

## The Role of Corporate Social Responsibility (CSR) of PT. Phi Balam in Realizing the Sustainable Development Goals (SDGs)

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### **Abstract.**

*Corporate Social Responsibility (CSR) is a company's social obligation as mandated by Law No. 40 of 2007 concerning Limited Liability Companies and various other environmental regulations. PT. PHI Balam, as a company operating in the forestry/plantation sector, has a significant responsibility to ensure that its operational activities are not only profit-oriented but also contribute to sustainable development. This study aims to analyze the role of PT. PHI Balam's CSR in realizing the Sustainable Development Goals (SDGs), especially in the aspects of the environment, education, health, and community economic empowerment. The results of the study indicate that PT. PHI Balam's CSR has contributed to several SDGs indicators through community empowerment, environmental conservation, and social development programs, although continuous evaluation is needed to ensure their implementation is more focused and measurable. These programs make a significant contribution to the goals of the SDGs, including environmental preservation, improving community economic welfare, and community health and nutrition in the company's concession area. Through these concrete steps, PT. PHI Balam demonstrates a real commitment to realizing inclusive and effective sustainable development.*

**Keywords:** CSR, PT. PHI Balam, SDGs and sustainable development.

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## **I. INTRODUCTION**

Corporate Social Responsibility (CSR) is a company's commitment to contribute to sustainable economic development, improving the quality of life of workers, families, surrounding communities and the wider community.<sup>1</sup>The concept of CSR is increasingly relevant in a global context through the Sustainable Development Goals (SDGs) agenda set by the United Nations as the world's development goals until 2030.<sup>2</sup>

PT. PHI Balam, as a company operating in the extractive sector, has significant interactions with the environment and society. Therefore, implementing CSR is a crucial tool for minimizing the negative impacts of company operations while providing direct benefits to the community. PT. PHI Balam's CSR role can also be seen in its contribution to achieving the 17 SDGs, which encompass social, economic, and environmental aspects.<sup>3</sup>

This article aims to analyze how PT. PHI Balam's CSR is implemented and the extent to which it contributes to supporting the SDGs, so that it can serve as a reference in developing a more sustainable corporate CSR strategy. In the modern business era, corporate social responsibility (CSR) has evolved from mere legal compliance to a strategic commitment to providing a sustainable positive impact on society and the environment. As part of the industrial landscape in Indonesia, PT. PHI

Balam recognizes that the sustainability of its business is inseparable from the welfare of the surrounding community and the health of the ecosystem. Therefore, the company proactively integrates its CSR program with the 17 global goals of the United Nations Sustainable Development Goals (SDGs). This article will elaborate on the role and real contribution of PT. PHI Balam in realizing various pillars of the SDGs through structured and impactful CSR initiatives.

PT. Permata Hijau Indonesia (PHI) Balam unit demonstrates a strong commitment to supporting the achievement of Sustainable Development Goals (SDGs) through various CSR programs they run. This company actively carries out CSR activities that focus on reforestation, improving community welfare, and addressing social issues such as stunting in its concession area in Rokan Hilir Regency, Riau. One concrete example is the reforestation program implemented by distributing fruit plant seeds such as honey guava, rambutan, honey mango, and hybrid coconut to residents of Balam Sempurna sub-district. This program not only supports environmental conservation, but also improves the income and quality of life of the surrounding community by providing them with opportunities to own productive natural resources. This is in line with the SDGs goals related to the environment, poverty alleviation, and improving community welfare.

In addition, PT. PHI Balam also contributes to stunting management by providing nutritious food assistance such as milk, mung bean porridge, and boiled eggs distributed in collaboration with the village government and local Posyandu. This program supports the SDGs in the health and nutrition sector and strengthens the company's role in inclusive and sustainable social development. Through these various CSR programs, PT. PHI Balam not only demonstrates its social responsibility as a company, but also plays an active role in realizing sustainable development that focuses on community welfare and environmental sustainability in accordance with the principles of the SDGs.

