

# CSR SURVEY REPORT 2018



Study Conducted by  
Social Responsibility Asia (SR Asia) Bangladesh



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## **ABSTRACT**

This study aims to review & analyze Bangladesh Government's policy, strategy and guidelines on CSR investments and its current status and future directions in order to develop a specific CSR investment model/plan for the welfare of society, environment and economy context of Bangladesh. The exploration of companies and other key stakeholders those with CSR budget is important to understand the perceptions, behaviors, and communication that contribute for the society and environment. The assignment is to explore the current trend of CSR market, interest of the corporates/private sectors and directions of the government. The corporate and other private entities are found investing in the different sectors through very dimensional manner. So, the study is to understand the proper guidelines of the government for the corporates and private entities regarding their CSR investments as well as the current investment practices.

The summary findings will be validated by the range of associated stakeholders which will lead to a model development.

## ACKNOWLEDGEMENT

At the very outset, we are gratified to different corporate and government agencies participated and supported to the study by providing information and sharing cases. The exploratory survey on CSR is a yearly publication by Social Responsibility Asia (SR Asia) Bangladesh. The Government of Bangladesh initiative to develop CSR Guideline is a very welcoming step. Social Development is not limited to the government but government can play a pivotal role to motivate the business leaders to implement CSR for the betterment of the society, environment and economy at large where they exist.

It was a challenging task to collect information from business entity but rewarding experience for us to conduct this assignment. Our team contributed good effort in implementing this study successfully.

We are enormously grateful to Dr. Mahfuzul Haque, Director of SR Asia Bangladesh to be involved in this study. We also would like to thank SR Asia Bangladesh enumerator units for their diligent and relentless support during the study.

We also acknowledge the contribution of all our respondents, who provided their valuable time and input to make this study possible. Along the way, we got assistance from many people, whose names we cannot mention but to thank. We are grateful for their help.



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## ACRONYMS

Acronyms	Abbreviation/Definition
SR Asia	Social Responsibility Asia (SR Asia) Bangladesh
CSR	Corporate Social Responsibility
SDGs	Sustainable Development Goals
KII	Key Informant Interview
NBFIs	Non-Banking Financial Institute
FMCG	Fast Moving Consumer Goods
MoL&E	Ministry of Labour and Employment
DoE	Department of Environment
DIFE	Department of Inspection of Factories and Establishments
PC	Planning Commission
WASH	Water, Sanitation And Hygiene

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# CSR SURVEY

# 2018

## 1. Executive Summary

Social Responsibility Asia (SR Asia) Bangladesh started its operation since 2012 in Bangladesh and since then SR Asia Bangladesh continues a regular CSR Study every year. The objectives of the study are to look into CSR activities being carried out by the business entities and Government initiative on CSR.

## 2. Introduction

Bangladesh is a developing country of the third world aiming to become a middle income country by 2021 and a developed country by 2041. But it has a very strong and wide range of foreign revenue earning sector which is Readymade Garment Industry locally known as RMG among many other incoming sources like corporate sector, national and multinational companies, nongovernment organizations, private entrepreneurs and banking sectors and so on. Most of foreign investors or business tycoons in all kinds of trading areas have been putting priority on Corporate Social Responsibility (CSR) as effective means of sustainable business, positive social image of the corporations. However, the present international attention on CSR might be the optimal opportunities for aggressive and proactive in corporate approach through effective implementation of CSR as platform for promoting inclusion of stakeholders' incorporation in business value chain in general.

The existing nature of CSR activities done by the corporate bodies still remains vague. It has recently become one of the cherished buzzwords and matter of expectation among the modern business globally. The voluntary prototype of the corporate responsibilities has also created tension between entrepreneurial responsibility and entrepreneurial charity for undertaking social issues. Whereas a common realization on CSR is widely absent among the investors, consumers and the employees truly in Bangladesh. Without having a common understanding on CSR, many of the corporate good intentions to implement social issue are being undervalued. Thus, there is an immense necessity to incorporate the social development activities in business value chain.

