



## Survey Report

### “CSR: The Present Status of Bangladesh & Way Forward”

May, Year 2017

#### Social Responsibility Asia (SR Asia) Bangladesh Credits

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## 1. Preface

We are delighted to publish this report on the basis of a survey and face to face in-depth interviews among 24 domestic and multinational organizations from different sectors in Bangladesh.

This CSR survey 2017 in Bangladesh is based on two part of this study, one is face-to-face interview and another online feedback received from top corporate executives. The survey has three core subjects/ parameters ie. Understanding of CSR, CSR practices & areas covered, corporate expectations from government.

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 ( Finical 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 has conducted this survey of the companies those turnover range from 10 million BDT and above. The objective of the survey was to know the corporate understanding in CSR, identify the areas spent in CSR by corporate, how much they are spending already on CSR, the process and way of spending in CSR activities, what are the obstacles they are facing and what are their expectation from Government. We are grateful and thank to every Top Executives responded to this initiative from corporate world for the overwhelmingly and positive participation.

We are hopeful that the survey output and recommendation will be a aid to the government for finalizing the CSR Guideline.

## 2. Executive Summary

The exploratory survey on CSR is the first attempt of SR Asia Bangladesh in bringing out corporate dates and views on the subjects and we will continue to study more on the subject on every year. 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.

Social Responsibility Asia (SR Asia) promotes the latest initiatives, interventions and innovations in sustainability and social responsibility. It covers a wide range of issues, e.g. community development, labor practices, consumer issues, governance, environment, climate change and biodiversity, renewable energy, and sustainability reporting. SR Asia Bangladesh is working on CSR since 2012 in association with different ministries, regulator and business association in different countries. Understanding the need, SR Asia planned a seminar on “CSR – Present Status of Bangladesh & Way Forward” on 13th May 2017, Dhaka Bangladesh.

CSR concepts and practices in Bangladesh have a long history of philanthropic activities from time immemorial. Till now, most of the businesses in Bangladesh are family owned and first generation businesses. They are involved in community development work in the form of charity without having any definite policy regarding the expenses or any concrete motive regarding financial gains in many instances. Moreover, most of the SMEs fall under the informal sector having limitations of management structure and resources to



address the social and environmental issues. These limitations drive the top management of local companies to think only about the profit maximization rather than doing business considering the triple bottom line: profit, planet and people.

Ministry of Finance has received inputs from all ministries, business association and policy research institute to prepare a draft guideline on CSR in Bangladesh. It is expected that very soon Government of Bangladesh is going to create a national council to finalize the CSR Policy. This is the high time to support government for preparing a pragmatic and futuristic policy document. In order to understand the role of Government in national development agenda, process model from inception of the programme to the implementation and evaluation methodology of projects, challenges to a national voluntary CSR Guideline, SR Asia is going to organize a national seminar on 13th May 2017, Dhaka, Bangladesh in association with Bangladesh Employers Federation (BEF), Bangladesh German Chamber of Commerce & Industries (BGCCI) and supported by Comfit Composite Knit Ltd.

Sumaya Rashid  
Country Director (Bangladesh)  
Social Responsibility Asia (SR Asia)

### 3. Exploratory Survey on CSR: Present Status of Bangladesh & Way Forward

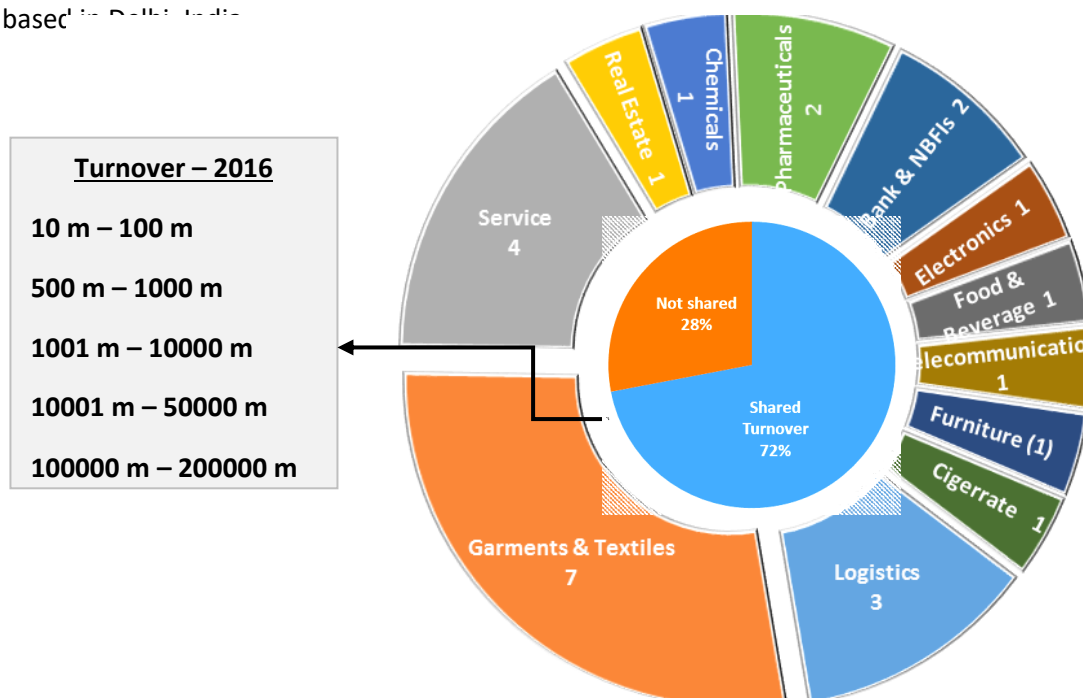
#### 3.1 Methodology:

SR Asia listed 50 companies from 12 to study the CSR scenarios. The ten sectors selected were i.e Garments, Chemical, Bank & NBFIs, Renewable Energy, Furniture, Food Processing, Telecommunication, Logistics, Pharmaceuticals, Electronics, Real Estate, Service. Among 50 companies, we received 24 feedback from above industries. Participating companies are BEF and BGCCI members and also from SR Asia network. Top executives from the participating companies participated in this survey. 50% of survey was conducted through face-to-face interview and 50% through online feedback.

