

**REGULATION OF THE GOVERNMENT OF THE REPUBLIC OF INDONESIA
NUMBER 47 OF 2012
ON
SOCIAL AND ENVIRONMENTAL RESPONSIBILITIES OF LIMITED LIABILITY COMPANIES**

BY THE GRACE OF GOD ALMIGHTY

THE PRESIDENT OF THE REPUBLIC OF INDONESIA,

Considering:

that in order to implement the provisions of Article 74 paragraph (4) of Law Number 40 of 2007 on Limited Liability Companies, it has been deemed necessary to establish Regulation of the Government on Social and Environmental Responsibilities of Limited Liability Companies;

Observing:

1. Article 5 paragraph (2) of the 1945 Constitution of the Republic of Indonesia;
2. Law Number 40 of 2007 on Limited Liability Companies (State Gazette of the Republic of Indonesia of 2007 Number 106, Supplement to the State Gazette of the Republic of Indonesia Number 4756);

HAS DECIDED:

To establish:

REGULATION OF THE GOVERNMENT ON SOCIAL AND ENVIRONMENTAL RESPONSIBILITIES OF LIMITED LIABILITY COMPANIES.

Article 1

Under this Regulation of the Government, the following definitions are employed:

1. Limited Liability Company, from this point onwards is referred to as a Company, is a legal entity that is a capital partnership, that is established based on an agreement, that conducts business activities with authorized capital which is entirely divided into shares and fulfills the requirements established under Law Number 40 of 2007 on Limited Liability Companies and its delegated regulations.
2. General Meeting of Shareholders (Rapat Umum Pemegang Saham), from this point onwards is referred to as RUPS, is the organ of a Company which has an authority that is not granted to the Board of Directors or Board of Commissioners within the limits established under Law Number 40 of 2007 on Limited Liability Companies and/or the articles of association.
3. Board of Directors is the organ of a Company organ which is authorized and fully responsible for the management of the Company so as for the benefit of the Company, in accordance with the purposes and objectives of the Company, and represents the Company, both inside and outside the court following the provisions of the articles of association.

4. Board of Commissioners is the organ of a Company organ that is in charge of conducting general and/or specific supervision in accordance with the articles of association and also provides advice towards the Board of Directors.

Article 2

Each Company as a legal subject has social and environmental responsibilities.

Article 3

- (1) The social and environmental responsibilities as referred to in Article 2 becomes an obligation for the Company which carries out its business activities in the field of and/or related to natural resources based on the Law.
- (2) The obligations as referred to in paragraph (1) are carried out both inside and outside of the Company.

Article 4

- (1) The social and environmental responsibilities are carried out by the Board of Directors based on the Company's annual work plan after obtaining approval from the Board of Commissioners or RUPS in accordance with the articles of association of the Company, unless otherwise established under the laws and regulations.
- (2) The Company's annual work plan as referred to in paragraph (1) contains the activity plan and budget that is required for the implementation of its social and environmental responsibility.

Article 5

- (1) The Companies that carry out their business activities in the field of and/or related to natural resources, in preparing and establishing activity plans and budgets as referred to in Article 4 paragraph (2) must pay attention towards propriety and fairness.
- (2) The realization of the budget for the implementation of the social and environmental responsibility carried out by the Company as referred to in paragraph (1) shall be calculated as the Company's expense.

Article 6

The implementation of the social and environmental responsibility is contained within the Company's annual report and is accountable to the RUPS.

Article 7

Companies as referred to in Article 3 that do not carry out the social and environmental responsibilities are subject to sanctions in accordance with the provisions of laws and regulations.

Article 8

- (1) The social and environmental responsibility as referred to in Article 3 does not prevent Companies from participating in carrying out social and environmental responsibilities as referred to in Article 2.

- (2) Companies that have participated in carrying out social and environmental responsibilities as referred to in paragraph (1) may be given an award by the authorized agency.

Article 9

This Regulation of the Government comes into force on the date of promulgation.

For public cognizance, it is hereby ordered that this Regulation of the Government be promulgated in the State Gazette of the Republic of Indonesia.