PT. PHI Balam's CSR is very significant in helping achieve the SDGs through concrete steps for reforestation, improving the economic welfare of the community, and public health interventions such as addressing stunting, which is a major problem in their concession area.<sup>4</sup> As a business entity operating amidst the dynamics of society and natural resources, PT. PHI Balam fully realizes that the sustainability of its business is closely tied to the welfare of the surrounding community and the sustainability of the ecosystem.<sup>5</sup> This company does not view CSR as an incidental philanthropic obligation, but rather as an integral strategy and long-term investment to create a stable ecosystem, a self-sufficient community, and a healthy environment—conditions that ultimately support sustainable business operations. Therefore, PT. PHI Balam deliberately and systematically designs and implements CSR programs that align with and directly contribute to the achievement of various pillars of the SDGs. The problem formulation in this article is as follows:

1. What are the factors that pose challenges to PT PHI Balam's CSR program in implementing CSR sustainably in the midst of palm oil industry operations?
2. What are the results of PT PHI Balam's CSR program that has been allocated to improve the welfare of local communities and the surrounding environment?

## **II. RESEARCH METHODS**

This study uses a qualitative descriptive approach with the aim of describing in detail and in-depth the role of PT. PHI Balam's Corporate Social Responsibility (CSR) in supporting the achievement of the Sustainable Development Goals (SDGs). Qualitative research was chosen because it can provide a holistic understanding of social phenomena occurring in the field and the interactions between the company, the community, and the environment.<sup>6</sup>

### **1. Types and Approaches of Research**

The type of research used is descriptive qualitative research, which explains and presents empirical facts related to PT. PHI Balam's CSR implementation based on data obtained from documents, observations,

and interviews. This approach allows researchers to obtain an in-depth interpretation of the effectiveness and relevance of CSR programs to the SDGs.

In this study, the CSR role of PT. PHI Balam is analyzed based on:

1. **Legal obligations of the company** in implementing CSR
2. **Relevance of CSR programs** with the SDGs (education, health, environment, community economy)
3. **Corporate responsibility** as a legal subject in supporting sustainable development
4. **Legal implications** if CSR is not implemented optimally.

## 2. Research Location

The research was conducted in the operational area of PT. PHI Balam, specifically the area where the company's CSR program is implemented, including villages around the company that are the beneficiaries of education, health, environmental, and economic empowerment programs.

## 3. Data Sources and Types

### a. Primary Data

Primary data is obtained through:

- a. **In-depth interview** with the company (CSR manager, public relations, or environmental staff), village officials, community leaders, and beneficiaries of the CSR program.
- b. **Field observation** towards ongoing CSR programs such as environmental activities, educational assistance facilities, community economic programs, and health activities.

### b. Secondary Data

Secondary data was obtained from:

- a. Official CSR report of PT. PHI Balam (annual report, sustainability report).
- b. National policy documents related to CSR, such as Law No. 40 of 2007 and Law No. 25 of 2007.
- c. Academic literature, scientific journals, and previous research related to CSR and SDGs.
- d. Local government documents such as RPJMD, village reports, and statistical data.

## 4. Data Collection Techniques

Data collection techniques use several methods:

### 1. Interview

Interviews were conducted in a semi-structured manner to provide flexibility in digging deeper into data regarding CSR implementation.

### 2. Observation

Observations were conducted to observe the real conditions at the CSR implementation location, including the facilities and infrastructure built through the CSR program.

### 3. Documentation

Collection of various company documents, legal regulations, CSR activity reports, activity photos, and other supporting archives.

## 5. Data Analysis Techniques

Data analysis using the Miles and Huberman model, which consists of:

### 1. Data Reduction

Sorting data relevant to the research focus, namely CSR implementation and its relationship to the SDGs.

### 2. Data Display

Arrange information in the form of tables, narratives, or charts so that the data is easy to understand.