This study is based on two parts, one is face-to-face interview and another focused group discussion among corporate representatives.

Bangladesh Bank, The Central Bank of Bangladesh has already published a CSR guideline for all scheduled Banks and NBFIs. Some of the Banks and NBFIs have Complied to 1<sup>st</sup> and 2<sup>nd</sup> phase of the BB Guideline and very few Banks and NBFIs have published their sustainability report as per guideline requirements. We find that , the banks still has a to go a long way to go to in adopting

the guideline in principles and make affords internally to understand the benefit of implementing CSR for business case and greater contribution towards social development .

As reported in media (Financial Express), The Ministry of Finance, Bangladesh Government has framed a draft CSR guideline keeping provision for companies that are to be involved in CSR activity compulsorily at a tolerable level. As per the draft policy, eligible companies have to allocate a separate fund equivalent to or at least 2.0 per cent on an average of its last three financial years' net profit for CSR expenditure on mandatory basis. In case of any unspent fund, the allocated amount will be added with the next year's CSR fund. The draft guideline as reported will be finalized soon after getting opinions and recommendations of all relevant ministries and departments. As per the draft CSR guideline, eligibility of companies will be determined for CSR activities on the basis of its net asset or net profit or business turnover in a financial year. Foreign companies operating in Bangladesh will also come under CSR in this process. For expenditure of CSR fund, companies will have to form a CSR committee on mandatory basis comprising three directors of the company's board. There will be an independent director in the committee. The committee will recommend the CSR activity and allocation of fund on it. The committee will also scrutinize the companies' CSR policy and amend it. The draft policy specifies some 11 sectors where CSR expenditure can be made by companies. The sectors include hunger and poverty alleviation, education expansion, health, nutrition, sanitation and safe drinking water, supply of mid-day meal and fortified biscuits, skill improvement, employment- generating technical education, women empowerment, gender equality, protection to orphans, persons with disability and elderly people, sustainable environment, preservation of places related to national heritage, culture and history, expansion of sports in local, national and international level, establishment of libraries in rural and urban areas and its management, and development activities in Chittagong hill tracts, coastal and river erosion-prone areas.

To complement government initiative, SR Asia Bangladesh conducted this survey among companies and other stakeholders. The objective of the survey was to know the corporate understanding in CSR, identify the areas spent in CSR by corporate. We are hopeful that the survey output and recommendation will be an aid to the government for finalizing the CSR Guideline.

### 3. Secondary Literature Review

The overall goals of this study were firstly to establish the significance of the general field of study, then identify a place where a new contribution could be made. The bulk of the chapter was on critically evaluating the different methodologies used in this field so as to identify the appropriate approach for investigating the study question(s).

Establishes study area	SR Asia conducted similar study in 2017 and BILS conducted another study in 2015
Establishes significance of area selection	Mainly the large corporate and other stakeholders working stations are based in Dhaka.
Establishes research niche	<p>There is no unified definition of CSR available in the global academia. As stated by Mr. Shitangshu Kumar Sur Chowdhury, Former Deputy Governor of Bangladesh Bank (BB) in his address at the MRDI's lessons learnt document launching ceremony "Corporate Social Responsibility (CSR) is mainly about the awareness of and actions in support of environmentally sustainable societal development. CSR actions aim at mitigating the diverse environmental impacts of the activities of the business and at reducing inequalities and alleviating deprivation and poverty in the communities across the country". According to the first Corporate Social Responsibility (CSR) Strategic objectives taken for the Metropolitan Police Service for 2010 to 2013 UK; to turn their CSR mission into reality, they believe the need to focus on four priority areas: Our People, Our Services and Engagement with Communities, Our Environmental Impact and Climate Change, and Our Organization. [BILS Report 2015].</p> <p>The major findings of CSR Study by BILS among Square Pharmaceuticals, Navana Real Estate, Mohammadi Group, Rahimafrooz, Janata Bank, Unilever Bangladesh, Sopura Silk Mill Rajshahi reflect that most of the owners of the companies are found bit unaware and reluctant regarding the CSR concepts and its functions as it really means. It is seen that the concept 'CSR' varies with the variation of company management. It is becoming a key initiative and an essential tool in the development of third world countries throughout the world. It can be understood that there should have a universal definition of CSR that can be</p>

