

FROM VOLUNTARY CORPORATE SOCIAL RESPONSIBILITY TO MANDATORY CORPORATE RESPONSIBILITY: A COMPARATIVE LEGAL ANALYSIS OF REGULATORY APPROACHES IN THE MINING SECTOR

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ABSTRACT

This research examines the effectiveness and necessity of mandatory corporate responsibility frameworks by comparing regulatory approaches in the mining sector in Indonesia, India, and the European Union, and with implications for Myanmar. The issue of this research is based on the unenforceable Corporate Social Responsibility (CSR) under Myanmar's laws, although there is Myanmar's legislation on investment, environmental, and mining that indirectly and voluntarily refer to CSR obligations. This leads to continuous degradation of the environment, resettlement of local communities, and social conflict in Myanmar. Using doctrinal and comparative legal approaches, this paper will examine the differences in regulatory strategies used in Indonesia, India, and the European Union, which include incorporation of CSR obligations into company laws, mandatory CSR expenditure, and due diligence, respectively. Research results prove that Indonesia's CSR strategy with reference to mining license, India's "comply or be penalized" approach based on fines, and the European Union extraterritorial value-chain due diligence all provide for an appropriate regulatory framework. Nonetheless, it can be seen that transplanting legal norms to Myanmar directly is infeasible. Instead, the paper suggests a contextual CSR mandate including sector-specific duties, improved transparency, community involvement, and graduated enforcement based on license penalties. This study adds value to the field of CSR research in that it shows that good governance in the extractive sector is not only about compliance with legal requirements but also about capability and integration of enforcement.

Keywords: Corporate Social Responsibility, Mining Sector Regulation, Comparative Legal Analysis, Mandatory CSR, Myanmar

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INTRODUCTION

Corporate Social Responsibility (CSR) has evolved from a voluntary, charitable concept to a main pillar of corporate governance, specifically in the sector of risky extractive industries. From being a discretionary act done by businesses to enhance their reputation, CSR has become increasingly important as a concept that revolves around the legal aspect of corporate conduct, sustainable development, and regulatory compliance (Carroll, 1999). This evolution is especially important in the mining sector, considering that such ventures have the nature to disrupt environments and displace communities and involve land disputes and socioeconomic consequences on surrounding areas (Hilson, 2012).

The trend towards mandatory corporate responsibility regulations worldwide proves the fact that voluntary approaches will not resolve the systemic governance failures. Indonesia is an example of a country whose statute requires mandatory CSR from natural resource corporations (Law No. 40/2007), while India's Companies Act 2013 requires qualifying companies to spend two percent of their profit on corporate social responsibility (Section 135). The European Union represents another example of legislation mandating such concepts as due diligence and sustainability (Directives 2024/1760; 2022/2464). These three jurisdictions represent fundamentally different regulatory philosophies yet share a common transformation from voluntary discretion to legal obligation.

This study examines how CSR regulatory deficits manifest in the case of Myanmar. As a resource-rich country with mineral deposits, mining has historically contributed greatly to national revenue, and has contributed 27.81% of extractive sector revenues in fiscal year 2017-2018 (Myanmar EITI, 2019-2020). However, while such activities contribute to economic growth, they often result in adverse consequences such as social conflicts, environmental degradation, and other concerns raised by communities living near mining sites. This research highlights a case study that supports the hypothesis of the study: the Letpadaung Copper Mine, which clearly illustrates that without a mandatory CSR requirement, the mining process passes social and environmental responsibility onto local populations, while corporations evade accountability.

The research focuses on the problem associated with the absence of an enforceable, mining-specific CSR policy in Myanmar. Even though there are laws related to responsible investment (the Myanmar Investment Law, 2016) and the licensing process (Myanmar Mines Law, 2015), CSR is not clearly defined, nor is it enforceable. Not only that, it was further complicated by Myanmar's suspension from the Extractive Industries Transparency Initiative (EITI) program in 2024, which has reduced transparency in licensing, revenue management, and contract arrangements.

