



Corporate Social Responsibility (CSR) and Company Law in Bangladesh: An Emerging Legal Framework

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Acknowledgement

At first, thanks to Almighty, who has been kind enough to let me complete this Thesis paper in right time.

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Declaration

This is **Srabone Barman**, student ID: LLB2201025029 of LL.B program of Department of Law of Sonargaon University, do hereby declare that the thesis paper titled “**Corporate Social Responsibility (CSR) and Company Law in Bangladesh: An Emerging Legal Framework**” an original work. The assigned work has done by me for partial requirement of my LL.B degree, this is part of academic curriculum. I certify that this thesis has not been submitted to obtain any degree in any university, and that to the best of my knowledge and belief it does not contain any material previously published or written by another person except where due references is made in the text.

I also declare that the presented work do not breach any existing copyright and no portion of this thesis paper has been copied entirely from any work done earlier for a degree or otherwise.

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CERTIFICATION

This is to certify that the thesis on “Corporate Social Responsibility (CSR) and Company Law in Bangladesh: An Emerging Legal Framework ” is done by Srabone Barman in partial fulfillment of the requirements for the degree of LL.B. (Honours) from Sonargaon University, Dhaka. The thesis has been carried out under my guidance and is a record of the bona fide work carried out successfully.

.....
Professor Dr. A. S. M. Tariq Iqbal

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Letter of Transmittal

To,

Professor A. S. M. Tariq Iqbal
Dean, Faculty of Arts and Humanities,
Sonargaon University

Subject: For the submission of thesis paper titled “Corporate Social Responsibility (CSR) and Company Law in Bangladesh: An Emerging Legal Framework.”

Dear Sir,

With due respect and humble submission, I am honored to present my thesis paper titled “**Corporate Social Responsibility (CSR) and Company Law in Bangladesh: An Emerging Legal Framework.**” which has been prepared as a partial requirement for the completion of my Bachelor of Laws (LL.B Honours) under the Department of Law at Sonargaon University.

This research has been carried out with utmost sincerity and dedication. I have made every effort to maintain the required academic standards and present a comprehensive analysis on the chosen topic. I respectfully submit this work for your kind perusal and academic evaluation.

If any clarification or further information regarding this thesis is needed, I will remain available at your convenience.

Yours faithfully,

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Abstract

Corporate Social Responsibility (CSR) has become a crucial component of modern business practices worldwide, reflecting the growing expectation that companies not only pursue profit but also contribute to social, environmental, and economic development. In Bangladesh, CSR remains largely voluntary, with limited legal mandates under the Companies Act, 1994, leaving implementation largely at the discretion of corporate entities. This study examines the legal framework, current practices, challenges, and potential reforms related to CSR in Bangladesh, analyzing its integration with corporate governance, Sustainable Development Goals (SDGs), and international best practices. Through a combination of doctrinal research, comparative analysis, and review of secondary sources, the study identifies key challenges in the Bangladeshi context, including the lack of mandatory CSR provisions, weak regulatory oversight, fragmented legal guidance, limited reporting standards, and insufficient corporate capacity. Comparative studies of countries such as India, South Africa, the UK, and the USA reveal that mandatory CSR frameworks or governance-linked approaches enhance accountability and social impact.

The study finds that while CSR initiatives in Bangladesh have grown in sectors like banking, RMG, telecom, and digital financial services, they often remain philanthropic and ad hoc, with limited strategic alignment to national priorities. To address these gaps, the study proposes legal, regulatory, and practical recommendations, including a hybrid mandatory-voluntary CSR framework, standardized reporting, strengthened regulatory oversight, capacity building, strategic alignment with SDGs, and sector-specific guidelines. This research concludes that effective CSR in Bangladesh requires a combination of legislative reform, corporate governance integration, stakeholder engagement, and long-term strategic planning, ensuring that companies contribute meaningfully to sustainable development while maintaining accountability and transparency. The findings aim to inform policymakers, regulators, and corporate stakeholders in developing a robust CSR ecosystem that aligns corporate activities with social and national development goals.

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Chapter One: Introduction

1.1. Background of the Study:

Corporate Social Responsibility (CSR) has emerged as a significant concept in modern corporate governance, reflecting the growing expectation that companies should operate not only for profit but also in a socially responsible and ethically sustainable manner. Traditionally, corporations were viewed primarily as profit-maximizing entities accountable mainly to their shareholders. However, globalization, industrial expansion, environmental degradation, labor rights movements and increased public awareness have gradually reshaped this perception, emphasizing corporate accountability towards a wider range of stakeholders, including employees, consumers, communities, and the environment.¹

In developing countries like Bangladesh, the relevance of CSR is particularly pronounced due to socio-economic challenges such as poverty, income inequality, inadequate healthcare, environmental pollution, and labor exploitation. The rapid growth of the industrial sector—especially the ready-made garment (RMG), banking, pharmaceutical, and manufacturing industries—has significantly contributed to economic development, while simultaneously raising concerns regarding workers' rights, environmental sustainability, and ethical business practices.² As a result, CSR has increasingly been viewed as a complementary mechanism to state regulation, helping bridge gaps in social welfare and sustainable development.