Established in Jakarta

on 4 April 2012

THE PRESIDENT OF THE REPUBLIC OF INDONESIA,

signed

DR. H. SUSILO BAMBANG YUDHOYONO

Promulgated in Jakarta

on 4 April 2012

THE MINISTER OF LAW AND HUMAN RIGHTS OF THE REPUBLIC OF INDONESIA,

signed

AMIR SYAMSUDDIN

STATE GAZETTE OF THE REPUBLIC OF INDONESIA OF 2012 NUMBER 89

**ELUCIDATION OF
REGULATION OF THE GOVERNMENT OF THE REPUBLIC OF INDONESIA
NUMBER 47 OF 2012
ON
SOCIAL AND ENVIRONMENTAL RESPONSIBILITIES OF LIMITED LIABILITY COMPANIES**

I. GENERAL

This Regulation of the Government implements the provisions of Article 74 of Law Number 40 of 2007 on Limited Liability Companies. This Regulation of the Government regulates the social and environmental responsibilities aimed at realizing a sustainable economic development in order to improve the quality of life and the environment that is beneficial for the local community and society in general as well as the Company itself in the context of establishing a harmonious, balanced, and environmentally compatible Company relationship that is in accordance with the values, norms, and culture of the local community.

Under this Regulation of the Government, Companies whose business activities are in the field of and/or related to natural resources are required to carry out the social and environmental responsibilities. Activities in fulfilling social and environmental responsibility obligations must be budgeted and calculated as the Company's expenses which are carried out with due regard to propriety and fairness.

The social and environmental responsibility arrangements are intended to:

1. increase the Company's awareness toward the implementation of social and environmental responsibilities in Indonesia;
2. meet the development of legal needs within the community regarding the social and environmental responsibilities; and
3. strengthen the social and environmental responsibility arrangements that have been regulated under various laws and regulations in accordance with the business activities of the Company concerned.

In connection with the abovementioned matters, this Regulation of the Government regulates:

1. The social and environmental responsibilities carried out by the Company in carrying out its business activities in the field of and/or related to natural resources based on the Law.
2. The implementation of social and environmental responsibilities shall be carried out inside or outside the Company.
3. The social and environmental responsibilities that are carried out based on an annual work plan that contains the activity plan and budget that is required for its implementation.
4. The implementation of social and environmental responsibilities is prepared by taking into account propriety and fairness.
5. The implementation of the social and environmental responsibilities must be included within the Company's annual report to be accountable to the RUPS.
6. Affirmation of the regulation on the imposition of sanctions for Companies that do not carry out social and environmental responsibilities.
7. Companies that have participated and carried out their social and environmental responsibilities may be given an award by the authorized agency.

II. ARTICLE BY ARTICLE

Article 1

Self - explanatory.

Article 2

This provision emphasizes that, basically, every Company as a form of human activity within the business field is morally committed to being responsible for the continued creation of a harmonious and balanced Company relationship with the environment and the local community in accordance with the values, norms and culture of the community.

Article 3

Paragraph (1)

"Companies that carry out their business activities in the field of natural resources" are Companies whose business activities manage and utilize natural resources.

"Companies that carry out their business activities related to natural resources" are companies that do not manage and do not utilize natural resources, but whose business activities have an impact on the functions and capabilities of natural resources, including the preservation of environmental functions.

"based on the law" are laws along with the delegated regulations of laws regarding natural resources or relating to natural resources, as well as ethics in running a company, including: laws and regulations in the fields of industry, forestry, oil and natural gas, state-owned enterprises, geothermal businesses, water resources, mineral and coal mining, electricity, environmental protection and management, prohibition of monopolistic practices and unfair business competition, human rights, manpower, and consumer protection.

Paragraph (2)

Self - explanatory.

Article 4

Paragraph (1)

"unless otherwise established under the laws and regulations" is the laws and regulations establishing otherwise that the approval of the work plan is given by the RUPS, then the articles of association cannot determine whether a work plan is approved by the Board of Commissioners or vice versa.

Paragraph (2)

Self - explanatory.

Article 5

Paragraph (1)

"propriety and fairness" is the Company's policy, which is adjusted towards the Company's financial capabilities, and the potential risks that result the in social and environmental responsibilities that must be borne by a Company in accordance with its business activities that do not reduce the obligations as

established under the provisions of laws and regulations related to the Company's business activities.

Paragraph (2)

Self - explanatory.

Article 6

Self - explanatory.

Article 7

"are subject to sanctions in accordance with the provisions of laws and regulations" are being subject to all forms of sanctions regulated under the relevant laws and regulations.

Article 8

Paragraph (1)

" does not prevent Companies from participating in carrying out social and environmental responsibilities" is that a Company can still carry out it's social and environmental responsibilities other than those that have become its obligations.

Paragraph (2)

"award" is, for example, facilities or other forms of award.

Article 9

Self - explanatory.

SUPPLEMENT TO STATE GAZETTE OF THE REPUBLIC OF INDONESIA NUMBER 5305

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