A competent team of SR Asia conducted face-to-face interview based on a questionnaire, interview and discussions. A google form of same questionnaire was developed by SR Asia and shared to the members of BEF and BGCCI industry associations. Participants who responded to the survey are top executives of the companies. The survey was analyzed using SPSS program by SR Asia team and the report was reviewed by SR Asia Headquarter based in Dhaka.

Those companies who participated in this study are Comfit Composite Knit Ltd, Epyllion Group, Hop Lun Bangladesh, Fakhruddin Textile Mills Ltd., Envoy Textiles Limited, Renaissance Group, Novo Nordisk, ACI Pharma, DHL Global Forwarding, Globe Forwarding and Freight, Amerex Group LLC, CAAP, Building Technology & Ideas Ltd, Query, Peerless Technical Services Ltd, Berger Paints Bangladesh Limited, British American Tobacco Bangladesh Company Limited, IDLC Finance Limited, Farmers Bank Ltd., Energypac Electronics Limited, LR Global BD AMC Ltd., Pran Group, Grameenphone Ltd., OTObi.

The information shared by the companies or individual executives are their own and may be verifiable or not is within the rights of the companies participated in this study. SR Asia is not responsible for reporting any information which may be incorrect, as source of information does not lie with us. Further any concerned to know more about the information about companies is requested to contact to the companies him/her self.



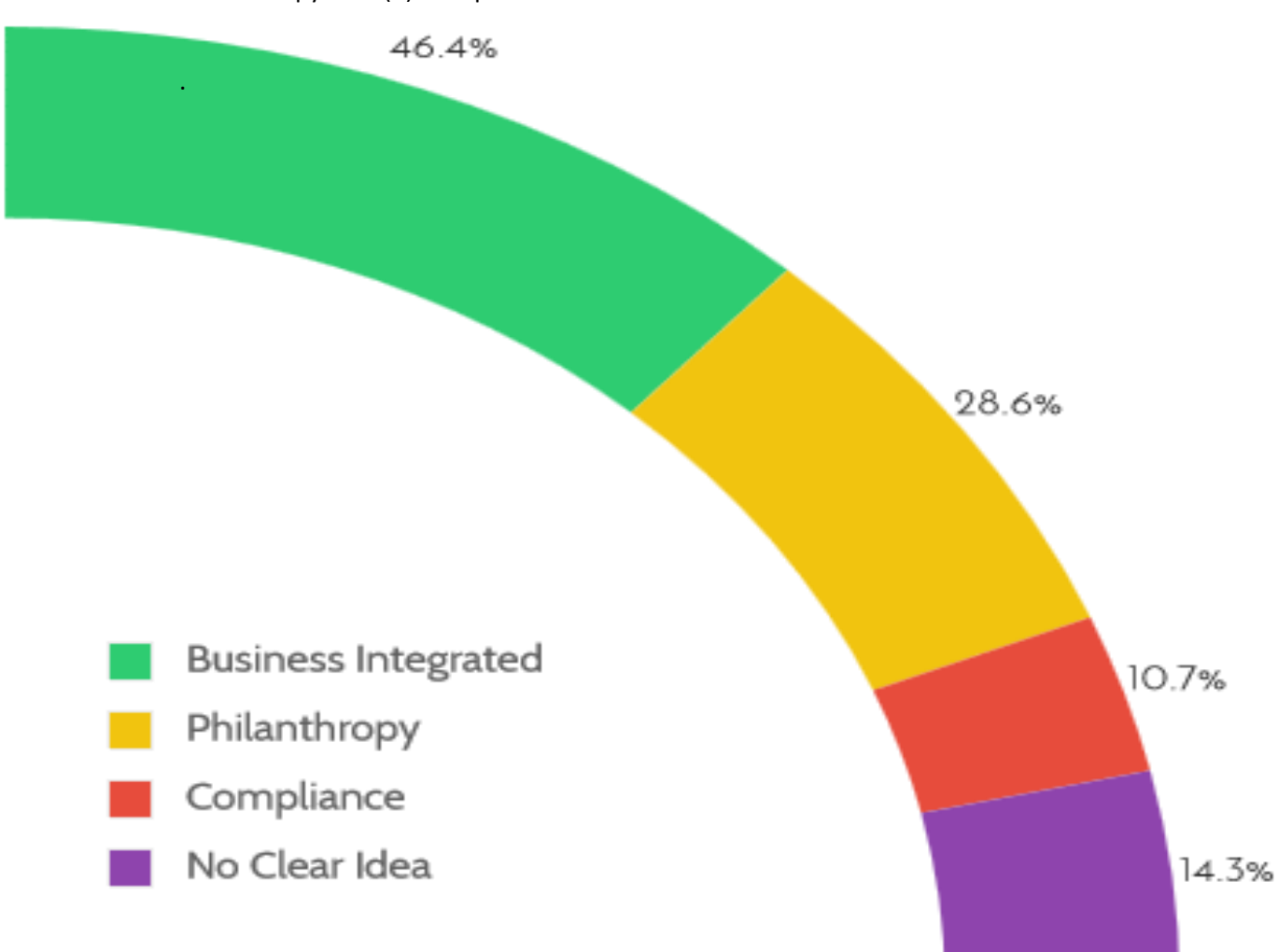
## 3.2 Survey Output

### Understanding of CSR by Top Executives

The term “Corporate Social Responsibility” – CSR is defined as a business approach that contributes to sustainable development by delivering economic, social and environmental benefits for all stakeholders. CSR concept with many definitions and practices is perceived different in different countries. The term “CSR” is also differently articulated by different companies in different countries. A general perception of Corporate social responsibility is a corporation's initiatives to assess and take responsibility for the company's effects on environmental and social wellbeing. The term generally applies to efforts that go beyond what may be required by regulators or environmental protection groups.