This research is based on the hypothesis that the lack of clear and enforceable CSR framework in Myanmar's mining sector contributes to inadequate corporate accountability, insufficient local community protection, and inefficient environmental governance in Myanmar, while Myanmar will be able to establish an effective CSR framework by adopting mandatory and sector-specific CSR obligations inspired by comparative law. The aims include: 1) identifying major flaws in Myanmar's current CSR legislation, 2) comparing mandatory CSR frameworks used in Indonesia, India, and the European Union, 3) assessing their effectiveness, and 4) recommending a feasible and enforceable mandatory CSR framework for Myanmar's mining industry.

LITERATURE REVIEWS

Theoretical Foundations: The Spectrum from Voluntary to Mandatory CSR

Legalization is a helpful lens to analyze the development from voluntary to mandatory approaches to corporate social responsibility. By using Abbott and Snidal's (2000) legalisation framework, which views legal instruments as differing along three dimensions: obligation (how

legally binding the norm is), precision (how specifically the required conduct is defined), and delegation (the degree to which interpretive and enforcement authority is transferred to third parties). This framework explains why CSR methods differ significantly in their efficiency although they have the same goals.

Carroll's (1991) pyramid model assumes four types of responsibility for corporations to be economic, legal, ethical, and philanthropic. While originally presented as a framework integrating both mandatory and voluntary dimensions of corporate conduct, recent research in corporate governance tends to pay more attention to the latter. What matters here is not what companies should be doing but rather what laws require, what institutions enforce these laws, and what penalties there are in case of violation.

Ruggie's (2011) "Protect, Respect and Remedy" framework, endorsed through the UN Guiding Principles on Business and Human Rights (UNGPs), marked the definitive normative inflection point. By articulating a state duty to protect, corporate responsibility to respect through due diligence, and affected people's right to remedy, the UNGPs established a tripartite framework in order to both verify voluntary commitments and highlight their shortcomings as independent governance mechanisms.

International Standards and Their Impact

The CSR regime has a continuum of legal strength. While non-mandatory, the UNGPs are now highly normative and form the foundation of many national and regional laws that are binding (UN Working Group, 2021). The OECD Guidelines for Multinational Enterprises (2023), on the other hand, translate due diligence requirements into actionable commitments and enforcement through National Contact Points, resulting in a hybrid enforcement system. The International Labour Organization conventions, particularly Convention No. 169 concerning Indigenous and Tribal Peoples, mandate legally binding obligations for member states that act as a baseline of minimum standards beyond the scope of voluntariness inherent in the CSR doctrine.

For the mining sector specifically, the International Finance Corporation Performance Standards (2012) and the Extractive Industries Transparency Initiative (EITI) Standard (2023) provide additional regulatory layers. The importance of EITI does not reside in setting binding requirements for corporations but in developing an accountability and transparency mechanism involving the state that indirectly compels companies to become more transparent (Natural Resource Governance Institute, 2015).

Comparative Regulatory Frameworks

Indonesia can be classified as a resource-constitutional type of model. Article 33 of the Constitution guarantees that natural resources are controlled by the government in order to provide benefits for the people. In accordance with Article 74 of Law No. 40/2007, it is required that companies that are in or relate to natural resources have to conduct CSR and Environmental Responsibilities, which are budgeted into the company's costs. The mining industry also has additional requirements with the issuance of Law No. 3/2020 (Minerba Law) such as the Community Development and Empowerment Program, rehabilitation, and security guarantees. The Ministry of Energy and Mineral Resources conducted sanctions such as written warnings, temporary operation suspension, and cancellation.

India presents a mandatory spending model under its company law. Under Section 135 of the Companies Act 2013, companies with net worth of ₹500 crore, turnover of ₹1,000 crore, or net profit of ₹5 crore must commit at least two percent of their average net profit on Schedule VII activities. The amendment in 2020 changed the policy from 'comply or explain' to 'comply or be penalized,' with sanctions of twice the amount unspent (maximum ₹1 crore). Moreover, the District Mineral Foundation arrangement under the Mines and Minerals (Development and Regulation) Act obliges mining lease holders to dedicate 10-30 % of royalties to trust funds for

local communities, thus making it a dual requirement of corporate social responsibility and benefit sharing in the sector.

