH, seeking corporate accountability in the form of compensation or environmental restoration obligations. In some cases, courts may order companies to pay compensation to affected communities or to fund rehabilitation programs for environmental damage caused by their activities. This civil mechanism allows for more flexible enforcement and can directly benefit affected parties.

Criminal sanctions constitute a stricter form of enforcement against corporations that commit environmental crimes systematically or repeatedly. Articles 98 to 103 of the UUPPLH regulate various forms of environmental crime for which companies and their managers may be held criminally liable. Companies that intentionally cause pollution with serious impacts, for example, may be subject to fines of up to IDR 10 billion or imprisonment of their responsible managers. In practice, however, criminal enforcement against companies continues to face significant challenges, particularly in establishing individual liability within the corporate structure and in conducting investigations that require complex technical evidence.

Challenges in environmental law enforcement also arise from regulatory loopholes that large companies can exploit to evade responsibility. Some companies resort to legal mechanisms to delay or avoid sanctions by filing counter-lawsuits against the government or the communities that initiated proceedings. Political and economic factors further influence environmental law enforcement, particularly in cases involving large corporations with close ties to government, which can result in uneven enforcement in which smaller companies are more readily sanctioned than larger corporations with greater legal and political resources.

Addressing these challenges requires stricter regulatory reform and more effective inter-agency coordination. The government must strengthen oversight mechanisms and enhance transparency in the application of sanctions, while also encouraging public participation in monitoring corporate environmental performance. Increasing the capacity of environmental investigators, judges, and prosecutors in handling environmental cases is equally essential for more effective prosecution of environmental crimes. With a strong commitment from all parties, enforcement against corporate environmental crimes can be rendered more effective, providing a stronger deterrent for companies that may otherwise be inclined toward violations.

CONCLUSION

The existence of laws to prevent and address environmental crimes committed by corporations plays a crucial role in maintaining ecosystem balance and protecting the public's right to a healthy environment. Available legal mechanisms — whether administrative, civil, or criminal — serve as the primary instruments for ensuring that companies are held accountable for their environmental impacts. Regulations such as Law Number 32 of 2009 concerning Environmental Protection and Management and its various implementing regulations provide a strong legal foundation for controlling business activities and preventing environmental damage. However, despite the availability of these legal instruments, challenges in their implementation and enforcement remain significant obstacles. Weaknesses in oversight, a lack of inter-agency coordination, and the influence of political and economic interests frequently undermine the effectiveness of law enforcement against large corporations that commit violations. Strengthening legal mechanisms is therefore necessary to ensure that companies not only achieve formal compliance but also bear concrete responsibility for environmental preservation.

To improve the effectiveness of preventing and addressing corporate environmental crimes, regulatory and oversight reforms are essential. The government must tighten environmental licensing requirements and enhance transparency in the issuance of business permits to prevent abuse that leads to environmental damage. Coordination among government agencies, law enforcement officials, and civil society must also be strengthened to ensure more rigorous oversight of corporate activities. Public participation in environmental oversight should be expanded, both through legal challenge mechanisms and by strengthening the role of environmental organizations in policy advocacy. It is equally crucial for companies to cultivate legal awareness and social responsibility toward the environment by adopting sustainable corporate social responsibility (CSR) principles. With these measures in place, it is hoped that corporate environmental crimes can be minimized, enabling economic development to proceed in harmony with environmental protection for the sustainability of future generations.

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