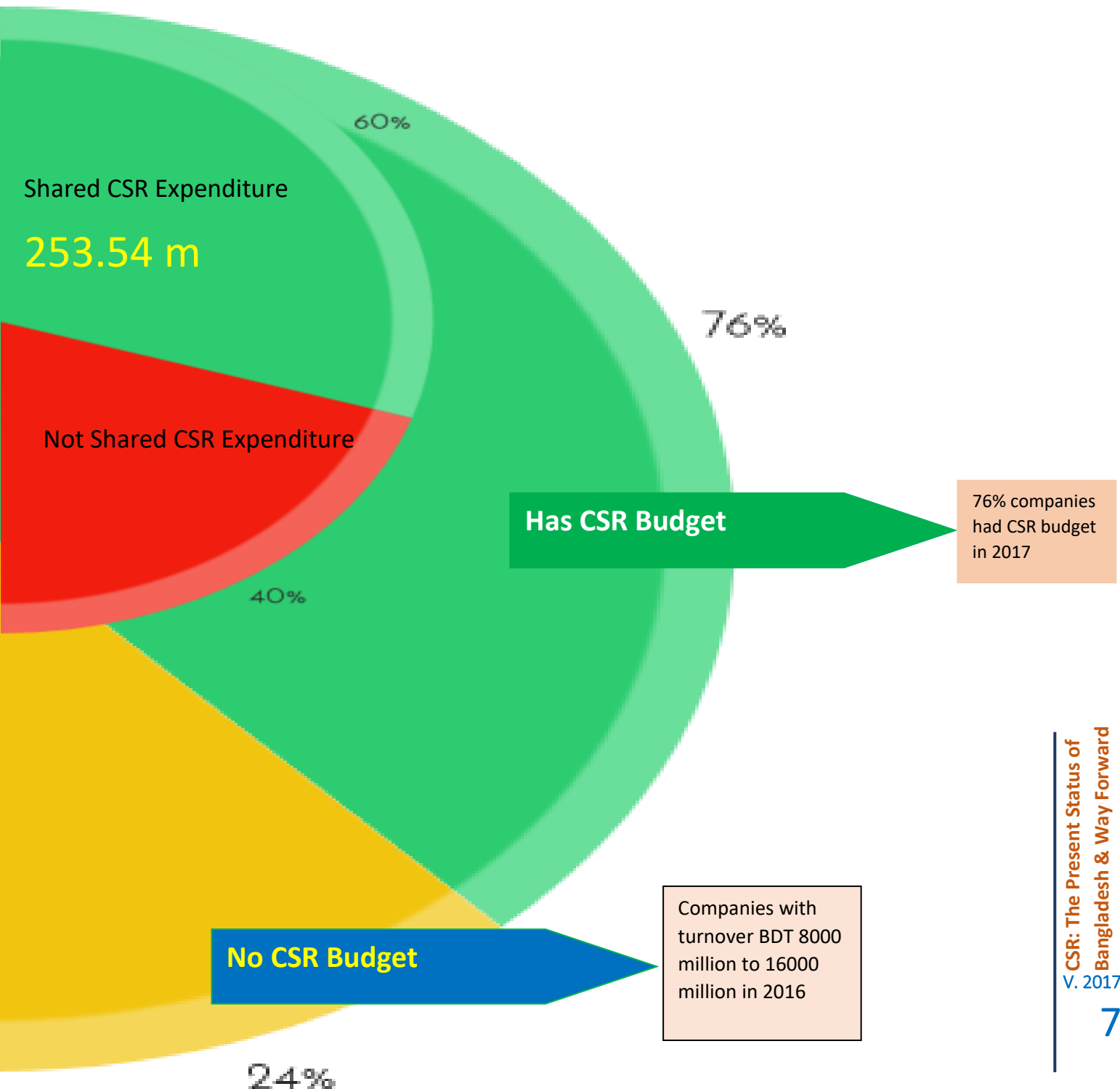
During the survey, 25 top executives were interviewed to know their perception on CSR. Among all the definition by the corporate leaders, three dimensions were focused , which are (1) Business Integration (2) Philanthropy and (3) Compliance. The results

show that 46.4% executives think that CSR should be integrated to the core business and a company's responsibility towards people, community and the society as a whole within which it operates. Also business/profit-making with the aim to do no-harm to the surroundings (social, economic and ecological). Businesses should balance profit-making activities with activities that benefit society; it involves developing businesses with a positive relationship to the society in which they operate. 28.6% executives defined CSR as philanthropy through donating to some good work, distributing blanket to the poor in winter, donating to cultural program etc. 10.7% executives pointed that CSR is nothing but following the compliance in workplace which ensure employees' rights and positive impact to the environment. 14.3% executives didn't mention any clear perception regarding CSR.