	<p>understood equally and performed by all [[BILS Report 2015].</p> <p>While approaching to the companies during CSR study by SR Asia Bangladesh in 2017, it is felt that most of the companies are hesitant to share any information in the public domain.</p> <ol style="list-style-type: none"> <li>1. The Eco system in the country and the environment may not be information friendly in the context of prevailing social, political system.</li> <li>2. The fear of publishing and sharing information considering protection of Patent rights, information security, legal backlash, social activism, and unfair competition and poor competitive laws.</li> <li>3. Protection against bribe, unfair business practices, laws of the land, Business ethics, regulations etc.</li> <li>4. Business environment in general.</li> </ol> <p>In the year 2016, companies most CSR expenditure were in following areas in health (17%), Education (15%) and Philanthropy (13%) [CSR report by SR Asia Bangladesh 2017].</p>
Government Initiatives on CSR	<p>There is no specific guideline for CSR by the Government in Bangladesh. Only Bangladesh Bank has a specific guideline on Green Banking &amp; CSR for scheduled Banks and NBFIs.</p>

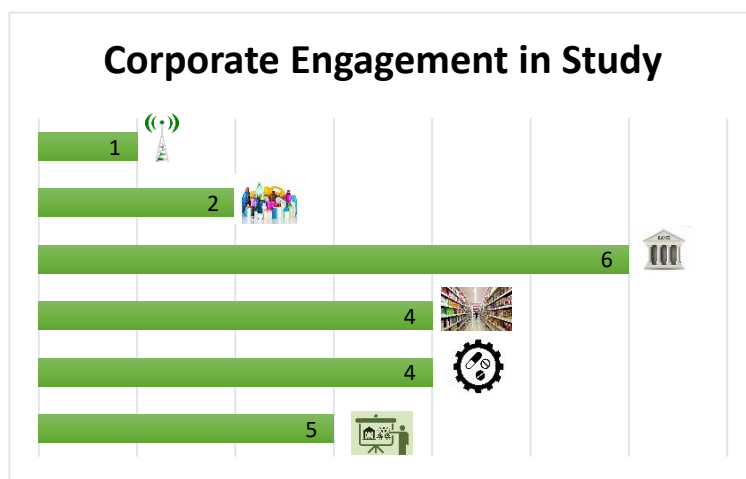
## 4. Study Methodology

For this CSR study a qualitative-quantitative research and a focus group discussion (FGD) were conducted. The study area has been selected by SR Asia Bangladesh, the area includes; Dhaka for FGD, companies from Dhaka division and other stakeholders from respective government offices.

For the data collection, a questionnaire was filled in order to understand corporate annual turnover, existing CSR activities, budget allocation on CSR, check-list in fund disbursement; dedicated CSR Committees and willingness to use CSR fund to improve situations of the sanitary

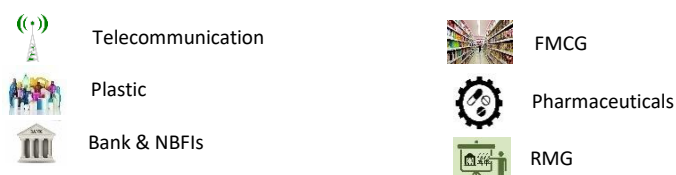
22 Dhaka-based companies were selected (Telecom: 1; Plastic: 2; Bank & NBFIs: 6; FMFG: 4; Pharma: 4; RMG: 5). A questionnaire was filled in order to understand their annual turnover, existing CSR activities, budget allocation on CSR, check-list in fund disbursement; dedicated CSR Committees and corporate expectation from government. Besides these, group discussion methods were also used while discussing with companies and stakeholders.