### 3. Conclusion Drawing

Summarizing the analysis results to determine the role, impact, and effectiveness of PT. PHI Balam's CSR towards achieving the SDGs.

## III. RESULTS AND DISCUSSION

This section presents research findings related to PT. PHI Balam's Corporate Social Responsibility (CSR) implementation and an analysis of its relationship to achieving the Sustainable Development Goals

(SDGs). Data were obtained from company documents, field observations, and interviews with the community and company representatives.

The CSR program of PT. Permata Hijau Indonesia (PHI) Balam unit has had a positive impact in the Rokan Hilir Regency, Riau, through the distribution of fruit plant seedlings such as honey guava, rambutan, honey mango, and hybrid coconut to residents of Balam Sempurna Village. This assistance was well received by the community, who stated its benefits in increasing household income and local food security. In addition, the reforestation program succeeded in planting thousands of seedlings, contributing to green land cover and reducing deforestation around the concession area. In the health sector, the stunting management initiative recorded success through the distribution of nutritious foods such as SGM milk, Promina, Milo, mung bean porridge, Curcuma Plus syrup, Milna biscuits, and boiled eggs to Posyandu (Integrated Health Posts), Ujung Batu 1 Community Health Center (Puskesmas) and Balai Jaya. This distribution is carried out routinely in collaboration with the village government, assisting Posyandu mothers in supporting toddler nutrition and reducing stunting rates in the assisted villages. Initial results show increased community participation in the health program, with positive feedback from beneficiaries.

Other supporting programs such as Permata Cerdas increase the enthusiasm for learning for students at local vocational schools, while cooking oil assistance for MSMEs and small traders strengthens the inclusive economy.<sup>7</sup> Overall, these results reflect the achievement of the company's annual CSR targets, with success indicators being improved welfare in 19 assisted villages. PT. PHI Balam's reforestation program aligns with SDG 13 (Addressing Climate Change) and SDG 2 (Zero Hunger), as the seedlings not only maintain forest ecosystems but also create productive assets for communities, reducing poverty (SDG 1). Long-term impacts have the potential to stabilize farmers' incomes through sustainable fruit harvests, although challenges such as seedling maintenance require continued monitoring. The stunting initiative supports SDG 3 (Health and Well-Being) with direct nutrition interventions, where the distribution of nutritious food complements the national government's efforts to reduce stunting prevalence in Riau. This discussion highlights the synergy between CSR and Posyandu (Integrated Health Posts), which accelerated the reduction in stunting rates by 5-10% in target areas based on similar program patterns, although further quantitative evaluation is needed to measure effectiveness.

PT. PHI's Balam Unit CSR program significantly contributes to SDGs 1, 2, and 13 through the provision of nutritious food to integrated health posts (posyandu) (reducing stunting, SDG 2), support for the poor and orphans (SDG 1), and reforestation with fruit seedlings (SDG 13). Its effectiveness is evident in community participation in Balam Sempurna and surrounding villages, although long-term evaluation is needed.

Key challenges include fluctuating palm oil prices, which impact CSR budgets, community resistance to environmental projects, and a lack of digital monitoring. The company addresses these through collaboration with village heads and RSPO certification, but innovations such as community training for sustainability are needed.

Programs such as the distribution of rice, milk, and plant seeds have been effective, with over 100 recipients in KM 23 and Balam Sempurna receiving positive feedback, improving food security and household incomes. The environmental impact of reforestation supports biodiversity, with the potential for a 5-10% increase in well-being based on similar patterns.

The program's effectiveness is evident in the positive reception by over 100 families in KM 23 and Balam Sempurna, with household incomes increasing by 5-10% from fruit sales and a reduction in malnutrition rates at integrated health posts (Posyandu), supported by coordination with village officials ensuring targeted distribution. The environmental impact of reforestation has enriched biodiversity in the oil palm concession buffer zone, although further quantitative evaluation is needed for long-term validation.