### CSR Budget of Companies

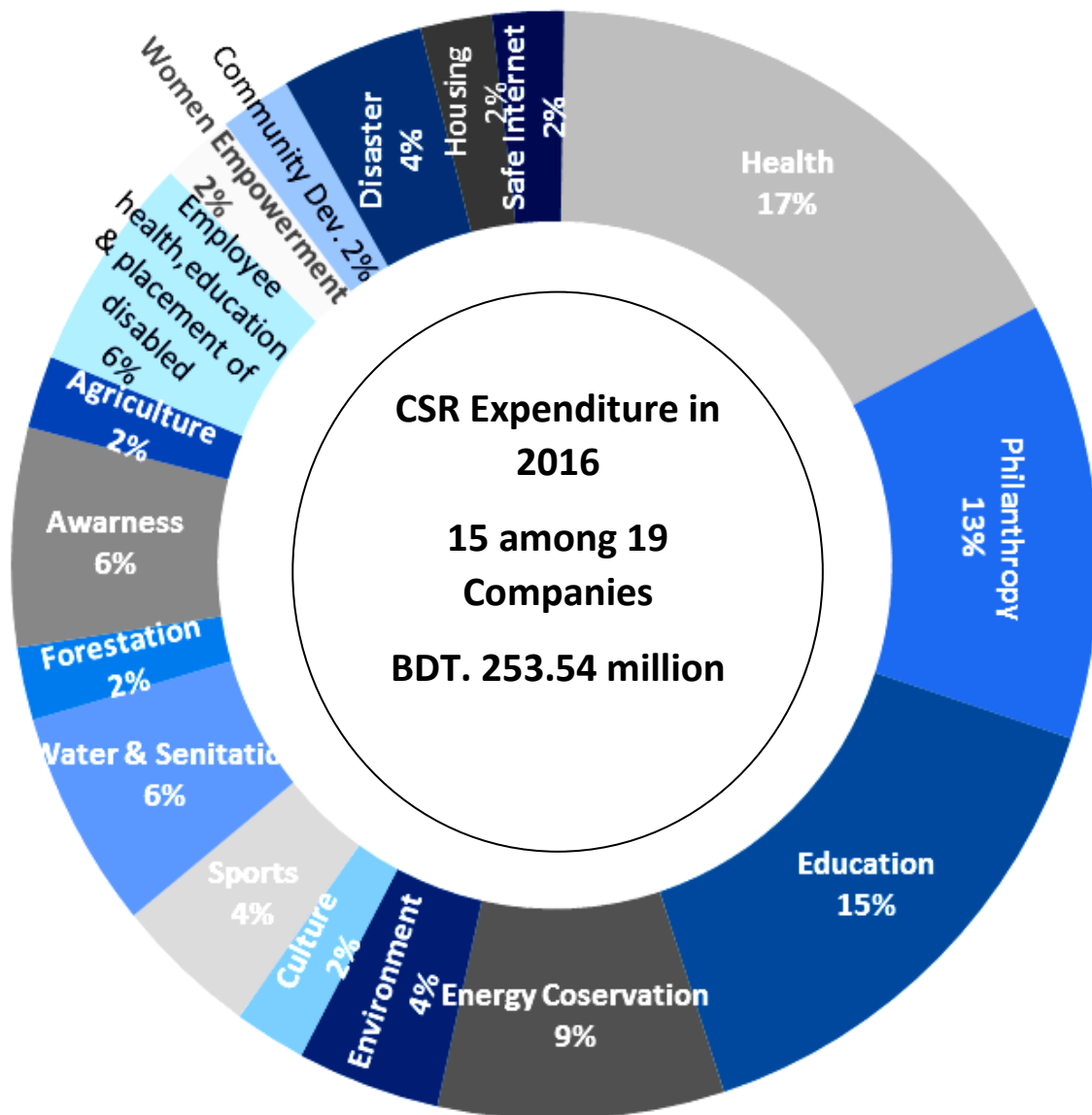
76% participating companies had CSR budget and 24% companies didn't have any budget for CSR in 2016. 60% of 76% shared the amount budgeted for CSR and 40% companies didn't share the CSR expenditure. BDT. 253.54 million was spent for different CSR activities by participating companies which had budget in CSR. Companies with turnover from BDT 8000 million to 16000 million in 2016 didn't have any budget for CSR activity in 2016.



### Budget allocated areas for CSR:

In the year 2016, companies CSR expenditure were in following areas:

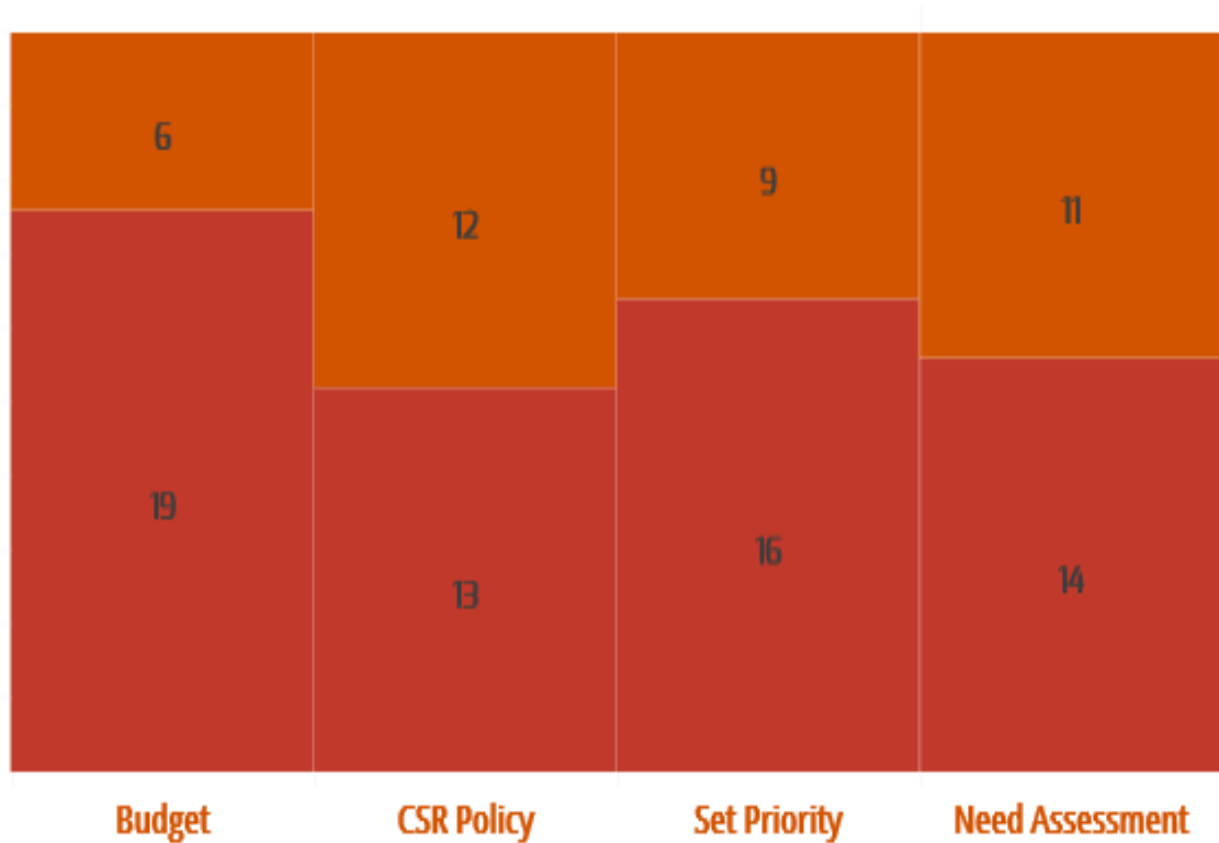
- Health (17%)
- Philanthropy (13%)
- Education (15%)
- Energy Conservation (9%)
- Environment (4%)
- Water & Sanitation (6%)
- Employee health, placement of disabled (6%)
- Disaster (4%)
- Housing (2%)
- Safe Internet (2%)
- Women Empowerment (2%)
- Agriculture (2%)
- Awareness Program (6%)
- Forestation (2%)
- Sports (4%)
- Cultural Program, Blanket Distribution and others (2%)