### 4.1 Study Sample



The study team interviewed 22 companies from different sectors which includes Banks & NBFIs, Plastic, RMG, Pharmaceuticals, FMCG and Telecommunication. A questionnaire was filled in order to understand their annual turnover, existing CSR activities, budget allocation on CSR, check-list in fund disbursement; dedicated CSR Committees and corporate expectation from Government.

Figure 1: Total Corporate Engagement in Study



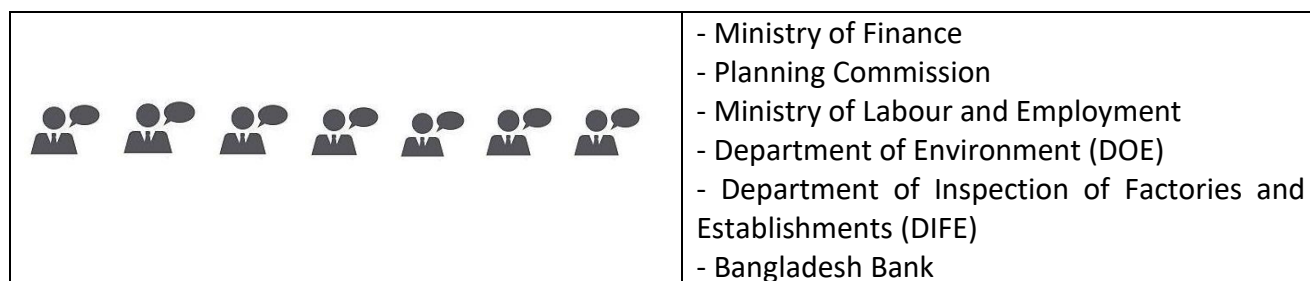


Figure 2: Government Engagement in Study

Officials of various government offices were interviewed in order to know their plans and policies on CSR and existing ongoing projects if any.

## 4.2 Study Area



## 4.3 Sample Size

22 Companies,  
5 government entities,  
10 participants in FGD

## 4.4 Respondents

### 4.4.1 Corporate

Following Dhaka-based companies were contacted and their high officials were interviewed in order to understand their CSR policies, guidelines, budget allocation, check-list in fund disbursement, dedicated CSR Committees (if any) etc.

Sector	Total
RMG	5
Pharmaceuticals	4
FMCG	4
Bank & NBFIs	6
Plastic Association	2
Telecommunication	1
<b>Total</b>	<b>22</b>

### 4.4.3 Category and number of participants of FGDs

Category	Number	Participation Level
RMG	2	Manager & Above
Brands of RMG	2	
Leather & Footwear Company	1	
Banks & NBFIs	3	
Business Association	2	
<b>Total</b>	<b>10</b>	