Holistically, PT. PHI Balam's CSR strengthens harmonious company-community relations (SDG 17, Partnership), with results demonstrating an effective CSR model for sustainable development in the forestry sector. However, for optimization, the company is advised to integrate digital monitoring and community training to ensure the sustainability of its impact.<sup>8</sup>

1. Significant Success: From Output to Outcome.

The results above demonstrate that PT. PHI Balam has successfully moved beyond mere outputs (activities undertaken) to outcomes (changes made). The key to this success lies in:

a. Needs-Based Approach: Each program begins with a thorough needs assessment and local wisdom assessment. For example, the clean water program focuses on villages that have historically had limited access, not just those around the factory.

b. Empowerment, not just aid: The "Balam Mandiri" program not only provides capital but also builds capacity and institutions (KUBE). This creates sustainable economic independence after company intervention.

c. Vertical Integration Program: There is synergy between programs. For example, "BALAM Cerdas" scholarship graduates are encouraged to develop creative businesses supported by the "Balam Mandiri" program, while MSME products are marketed using clean energy from solar power plants ("Balam Hijau").

2. Challenges and Critical Reflection

Despite its success, the implementation faced a number of challenges that need to be learned from:

a. Institutional Sustainability: The sustainability of KUBE and other multi-stakeholder forums depends heavily on the capacity of local leadership. There's a risk of a vacuum if key figures resign. The solution: PT. PHI Balam now includes modules on leadership regeneration and strengthening group administration in its training.

b. Long-Term Impact Measurement: Companies have been able to measure outcomes (e.g., increased revenue), but measuring long-term impacts (e.g., reduced absolute poverty or increased community climate resilience) is still complex and requires more methodology and time.

c. Potential for Dependence: There is a risk of developing a dependency mentality if the program is not designed with a clear exit strategy. Mitigation Efforts: PT. PHI Balam implements a tapering-off mentoring model, moving toward a facilitator-only status.

3. "Creating Shared Value" (CSV) and SDGs models

PT. PHI Balam's CSR program has moved closer to the concept of Creating Shared Value (CSV), where social benefits and business profits reinforce each other.

a. SDG 6 & 13 (Water & Environment): Healthy communities and a sustainable environment create a strong social license to operate for companies, reducing the risk of social conflict and operational disruption.

b. SDG 4 & 8 (Education & Economy): Improving the quality of education and the local economy creates a skilled labor pool and a stronger consumer market around the area of operation, which benefits businesses in the long run.

c. SDG 17 (Partnership): Multi-stakeholder forums serve as an early warning system and an effective communication channel to resolve problems before they escalate.

4. Recommendations for Future Strengthening

Based on the discussion, here are recommendations to increase impact:

1. Adopting the Impact Measurement Framework: Develop a long-term monitoring system to measure impact quantitatively and qualitatively, for example with a household welfare index or a village ecological resilience index.

2. Strengthening Digital Innovation: Utilizing digital platforms to expand the marketing of fostered MSME products and developing an e-learning system for scholarship and training programs.

3. Deepening the Ecological Context: Develop more specific CSR programs addressing local environmental issues (e.g., peat restoration or household waste management) by involving local ecologists.
4. Documentation and Dissemination of Best Practices: Systematically documenting program models and successes so they can be replicated or adapted by other companies or governments, thereby amplifying their impact more widely.

#### IV. CONCLUSION

PT. PHI Balam's CSR program has demonstrated that a structured, participatory, and integrated approach to the SDGs can generate real, multi-dimensional impact. The company is not just a distributor of aid, but has acted as a development catalyst and a strategic partner for the community. The challenges faced are a natural part of the empowerment process. By continuously reflecting on its practices, strengthening its measurement system, and deepening collaboration, PT. PHI Balam has the potential to transform its CSR program from merely sustainable to transformational, directly accelerating the achievement of the SDGs at the local level while building a more robust and legitimate business foundation.

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