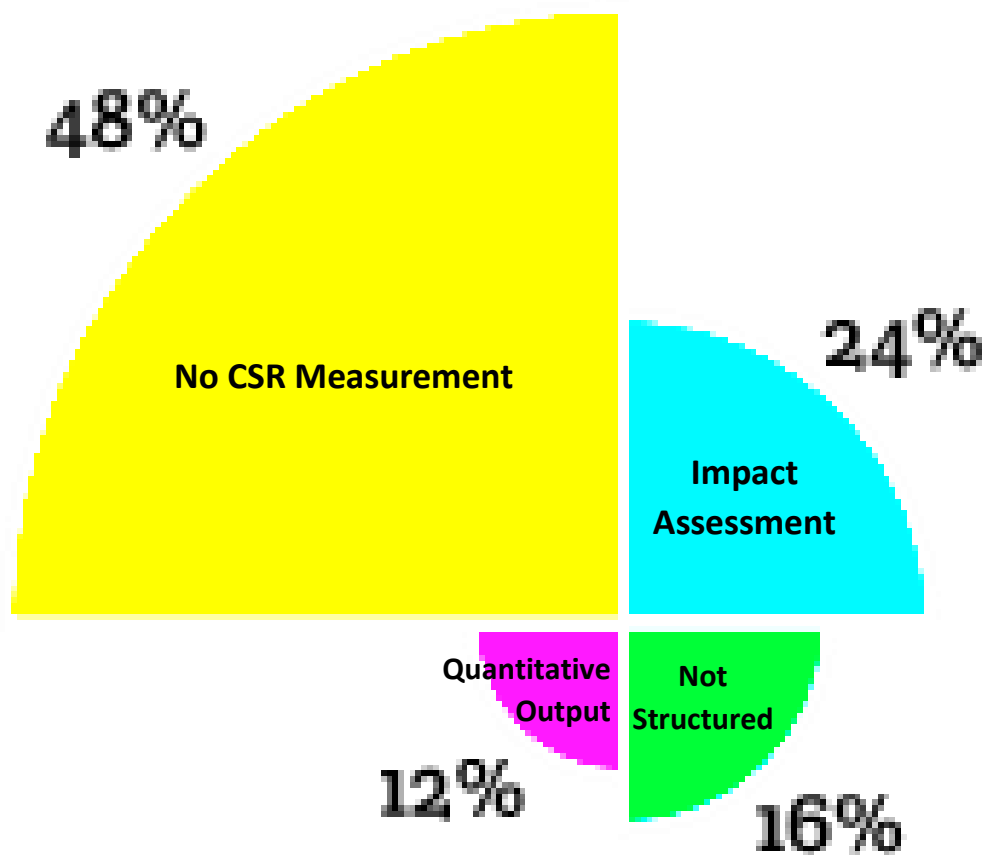
### Pre-assessment of CSR Program by Companies:

Among 19 companies which had CSR budget, 13 companies has company CSR policy. 16 companies among 25 set priority before allocating budget and 14 companies conducted need assessment prior to implement or donate money for CSR activity or program.