# STUDY FINDINGS

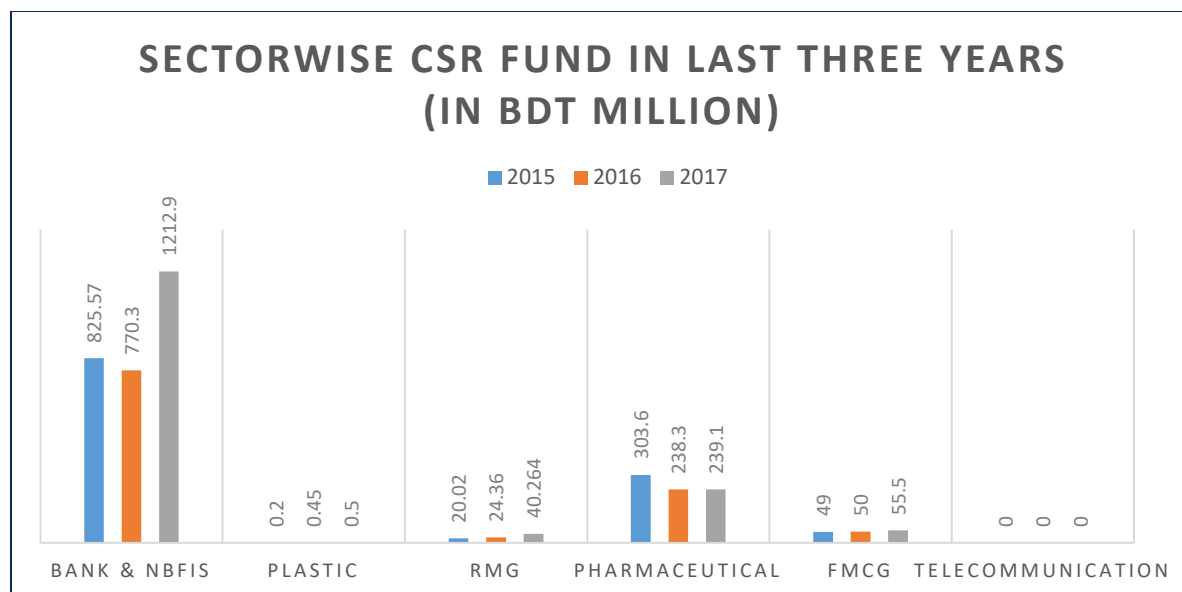
## 5. Study Findings:

Ministry of Finance, the prime mover stated that “National Policy on CSR” was being discussed and inter-agency consultation was in progress. Other law enforcing agencies, concerning labour laws, environmental laws stated that other thrust sectors (like RMG) were getting priority.

SR Asia has conducted a survey among 22 companies from different sectors which includes Banks & NBFIs, Plastic, RMG, Pharmaceuticals, FMCG and Telecommunication. Survey was conducted among CSR team representative, Top Executive and owners of companies. During the survey, all 20 business houses, banks and leasing companies, stated that they are involved in CSR activities. In 2017, they spent Tk. 1548.264 million in CSR projects. Sectors of intervention are education, community development, health, environment, disaster response, culture, water and sanitation.