The European Union has established a regulatory sustainability framework in relation to directives. For instance, under the Corporate Sustainability Reporting Directive (2022/2464), corporations are expected to apply the concept of double materiality in their reporting. This involves reporting on sustainability issues affecting the business entity, as well as the consequences of the actions of the corporation on people and the environment. Another newly mandated Corporate Sustainability Due Diligence Directive (2024/1760) also stipulates that companies must be responsible for identifying, preventing, and compensating adverse effects on human rights and the environment, with penalties for violation including up to 5% of the global turnover of the business entity. Sector-specific instruments comprise the Conflict Minerals Regulation (2017/821) and the Extractive Waste Directive (2006/21/EC).

Gaps and Contradictions in Myanmar's CSR Framework

Section 3 (a) of the Myanmar Investment Law (2016) articulates responsible investment principles requiring that investment “not cause harm to the natural environment and the social environment,” but it only implies a general responsibility without establishing a legal one. On the other hand, the Myanmar Mines Law (2015) and the Mining Rules (2018) impose mandatory Environmental Management Plans and environmental management fund contributions (Environmental Conservation Rules, 2014) without having similar requirements for social impact management and community development sharing.

The suspension of Myanmar from the EITI in 2024 has further reduced transparency, leading to even more opaqueness in license acquisition, revenue management, and contract negotiations (EITI Board Decision, 2024). Without mandatory disclosure requirements, companies will be able to satisfy their legal duties through internal compliance reports while at the same time projecting a positive image through charity, which constitutes a form of philanthropic approach to CSR.

The Letpadaung Copper Mine project (2011-present) serves as a case study validating these regulatory issues. The project is managed by Myanmar Wanbao Mining Copper Limited, which is owned by the Chinese state-run company NORINCO, with its activities criticized by land grabbing, violent suppression of protesters, and environmental degradation, such as a spill in 2015, which caused the contamination of local water sources by arsenic, copper, and lead (Amnesty International, 2017). However, despite a new contract signed in 2013 with a CSR clause stipulating that 2% of the company's profits should be redirected to local communities, this contractual arrangement appears to be ineffective in solving regulatory problems in practice (Yu, 2021). The process of engaging with the local community did not meet the FPIC standards.

RESEARCH METHODOLOGY

This research employs doctrinal legal methodology, focusing on primary and secondary legal sources, and is complemented by a functionalist comparative approach for cross-jurisdictional evaluation.

The comparative approach to law will allow for the study of the CSR regulations in the jurisdictions of Indonesia, India, and the EU based on a common structure of analysis that covers the following aspects of legal frameworks: (1) legal character of CSR obligations, (2) institutional enforcement, (3) community involvement, and (4) transparency obligations. Criteria used to select jurisdictions include their geographical proximity of Indonesia to Myanmar within the ASEAN region, similarity between Myanmar and India as former British colonies with experience with CSR legislation, and development of international norms through due diligence regulations in the EU.

Choice of jurisdiction is based not only on geographic location or historical ties between Myanmar and a potential comparator, but also on its functional applicability to Myanmar's problem of designing a mandatory CSR regime in its extractive sector. For this purpose, the most suitable comparator state is Indonesia, as a state that, similar to Myanmar, is a member of the Association of South East Asian Nations, holds constitutional natural resource control, imposes CSR requirements tied to mining license acquisition, and relies on administration for their enforcement. In turn, India is an ideal comparator when speaking about the transition of a state from mandatory "comply or explain" to "comply or be penalized" due to its adoption of the Companies Act 2013. The European Union serves a diagnostic function, establishing the normative ceiling for due diligence regulation (CSDDD, CSRD) against which less developed frameworks are calibrated, not for direct transplantation, but to identify institutional prerequisites Myanmar must build incrementally.

Data analysis involves systematic comparison across five thematic dimensions derived from the legalization framework: legislative architecture, substantive obligations, institutional oversight, transparency mechanisms, and access to remedies. This structured comparison isolates transferable regulatory concepts while systematically evaluating contextual feasibility for Myanmar.

RESEARCH RESULTS

Legislative Architecture and Legal Hierarchy

Across all three jurisdictions, the strength of the "obligation" element in the legalization approach described by Abbott and Snidal (2000) depends not only on the language used in legislation but also on the place of CSR within the legal hierarchy and the extent to which its provisions are cascaded down in subordinate legal instruments. Indonesia achieves the most coherent architecture by grounding the obligation constitutionally (Article 33, 1945 Constitution), translating it into statute (Article 74, Law No. 40/2007), and operationalizing it through an implementing regulation (Government Regulation No. 47/2012). This three-level system prevents companies from arguing that no legal authority requires compliance and makes the legal obligation clear at every level.