### CSR Measurement and Impact Assessment:

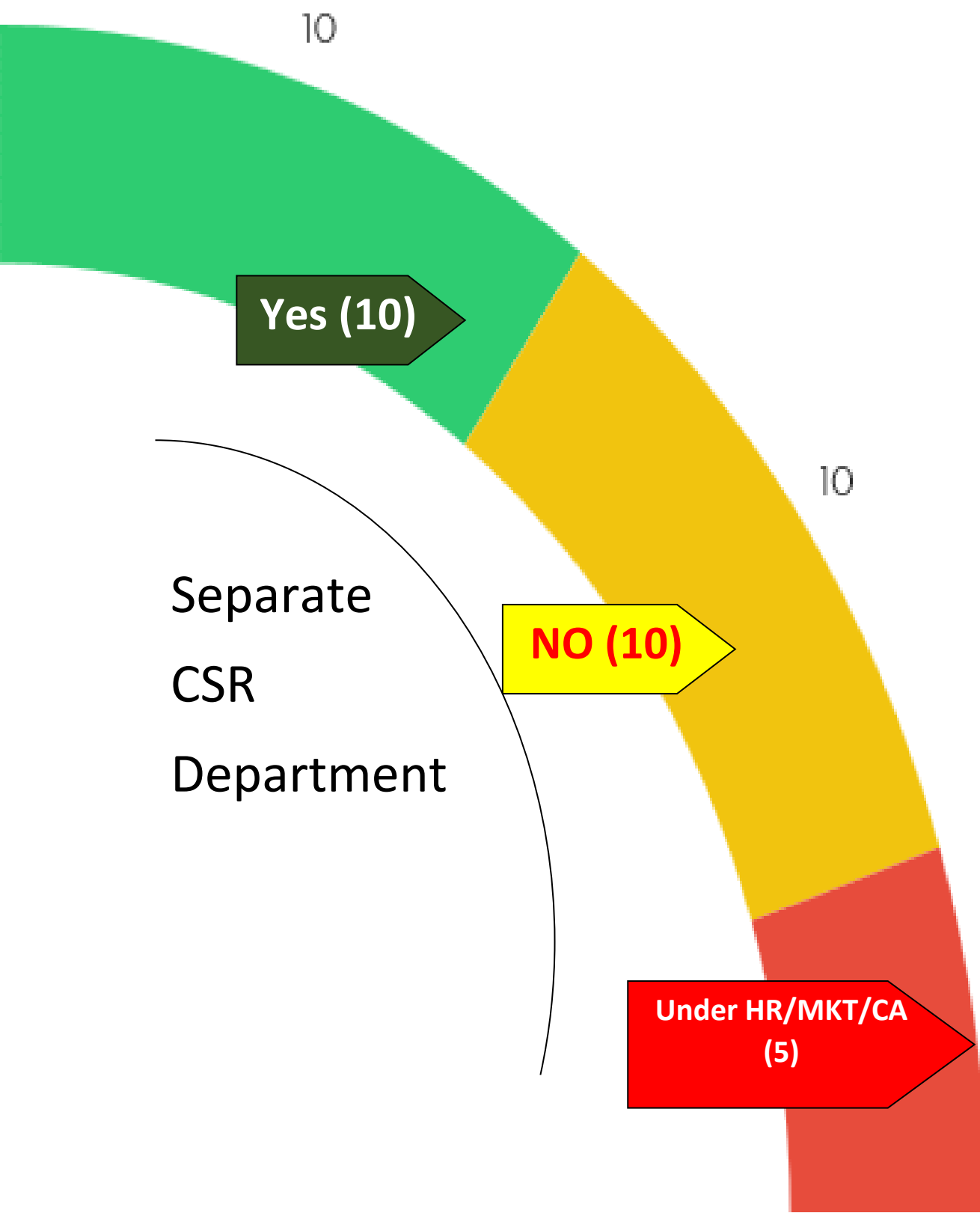
The companies which spent money for different CSR program in 2016, some of them realized to assess the activity outcome for long-term impact and sustainability issue. 24% companies measure their CSR program through conducting impact assessment by their own team or through third party consulting firms. 12% companies measure their CSR program by quantifying the output. In that case, the programs mainly based on training, capacity building or some kind of philanthropy activities. 16% companies assess their programs in an unstructured way. They don't have any structured procedure to assess impact and measure output. Majority of the companies don't have any procedure of impact assessment or measuring activity output.



### Company CSR Team:

10 companies among 25 have separate CSR department or team of 2-3 human resource. 10 companies mainly implement CSR activities with the supervision of Human Resource Department, Marketing Department or

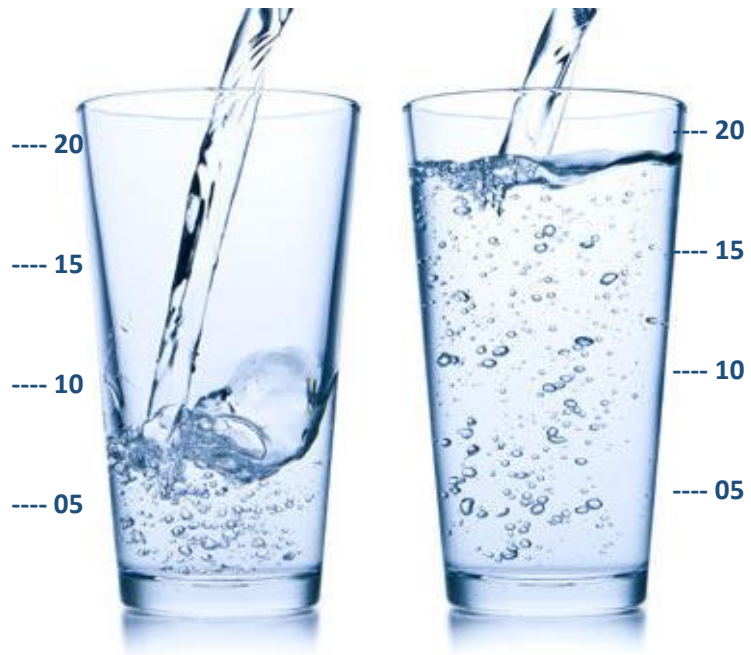
Corporate Affairs Department. 10 companies don't have any CSR team or department. They basically donate or implement CSR expenditure in an unorganized manner or through as per need basis.