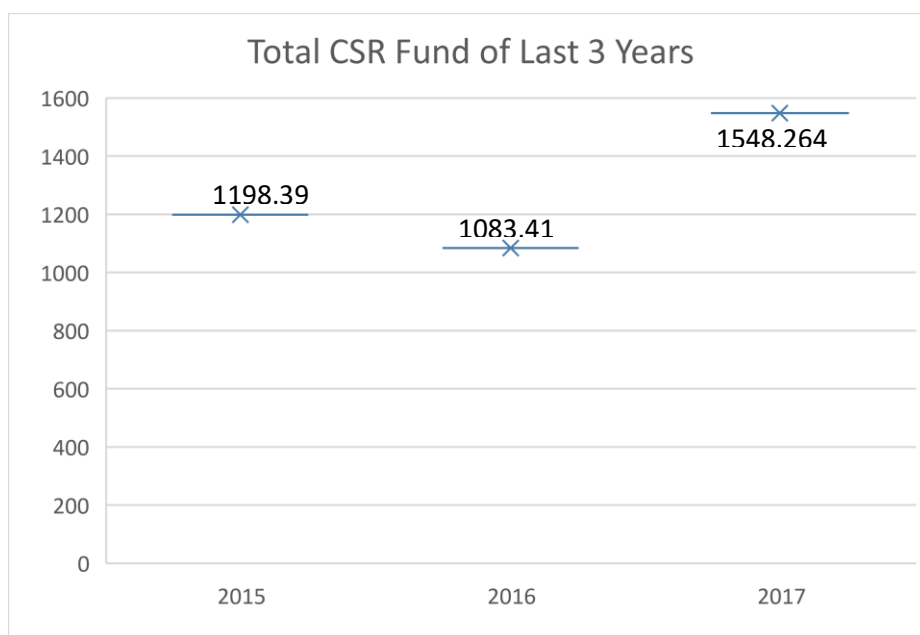
### 5.1 Corporate Findings

According to the survey, during last three years (2015-2017), total amount of CSR fund contributed was BDT. 825.57 million (2015) – BDT. 770.3 (2016) – BDT 1212.9 (2017), Plastic industry contribution was BDT 0.2 million (2015) - BDT. 0.45 million (2016) – BDT. 0.5 million (2017), RGM contribution was BDT. 20.02 million (2016) – BDT 24.36 million (2016) – BDT. 40.264 million (2017), Pharmaceutical contribution was BDT. 303.6 million (2015) - BDT. 238.3 million (2016) – BDT. 239.1 million (2017), FMCG contribution was BDT. 49 million (2015) – BDT. 50 million (2016) – BDT. 55.5 million (2017) and telecommunication sector didn't share the amount of CSR fund.



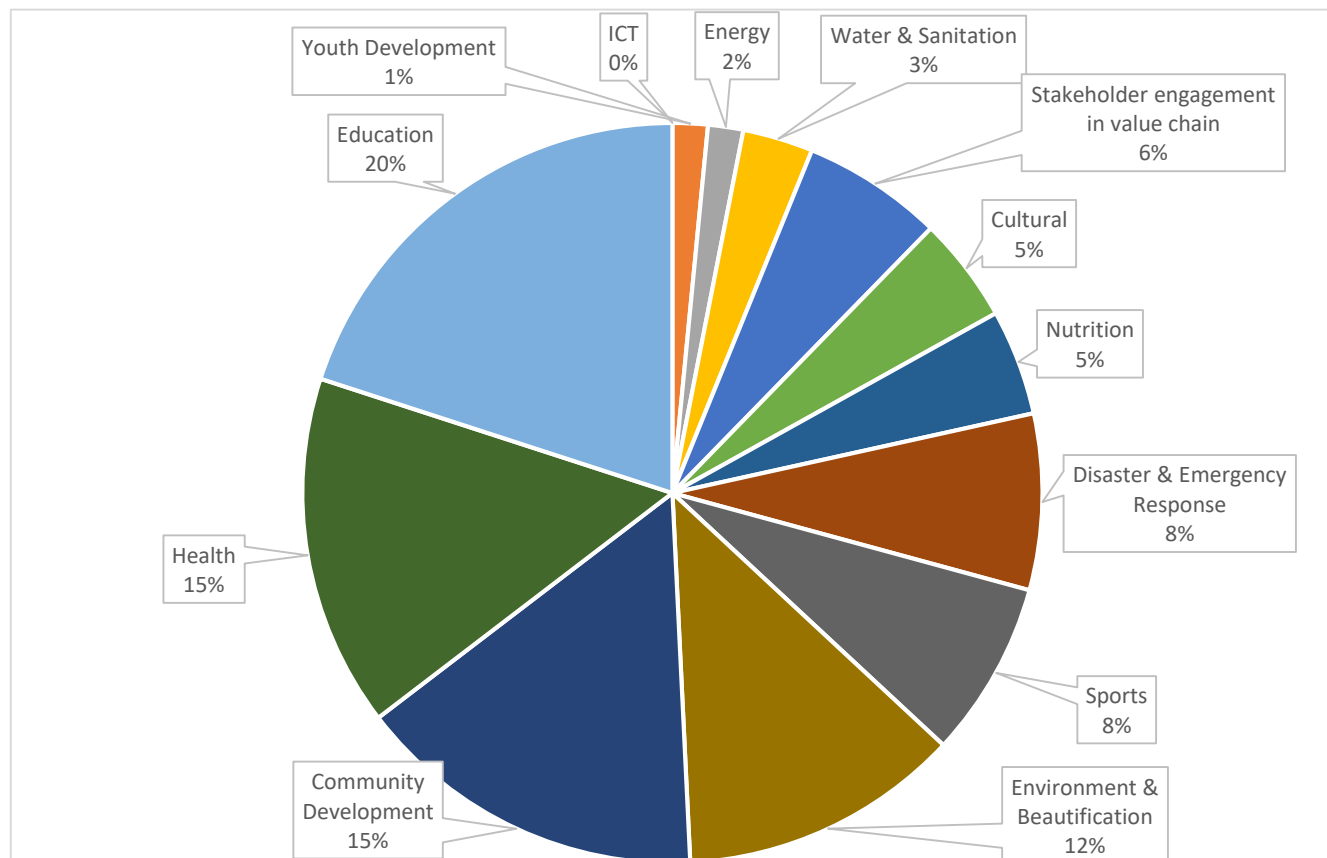
**Figure 3: Sector wise CSR Fund in Last 3 years**