The constitutional status of India is less direct but not insignificant when discussing the "obligation" element. While Article 37 does make the Directive Principles of State Policy non-justiciable in courts, the judgment of the Supreme Court in the case of *M.K. Ranjitsinh v. Union of India* has recognized the significance of Article 51A(g), according to fundamental duty to protect the environment informs the scope of CSR requirements, lending constitutional texture to a predominantly statutory obligation. However, the important aspect of this legalization analysis pertains to the "precision" element. While Section 135 of the Companies Act sets out the required amount and the amendment of 2020 provides for punishment, the list of conduct is defined only by the broad Schedule VII activity list.

The EU's treaty-based framework (TEU Article 3(3); TFEU Articles 11 and 191) provides the strongest normative obligation and the most precisely articulated conduct requirements. In terms of precision of both due diligence and the double materiality approach in the CSDDD (Corporate Sustainability Due Diligence Directive) and CSRD (Corporate Sustainability Reporting Directive) respectively, the EU achieves the highest score compared to Indonesia and India. However, the directive form introduces an architectural fragility absent in Indonesia and India: Member State transposition discretion fragments the obligation into variable national regimes, undermining the coherence of the obligation-precision chain at the point of national implementation. The delegation aspect also becomes relevant, as it depends on whether there is sufficient enforcement capacity available on the part of national supervisory bodies, civil courts, and companies themselves in contrast to a unitary national statutory regulation. In regard to Myanmar, the EU example proves that a precise without a coherent single-jurisdiction

delegation chain is insufficient: a functional CSR mandate requires the obligation, precision, and delegation.

Substantive Obligations

Comparative analysis of substantive obligations shows that the “precision” aspect is the most important factor which determines whether a formal obligation turns into actual corporate responsibility. In the case of Indonesia, the substantive regime provides that Community Development and Empowerment Programs should be treated as mandatory expenditures of operations, AMDAL environmental impact assessment should be a condition for a license, and time deposit guarantee for reclamation and post-mining responsibilities be provided. All these characteristics make the obligation precise enough; for example, the mining license cannot be issued or renewed without complying with all above requirements. Nevertheless, the problem arises because the programs’ content, which is specific activities performed under the program, remains imprecise as they are determined by companies rather than statutory regulation.

India’s substantive obligations show the greatest lack of clarity and precision among the three jurisdictions. Both the 2 percentage spending requirement stipulated in Section 135 and the draft Companies (Amendment) Bill 2025 propose to reduce the threshold for applicability even more, with regard to net worth above ₹100 crore, turnover above ₹500 crore, and net profit above ₹3 crore. On the other hand, the eligibility criteria set out in Schedule VII are vague enough to allow for company discretion in choosing which philanthropic activities are appropriate to satisfy the legal requirements while having limited impact on mining communities. Lastly, the DMF obligation that imposes the duty on mining leaseholders to allocate 10-30% of royalty payments to district-level trust funds is sector-specific and geographically focused, but lacks prescriptive outcome standards to differentiate between formally satisfying expenditures and remediation-oriented activities.

In terms of the CSDDD of the EU, this is where we find the maximum level of “precision,” as it mandates a detailed process of due diligence, risk mapping, policy integration, preventive action and corrective action, grievance redressal, and monitoring, all based on OECD Guidelines and backed up by the CSRD double materiality reporting. The precision involved in this process-based approach, wherein companies need to prove not only that they have expended funds but also how they have identified, mitigated, and monitored adverse impacts, amounts to a radically different interpretation of substance. For Myanmar, the comparative lesson is that if there is to be any attempt at formulating a mandatory CSR regime, then not only must the amount that companies are mandated to spend be defined, but also the purpose of expenditure, its beneficiaries, and the means of engagement with communities, otherwise the formal obligation will be undermined by the same precision gap that produces the Letpadaung model of philanthropic compliance without accountability.