Separate  
CSR  
Department

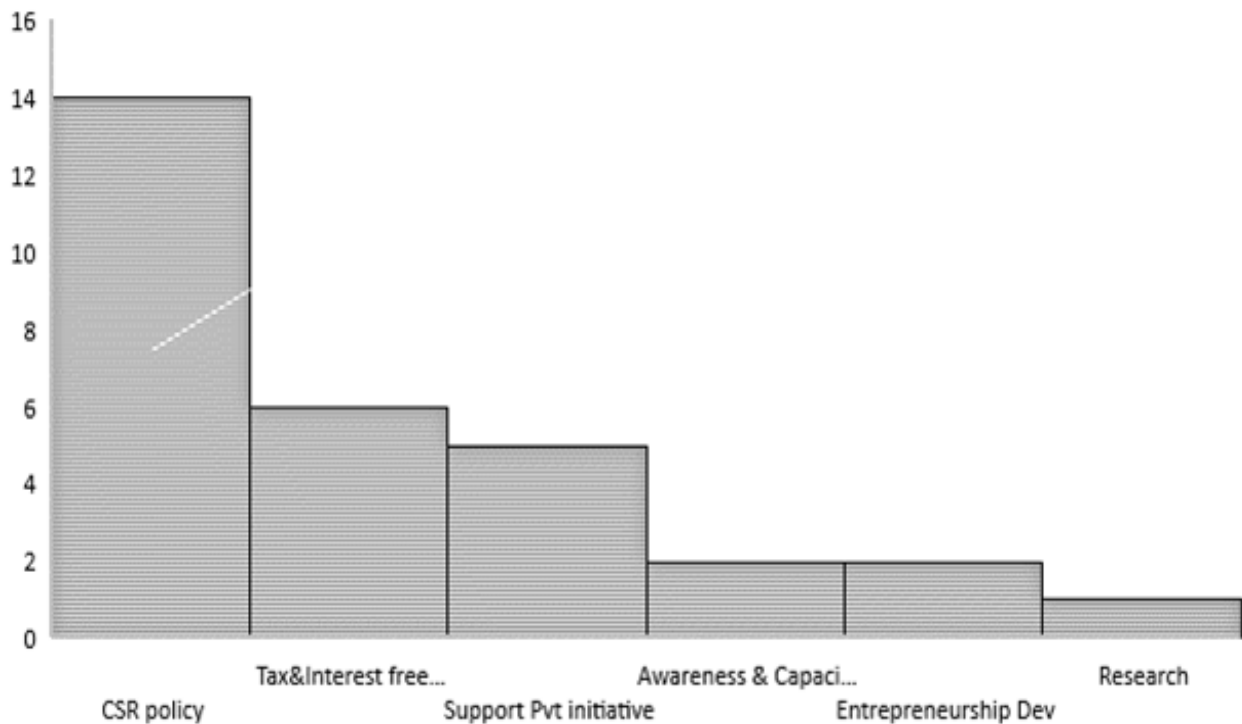
## Sustainability Reporting

In a nutshell sustainability report is a document mostly in public domain and encompass information on organizational governance, sustainability policies, and materiality related to social, economic and environmental dimension of the current and future scenario. The sustainability report is significant for all stakeholders.



Seven (7) companies among those which had CSR budget in 2016 and CSR policy published sustainability report in public domain and shared with the stakeholders. Rest of the companies are not ready to prepare and publish sustainability report publicly.

## EXPECTATION FROM GOVERNMENT



Government of Bangladesh has a significant and vital role to play in materializing corporate social responsibility. Corporates are willing to complement government initiative on social responsibility and sustainable development for the betterment of the environment, economy and society at large.

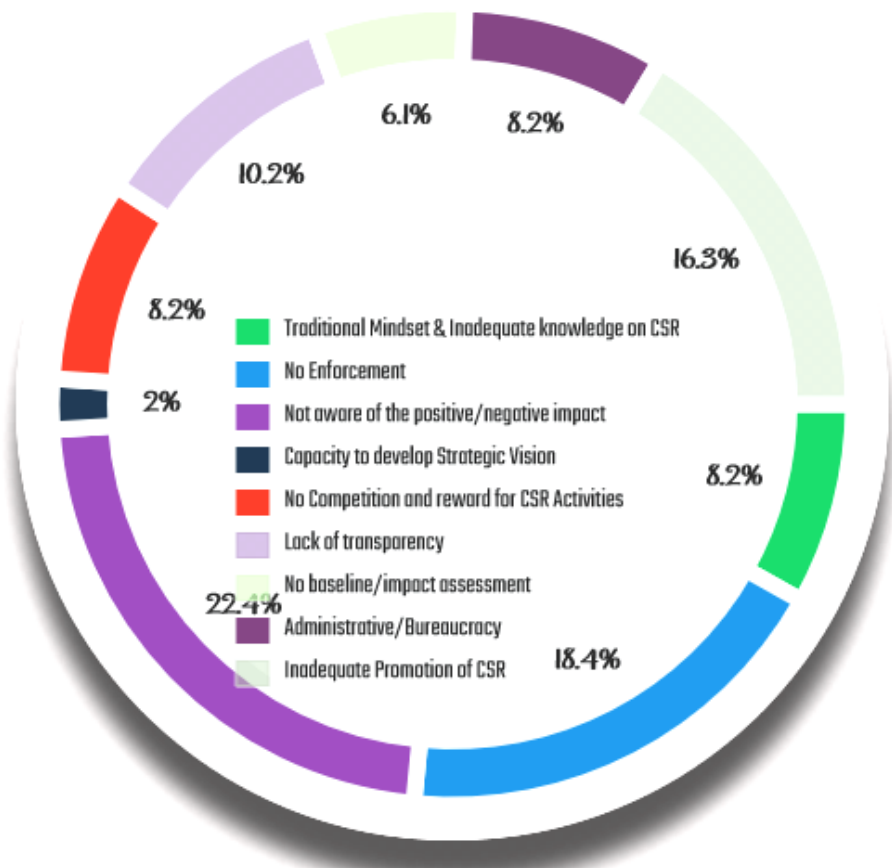
Corporate have expressed their expectations from government who can enforce business entity to implement CSR. Business leaders think that while drafting CSR guideline, some important areas on which government needs to give attention and keep those areas as CSR expenditure by corporate.

From the above graph, it is clear that business leaders are in need of a national CSR guideline which will help them to develop their CSR policy and long term strategy. Organizations expect that CSR expenditure need to be TAX and interest free so that they can contribute more to the environment and society. Some other issue came to the discussion point of corporate expectations are:

- Government should support in private initiatives
- CSR budget also need to be allocated for awareness & capacity building programs
- Entrepreneurship Development
- Research & Development

## Challenges to implement CSR

Participants indicated some challenges to implement CSR. The major findings are: (1) traditional mindset of management and inadequate knowledge in CSR (2) There is no enforcement from government level (3) management are not aware of the positive impact of CSR (4) management has lack of capacity to develop strategic planning (5) there is no competition among corporates as well as no provision to be awarded for CSR best practices (6) business entity has no transparency towards the stakeholders (7) corporate don't do any baseline and impact assessment of CSR activities (8) there are administrative and bureaucracy in management (9) inadequate promotional activity on CSR.