Despite the growing importance of CSR, the legal recognition of CSR within the corporate regulatory framework of Bangladesh remains limited. The Companies Act, 1994, which serves as the principal legislation governing corporate entities, primarily focuses on company formation, management, directors' duties, and financial accountability. It does not explicitly define CSR nor impose mandatory obligations on companies to undertake or disclose CSR activities. Consequently, CSR in Bangladesh

¹ Archie B. Carroll, "The Pyramid of Corporate Social Responsibility: Toward the Moral Management of Organizational Stakeholders," *Business Horizons* 34, no. 4 (1991): 39–48.

² Md. Rizwanul Islam, "Corporate Social Responsibility in Bangladesh: A Study of Selected Private Commercial Banks," *Journal of Business and Technology (Dhaka)* 9, no. 2 (2014): 45–60.

largely operates on a voluntary basis, driven by corporate goodwill, reputational concerns, or sector-specific guidelines rather than enforceable legal duties.

Nevertheless, certain regulatory initiatives indicate a gradual shift towards institutionalizing CSR practices. The Bangladesh Bank, for example, has issued CSR guidelines encouraging financial institutions to engage in socially responsible activities and disclose CSR expenditures. Similarly, the National Board of Revenue (NBR) has introduced tax incentives to motivate corporate spending on socially beneficial projects. These measures, while important, remain policy-oriented and lack binding legal force under company law³.

Internationally, several jurisdictions have moved towards integrating CSR into corporate legislation, most notably India, where CSR spending is mandatory for certain categories of companies under the Companies Act, 2013. Such comparative developments have stimulated academic and policy debates in Bangladesh regarding whether CSR should remain voluntary or be incorporated into the company law framework through statutory obligations and disclosure requirements.

Against this backdrop, the present study examines CSR within the context of company law in Bangladesh, focusing on the emerging legal and regulatory framework, existing gaps, and future reform prospects. Understanding this background is essential to evaluate whether the current voluntary approach is sufficient or whether a more structured legal framework is necessary to ensure corporate accountability, sustainable development, and social justice.⁴

1.2. Concept and Evolution of Corporate Social Responsibility (CSR):

Corporate Social Responsibility (CSR) refers to the idea that business enterprises, in addition to pursuing economic objectives, have obligations towards society at large. The concept emphasizes that corporations should conduct their activities in an ethical, transparent, and socially accountable manner, taking into consideration the interests of various stakeholders such as employees, consumers, shareholders, local communities,

³Bangladesh Bank, *Guidelines on Corporate Social Responsibility for Banks and Financial Institutions in Bangladesh* (Dhaka: Bangladesh Bank).

⁴Companies Act, 2013 (India), s. 135.

and the environment. CSR thus represents a shift from a narrow profit-oriented approach to a broader understanding of corporate responsibility that integrates economic, social, and environmental considerations.⁵

The concept of CSR is not entirely new; its roots can be traced back to early business ethics and philanthropic practices of business owners during the late nineteenth and early twentieth centuries. During this period, CSR was largely equated with charitable activities such as donations to educational institutions, healthcare facilities, and social welfare programs. These initiatives, however, were discretionary in nature and depended heavily on the personal values of business leaders rather than any structured corporate policy or legal obligation⁶.

The modern conceptualization of CSR began to take shape in the mid-twentieth century. Howard R. Bowen is widely regarded as the “father of CSR” for his seminal work *Social Responsibilities of the Businessman* (1953), where he argued that businesses have an obligation to pursue policies and decisions that are desirable in terms of societal values and objectives.³ Bowen’s work marked a significant departure from the traditional shareholder-centric model and laid the foundation for academic discourse on corporate responsibility.

During the 1970s and 1980s, CSR evolved further with the emergence of stakeholder theory and corporate accountability debates. Scholars such as R. Edward Freeman emphasized that corporations are accountable not only to shareholders but also to a wide range of stakeholders who are affected by corporate activities.⁴ Around the same time, Archie B. Carroll proposed a comprehensive framework for CSR, conceptualizing it as a multi-layered responsibility encompassing economic, legal, ethical, and philanthropic dimensions.⁵ This framework remains one of the most widely accepted models for understanding CSR.

The late twentieth and early twenty-first centuries witnessed a significant expansion of CSR due to globalization, increased environmental concerns, labor rights

⁵ Andrew Crane, Dirk Matten, and Laura J. Spence, *Corporate Social Responsibility: Readings and Cases in a Global Context* (London: Routledge, 2014).

⁶ Geoffrey P. Lantos, “The Ethicality of Altruistic Corporate Social Responsibility,” *Journal of Consumer Marketing* 19, no. 3 (2002): 205–230

movements, and corporate scandals. CSR began to be linked with sustainable development, corporate governance, and risk management. International initiatives such as the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and ISO 26000 further institutionalized CSR by providing global standards and principles for responsible business conduct. As a result, CSR increasingly moved from voluntary philanthropy to strategic integration within corporate policies and long-term business planning.