Institutional Oversight

The aspect of delegation, the extent to which interpretive and enforcement power is delegated to outside organizations, represents the largest contributing factor to cross-jurisdictional differences in enforcement results. The Indonesian approach to institutional oversight represents the most logical approach, as enforcement power is vested in one responsible organization, the Ministry of Energy and Mineral Resources, which wields coercive power over the single instrument that the business prizes the most, its mining license. The tiered penalty system of warning letter, temporary shutdown, and license withdrawal establishes a deterrent mechanism in which the highest level of punishment is the most plausible, as the ministry controls the very license the corporation needs to do business.

India’s institutional monitoring structure is structurally fragmented among three different agencies: the companies’ CSR committee and national CSR data portal at the corporate-level; DMF district trusts at the agency of funds administration level; and the National Green Tribunal with the Supreme Court continuous mandamus at the judicial monitoring level. That type of

fragmentation leads to the problem of DMF delegation (iFOREST, 2025). Not only are more than half of the funds allocated under DMF going unused, but it is not even due to lack of implementation alone; rather, the reason for this is the fact that the fund management agency is institutionally separated from the company's sanctioning agency, leaving no enforcement mechanism capable of converting formal non-compliance into license-level consequences.

The EU's institutional oversight is the most sophisticated in design but the most capacity-dependent in practice: the CSDDD's civil liability provisions require affected persons to access functioning national courts, the CSRD's sustainability reporting obligations require independent auditors and competent supervisory authorities. The Aitik mine example (Boliden Mineral AB, 2014) illustrates that effective delegation to environmental permit authorities under the Swedish Environmental Code (1998:808) presupposes a mature regulatory culture that cannot be assumed in governance-deficit contexts.

The lesson that Myanmar must take away in terms of institutions overseeing the process is very clear. The suggested enforcement structure of the Department of Mines in Myanmar should be identical to that of Indonesia, where there is one institution with the power to give sanctions and issue licenses with a clearly outlined hierarchy. This recommendation for CSR committees involving community members should come along with secretarial assistance, operational protocols, and external auditing to ensure that the committee structure does not become an Indian-type institutional gap.

Transparency Mechanisms

The transparency mechanism is a second-level mechanism that supports formal sanctions, facilitating public accountability, and its effectiveness is proportional to the 'precision' and 'delegation' elements in their respective legal frameworks. In Indonesia, transparency elements are essentially licensing based: AMDAL reports and Community Development and Empowerment Program plans are submitted to the Ministry without being required to be disclosed to the public, making it difficult for the community to assess compliance independently.

The Indian National CSR Data Portal provides an example of a more sophisticated transparency tool: the obligation to submit an annual report on CSR expenditure, project implementation, and unused funds creates an accessible database that can be monitored by civil society in principle. However, the lack of precision in Schedule VII implies that the information provided, namely the amount spent per type of activity, does not tell whether the money was actually spent in mining communities or whether it was used to finance entirely different charitable projects.

The EU's CSRD double materiality standard represents the most demanding transparency requirement: companies must disclose not only what they spent but how they identified material sustainability risks, what preventive and corrective measures were implemented, and what outcomes were achieved for affected stakeholders. This outcome-linked transparency creates a feedback loop into the institutional oversight mechanism, because supervisory authorities and civil society can use published sustainability reports to trigger enforcement action. For Myanmar, whose suspension from the EITI in 2024 has eliminated an external transparency accountability mechanism, mandatory CSR reporting to fill this gap must go beyond expenditure disclosure to require community-level outcome data and grievance redress records; otherwise, the transparency mechanism will replicate India's data-rich but accountability-poor reporting regime.

Access to Remedies

The access to remedies dimension exposes the sharpest divergence between normative ambition and practical enforceability across the three jurisdictions, and most directly determines the framework's relevance for Myanmar's governance context. Indonesia's remedy pathway is administrative rather than judicial: affected communities can trigger Ministry

enforcement through the license compliance mechanism, but there is no independent civil liability route for mining-affected persons to claim compensation directly from companies. This remedy model is the most practical for countries with limited governance capacity because it relies more on administrative mechanisms than on the courts.