This is important to note that majority of participants expressed that the management is not aware of the positive impact of CSR and negative impact of not conducting responsible business where two more major challenges they highlighted that there need a national CSR guideline and also the enforcement of the policy and need adequate promotional and awareness or capacity building program on CSR.

## 4. Finding, Suggestions and Recommendations:

1. While approaching to the companies, it is felt that most of the companies are hesitant to share any information in the public domain. They just go silent when asked why not they want to share the information. The possible reasons are assumed to be the following
  - i. The Eco system in the country and the environment may not be information friendly in the context of prevailing social, political system.
  - ii. The fear of publishing and sharing information considering protection of Patent rights, information security, legal backlash, social activism, and unfair completion and poor competitive laws.
  - iii. Protection against bribe, unfair business practices, laws of the land, Business ethics, regulations etc.
  - iv. Business environment general.
2. It is noticed that most who share and put information and data in the public domain are very large organizations and mostly multinational companies. The companies prepare and make the information public as their obligation to the corporate headquarters in Europe /USA etc
3. In general, the corporate governance as an act or law is not in the country as popular as in the developing and developed world. The act may necessarily could have been binding on corporate / companies/ organizations to comply equally, which could have been a trigger for all to make the desired information public.
4. The compliance is still a challenge in Bangladesh, It has also come to the notice that companies perceive compliance as a CSR, A lot of education and campaign is must for business and entrepreneur and other stakeholders to understand the same in isolations and correct sense.
5. The corporate governance and company act must come in full force to give a sense of seriousness and accountability from the government side.
6. While finalizing the CSR guidelines, the experience sharing of the countries and continents is most desirable.
7. Promoting fair business practices and fair competition will be a key enabler for any initiative for the successful CSR policy rollout, program implementation and fruitful outcome.
8. Government must engage political parties, Non-government organizations ( NGOs), Academia, institutions, Social Scientist, local government in sensitizing the CSR guidelines vision and national objective.
9. The CSR guidelines followed by rules must have clear provision for identification of CSR projects, funding patter, Control and monitoring of funds and work, and desirable social and environmental and economic impact

10. The CSR rules may be articulated how political interference and personnel at high offices can be barred in interfering with companies for deciding CSR funds and projects.
11. The NGOs in the country are not in good books of people and government, as a results of the CSR guidelines a lot of NGOs mushrooming will happen and will be after the funds, the government may come forward how they will control the defunct and bad NGOs in accessing the CSR funds.
12. A national media campaigning, conference and seminars may be organized by the government to disseminate the information to all the stakeholders.
13. Bangladesh Bank may be asked to share their experiences on their CSR guidelines and learning may be taken into the considerations.
14. An independent review and study is desirable on the BB CSR guidelines to take an important local view of the failure and success of the policy
15. A national framework also must be in places to monitor the CSR funds and program in the country.





## 5. Implementing Organization: Social Responsibility Asia (SR Asia)

SR Asia (Social Responsibility Asia) is an international networking organization promoting CSR and sustainable development, sustainability reports and assurance services as per AA1000AS. SR Asia founders members are duly certified Social responsibility professional through APO Japan. SR Asia closely works Asian Productivity Organization (APO) Japan and National Productivity Organization (NPO) in the respective countries and have footprint over eight countries in Asia. SR Asia is duly assessed and registered by IICA, Ministry of corporate Affairs, Government of India for undertaking Training and related work to CSR and sustainability. We are member of UN global network India and UNCRD Japan.

Some of the key assignment executed by SR Asia are evaluation of CSR projects of power sector companies in India like THDC, IOCL, NTPC, NHPC, Powergrid, RECL, PFC etc. CSR Impact assessment of Private sector companies like Fieldfresh- walmart group company ( Maharashtra and Haryana), Deki Electronics Ltd - Delhi, Vee technologies - Bangalore, Indy Global ventures - Kerala, EAPL – Himanachal Pradesh, Transport Corporation India Ltd etc. SR Asia has prepared CSR and Green Banking Policies for NRB Global Bank Bangladesh. AA1000AS Assurance services to PT Semen Padang, PT Pertamina EP Asset 3 Subang Field etc in Indonesia.

We have been supported by local government and international agencies like APO Japan, GIZ Germany, European Union, CBI the Netherlands, UNCRD, IPLA, National Productivity Council ( NPC) India, National Productivity Organization Bangladesh, National Productivity Organization Indonesia, Central Bank of Bangladesh, etc.

Giving this condition, after the ISO 26000 Workshop carried out by the Asian Productivity Organization (APO) in 2011, some people initiated the Social Responsibility Asia Network or “SR Asia” with a vision of “to be a networking organization that contributes to development of a sustainable Asia”. SR Asia is a global voluntary collaboration among individuals and organizations in various Asian countries to promote social responsibility concept, principles and issues in Asia. The activities of SR Asia focus on two major operational framework: (1) innovation development and (2) knowledge management.



## 6. Funding Partner: Comfit Composite Knit Ltd.

Comfit Composite Knit Limited is a composite factory with knitting, dyeing & finishing, fabric & garments printing and garments manufacturing with 7741 employees. The sustainability vision of the company is “Our activities are eco-friendly, socially sustainable and we create garments with consideration for our planet today and tomorrow”. Sustainability slogan of comfit: “Save Environment, Save Next Generation”.

Comfit is certified by ACCORD, Organic Content Standard, Global Organic Textile Standard, Oeko-Tex Standard 100 and it has membership with BSCI. It has applied for “Platinum” factory to USGBC.

## 7. Supported By:





Social Responsibility Asia (SR Asia)

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