Disclaimer: Telecommunication sector has CSR fund but for confidential reason, they didn't share information is the reason that the graph shows nil in telecommunication sector



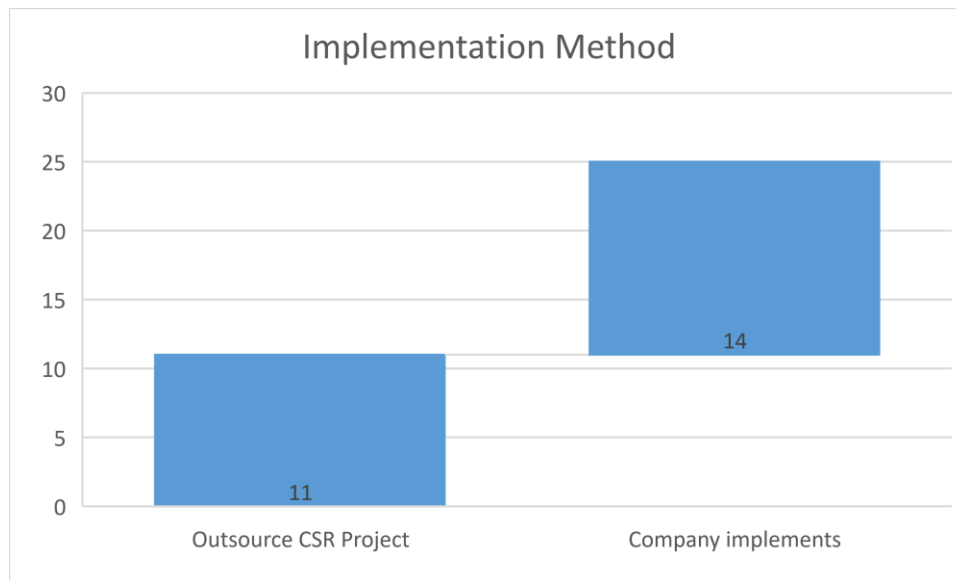
**Figure 4: Total CSR Fund of 2015-2017**

If we look at Figure 4, the total amount of CSR fund altogether of sectors are BDT. 1198.39 million in 2015, BDT. 1083.41 million in 2016 which is slightly decreased in amount but dramatically it went up to BDT. 1548.264 million in 2017.



**Figure 5: Companies contributed in areas under CSR**

Figure 5 indicates a common interest of industries to contribute their CSR fund at Education (20%), Health (15%), Community Development (15%) and Environment & beautification (12%).



**Figure 6: Method of Project Implementation**

It is clear from Figure 6 that companies are managing their CSR fund directly by company CSR team but a significant number of companies outsource CSR projects. In some cases, companies prefer both method of project implementation either through any NGO or its CSR Team. Maximum companies have monitoring and evaluation mechanisms to measure the impact of the projects.



**Figure 7: Corporate Expectation from Government**

Most of the corporate are seeking for national CSR guideline for companies. Some expects that government can initiate some private sector engagement projects in PPP model so that corporate CSR fund can be used in a systemic way. A very interesting findings came from corporate representatives is to create a central CSR fund where Government can be part of the committee.

## 5.2 Findings from Government Agencies

Following stakeholders (Government/autonomous bodies) were interviewed in order to understand their existing policies, guidelines on CSR.