India's remedy landscape is more complex as the National Green Tribunal provides an accessible environmental enforcement forum, and the Supreme Court's continuous mandamus doctrine allows judicial supervision through expert committees (Sharma, 2008), creating a judicial remedy pathway that complements the administrative one. However, the structural separation between judicial oversight and the license-administration mechanism means that a court order for CSR compliance does not automatically translate into license suspension; the two enforcement channels operate in parallel rather than in an integrated deterrence structure. The EU's CSDDD civil liability provisions represent the most rights-protective remedy framework: affected persons may bring damages claims directly against companies for failure to conduct adequate due diligence, supported by a reversed burden of proof in some Member State implementations. However, this remedy model is the most institutionally demanding of the three, requiring functioning courts, adequate procedural rules, legal aid access, and evidentiary frameworks that are absent in Myanmar.

For Myanmar, the access to remedies analysis yields the most direct recommendation: an administrative grievance mechanism integrated into the license enforcement chain, modeled on Indonesia's Ministry-administered approach rather than India's parallel judicial pathway or the EU's civil liability model, is the only access-to-remedy design that can function within Myanmar's current institutional constraints. This means the proposed grievance redress system with stipulated timelines must be housed within the Department of Mines' existing administrative authority rather than delegated to community committees or courts whose independence and capacity cannot presently be assured.

Thematic Synthesis: Legalization Dimensions and Implications for Myanmar

Synthesizing across all five thematic dimensions, the legalization framework reveals a consistent pattern: enforcement effectiveness is not a product of any single dimension but of the coherence between obligation, precision, and delegation, as they operate across legislative architecture, substantive obligations, institutional oversight, transparency mechanisms, and access to remedies. Indonesia's framework succeeds because obligation, precision, and delegation are mutually reinforcing: a constitutionally grounded mandatory duty is given concrete content through license conditions and AMDAL requirements, and delegated to a single ministry that controls the instrument of maximum leverage over companies.

India's framework illustrates the costs of mismatch: a strong penalty-backed obligation paired with a vague conduct specification (Schedule VII) and fragmented delegation produces the paradox of formally compliant companies and institutionally disconnected oversight bodies that cannot challenge non-performing spending. The DMF under-expenditure problem is the measurable consequence of this mismatch and represents the most direct cautionary lesson for Myanmar's proposed framework.

The EU's framework demonstrates what maximum precision across all five dimensions looks like in a mature governance environment, and serves as the normative ceiling for what mandatory CSR can achieve; but its utility for Myanmar is diagnostic rather than prescriptive, because its delegation model depends on institutional infrastructure that Myanmar does not currently possess. Each of the five recommendations for Myanmar's proposed framework is directly grounded in this comparative analysis: legislative amendment to the Myanmar Mines Law (legislative architecture), sector-specific Community Development Programs as non-discretionary license costs (substantive obligations), graduated Department of Mines enforcement authority (institutional oversight), mandatory public annual CSR reporting to replace EITI transparency (transparency mechanisms), and a Department-administered

grievance mechanism with stipulated timelines (access to remedies). The thematic synthesis confirms that the framework's viability depends not on the normative ambition of its obligations but on whether its precision and delegation chains are designed to function within Myanmar's actual governance constraints.

DISCUSSION & CONCLUSION

Transferable Models and Contextual Adaptation

The findings support the hypothesis that mandatory CSR frameworks are more effective than voluntary approaches, but also indicate at the same time that a direct transfer of existing models will not work for Myanmar's fragile governance context. Of the analyzed models, the Indonesian model is the most directly applicable. It consists of incorporating corporate social responsibility requirements in licensing mechanisms for the mine. For Myanmar, this suggests requirement of Community Development Programs as license conditions explicitly enforced by the Department of Mines with progressive sanctions leading to suspension or revocation. In the Letpadaung case, making such a connection would have meant that the profit sharing provision became a necessary condition for permit holding, particularly allowing the regulator to stop operations as a consequence of the 2015 pollution incident until the complete compensation was obtained.

India's model offers lessons in governance structure rather than substantive obligation. The CSR Committee requirement (Section 135(1) of the Companies Act) creates board-level accountability, while the National CSR Data Portal allows for greater accountability, which can be translated into mandatory CSR committees with community representatives and a public register for tracking CSR expenditures in Myanmar.