Name of the Organization	Activities concerning CSR
Ministry of Finance	Involved in drafting CSR Guidelines. Approached various Ministries/Departments/Agencies soliciting their views on the National CSR Guidelines. A meeting with the Joint Secretary of the Ministry was held.
Planning Commission	Planning Commission was earlier involved in drafting CSR Guidelines. Prof Dr Shamsul Alam, Member, GED, Planning Commission in an informal discussion said that PC was no more involved in drafting CSR Guidelines.
Ministry of Labour and Employment	Labour laws and rules on OHS measures of the workers. Waste pickers, sanitary workers are involved in hazardous works. Necessary precautionary measures, PPE need to be undertaken by them. Meeting with Secretary, MOLE held.
Department of Environment (DOE)	In 2010 Government of Bangladesh has formulated National 3R strategy of waste management and subsequent action plans for the local authorities has been prepared for promoting recycling of waste through mandatory segregation of waste at source, developing treatment facilities and market of the recyclable materials. The Environment Conservation Act 1995 and Conservation Rules 1997 aptly describe issues related to solid waste management. Among others, Medical waste (Management and Processing) Rules, 2008; and Management of hazardous Waste and Shipbreaking Waste Rules, 2011 are some of the legislations adopted. DOE also adopted a Shipbreaking Guidelines. Currenly, they are implementing a CDM project using Municipal Organic Waste in four municipalities of Bangladesh. DOE has drafted a Solid Waste Management Rules and a draft E-Waste Management Rules, which are being finalized. It is believed that once finalized, these rules would go a long way in ensuring solid waste management in Bangladesh.
Department of Inspection of Factories and Establishments (DIFE)	The Labour Act 2006 and Labour Rules 2015 did address issues like occupational health and safety of the workers in general and workers engaged in hazardous waste in particular. Enforcement by the enforcing agency like DIFE is rather inadequate.

## 6. Limitations of Study

Some limitations have been identified by the research team while conducting the CSR study. The Number of FGD was very limited; therefore, a limited number of actors have been reached for the study. Another limitation was identified while collecting information, there was a restriction from corporate to share information regarding their CSR activity especially financial data. As a result, there might be some gaps in the information of the collected data.

## 7. Conclusion and Recommendations:

The study tried to answer the following questions:

1. What are the plans and policies of the Government related to CSR?
2. What are the CSR practices of the Corporate Business houses?
3. What are the expectations of corporate from Government?

The Research Team noted that there is a common interest among the industries to contribute their CSR fund for education; health; community development; and environment. Quite a good number of companies have expressed their interests to use their CSR funds for the welfare of the poor sections of the society in a sustainable manner as there are lots of funding contributed as philanthropy for the society.

Based on the discussions with various Ministries and Departments of the Government, Corporate houses, the following recommendations are suggested:

1. **“National Policy on CSR”** to be finalized at the earliest in consultation with all the stakeholders (business bodies; chambers; academicians; activist groups; NGOs and the trade union bodies). Subsequently, the policy needs to be translated in to legislation in order to make enforceable;
2. Government has to take step to initiate a dialogue with the business associations and chambers. Local initiative to establish a **Corporate Responsibility Network (CRN) conceptualized by SR Asia Bangladesh** with a good number of national and international business houses is a praiseworthy attempt, launched in November 2018. This network can play a major role to work with the Government.
3. Officials of the law enforcing agencies like, the Department of Inspection of Factories and Establishment; Department of Labour and the Department of Environment are to be trained and activated to support corporate in implementing CSR incorporating with their business strategy. **SR Asia can support Government in this capacity building process.**
4. CSR fund needs to be spent for **standalone projects**. It would help them branding as well;
5. CSR fund needs to be used for **“Income Generation Activities”** like poultry raising; cattle raising; cow fattening; nursery; small grocery shops etc. based on consultation with the stakeholders. Local NGOs with proven expertise could be involved in this regard.