The European Union's model offers the most advanced due diligence framework but requires institutional capacity that Myanmar currently lacks. The CSDDD's civil liability provisions depend on functioning courts accessible to affected communities, a condition not met in Myanmar. Nonetheless, the actual process of due diligence provides a useful blueprint for administrative guidelines. If the obligation of carrying out a risk assessment based on the EU standard had been applied before starting the development project, the risks associated with land grabs could have been effectively prevented by ensuring that Free, Prior and Informed Consent (FPIC) became a legally required rather than optional action.

Myanmar's Proposed Framework

In light of the comparative findings, the following mandatory CSR framework is recommended for Myanmar's mining industry, which consists of five aspects:

First, a legislative amendment to the Myanmar Mines Law (2015) creating enforceable CSR obligations. Section 37 would be more enforceable if there were a requirement for holders of large-scale production permits to implement Community Development Programs as non-discretionary operational costs and approve the budget for each project by the Ministry of Natural Resources and Environmental Conservation.

Second, integration of CSR compliance with mining license enforcement. The authority under the Department of Mines shall apply a graduated penalty system: written warnings for first violations, temporary suspension of operations for persistent non-compliance, and permit revocation for failure to remedy. The proposal echoes the tiered penalty system implemented in Indonesia, which solves Myanmar's problem of ineffective enforcement.

Third, mandatory transparency and reporting requirements. The mining firms must provide annual disclosure to the general public on CSR initiatives undertaken, including the cost of expenditure, project execution, and complaint handling. In light of Myanmar being barred from EITI membership, there is a need for compulsory CSR reporting to fill this gap in transparency.

Fourth, community participation mechanisms. This may entail the establishment of CSR committees with members from the community (similar to India's board committee approach,

yet adapted to local conditions) and a defined grievance redress system with stipulated timelines for resolving grievances.

Fifth, financial assurance for mine closure and rehabilitation. The Environmental Management Fund scheme will need to be improved to demand time deposits for mine closure and post-mine liabilities prior to starting business activities.

Limitations and Future Research

There are several limitations to this study that need to be acknowledged. Firstly, the doctrinal methodology excludes empirical fieldwork, and community perspectives on CSR effectiveness are derived from secondary sources and case study documentation. In the future, qualitative interviews with communities impacted by mining in Myanmar should be conducted. Secondly, while this paper discusses the problems of DMF in India and the feasibility of PPM in Indonesia in comparison with legal solutions, it is clear that more empirical evidence needs to be collected to assess the performance of the Indonesian PPM scheme. Thirdly, due to the new political situation in Myanmar, there may be some uncertainty regarding any reform proposal; the framework presented assumes a future governance context in which rule-of-law institutions function sufficiently to enforce mandatory obligations.

Concluding Remarks

This research demonstrates that the transition from voluntary CSR to mandatory corporate responsibility is not only a question of theory but a necessity of practice. The comparison of Indonesia, India, and the EU suggests that there are three approaches to such issues: mandatory CSR in certain sectors, expenditure requirements set by law for companies, and due diligence practices, all of which have been demonstrated by practical evidence.

The most important conclusion from our study concerning Myanmar is that the current concept of voluntary CSR does not work at all for a developing country like Myanmar. The case of Letpadaung proves that when there are no compulsory obligations, extraction businesses simply pass their environmental and social costs to the weaker population and do not take any corporate responsibilities. In other words, in the absence of legal regulation, Myanmar may become an area of “responsibility dumping”, wherein foreign companies try to relocate from strict requirements of corporate social responsibility and environmental, social, and governance standards in their native countries or neighboring countries.

However, despite current unstable conditions in Myanmar and the lack of capacity for introducing compulsory changes in the sphere, it does not mean that there is no space left for reform. In such a situation of fragile governance, reform could develop slowly by way of international pressure, the expectations of investors, and industry standards, which would serve as transitional forms of governance. Even though legislation cannot be quickly enacted, international pressure and market accountability mechanisms could create an effective route to corporate responsibility in Myanmar’s mining industry.

This study contributes to the CSR literature in terms of illustrating that the distinction between voluntary and mandatory CSR is not black-and-white but multidimensional; instead, success depends on the interplay of various elements including law, enforcement, capacity, and recourse. In the case of the extractives industry, which works in a governance-free zone, the most important lesson learned from this study is that the voluntary form of CSR is a stumbling block to mandatory CSR.

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Data Availability Statement: The raw data supporting the conclusions of this article will be made available by the authors, without undue reservation.

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