In contemporary discourse, CSR is closely associated with the concept of sustainable development and the “triple bottom line,” which focuses on people, planet, and profit.⁷ Companies are now expected not only to comply with legal requirements but also to proactively contribute to social welfare, environmental protection, and inclusive economic growth. In many jurisdictions, CSR has gradually entered the legal domain through mandatory disclosure requirements, corporate governance codes, and, in some cases, statutory obligations.

In the context of developing countries like Bangladesh, CSR has evolved primarily as a voluntary practice influenced by international norms, donor agencies, and sector-specific regulatory guidelines. While corporate philanthropy remains a dominant form of CSR, there is a growing recognition of the need to align CSR with legal frameworks, sustainable development goals, and corporate accountability mechanisms. This evolution highlights the dynamic nature of CSR and underscores its increasing relevance within company law and corporate governance structures⁷.

1.3. CSR in the Context of Developing Countries:

Corporate Social Responsibility (CSR) assumes a distinct and critical role in developing countries due to the unique socio-economic, political, and environmental challenges these nations face. Unlike developed economies where CSR often focuses on corporate reputation, sustainability branding, and long-term risk management, in developing countries CSR is frequently intertwined with social development, poverty alleviation, community welfare, and compliance with weak regulatory frameworks.

⁷Howard R. Bowen, *Social Responsibilities of the Businessman* (New York: Harper & Row, 1953).

Developing countries often grapple with widespread poverty, inadequate access to education and healthcare, environmental degradation, labor exploitation, and limited social safety nets. In such contexts, businesses can play a vital role in supplementing government efforts to address social needs. CSR initiatives may include providing basic healthcare services, supporting local education programs, offering vocational training, investing in infrastructure, promoting gender equality, and implementing environmentally sustainable practices.⁸ For instance, in countries with large informal labor sectors, CSR programs may focus on improving working conditions, fair wages, and occupational safety.

1.4. Rationale of the Study:

The growing significance of Corporate Social Responsibility (CSR) in Bangladesh, particularly in the context of industrialization and globalization, underscores the need for a systematic study of its legal and practical dimensions. Although CSR has gained traction among businesses in Bangladesh, its integration into the legal framework remains limited and largely voluntary. Unlike some jurisdictions such as India, where CSR obligations are embedded within company law, Bangladesh lacks explicit statutory requirements compelling companies to undertake or report CSR activities.⁹ This gap creates ambiguity regarding corporate accountability, transparency, and the broader social impact of corporate operations.

The rationale for this study is multi-faceted. First, there is a need to critically examine how CSR is conceptualized and implemented in Bangladesh, especially considering the country's socio-economic challenges, such as poverty, environmental degradation, labor rights issues, and limited public welfare infrastructure.² Companies, particularly in sectors like Ready-Made Garments (RMG), banking, and manufacturing, wield significant economic influence and thus bear potential responsibility for promoting social welfare and sustainable development. Understanding CSR practices in this context is crucial for assessing whether they genuinely contribute to societal welfare or remain largely symbolic initiatives.³

⁸Mir, M., & Rahman, M., "Corporate Social Responsibility in Developing Countries: A Review," *Journal of Developing Societies* 36, no. 1 (2020): 45–66.

⁹Companies Act, 1994 (Bangladesh); see also Ahmed, S., "CSR in Bangladesh: Opportunities and Challenges," *Bangladesh Business Review* 12, no. 2 (2017): 21–38.

Second, from a legal perspective, the absence of explicit CSR provisions in the Companies Act, 1994, and related legislation raises questions about the sufficiency of voluntary frameworks. While regulatory agencies like Bangladesh Bank have issued CSR guidelines for banks, and the National Board of Revenue offers tax incentives for CSR spending, these measures are advisory rather than mandatory. The lack of enforceable legal mechanisms limits the potential effectiveness of CSR in addressing social and environmental issues, highlighting the need for a comprehensive analysis of the existing legal framework and recommendations for reform.

Third, CSR is increasingly recognized as a component of corporate governance and sustainability reporting. Globally, businesses are expected to align their operations with sustainable development goals (SDGs), stakeholder expectations, and international standards such as ISO 26000 and the UN Global Compact.¹⁰ Studying CSR in the Bangladeshi context is essential to evaluate whether local corporate practices meet these global benchmarks and how the legal framework can be strengthened to support compliance, accountability, and long-term sustainability.

Finally, this study seeks to contribute to the broader academic and policy discourse on CSR by providing empirical and legal insights. By analyzing CSR through the lens of company law, regulatory guidelines, and sector-specific practices, the study aims to provide a roadmap for policymakers, corporate entities, and civil society to foster a more structured and legally supported CSR framework. The ultimate objective is to enhance corporate accountability, promote sustainable development, and ensure that businesses in Bangladesh contribute meaningfully to social welfare.

1.5. Statement of the Problem:

Corporate Social Responsibility (CSR) has emerged as a vital instrument for promoting sustainable development, social welfare, and ethical business practices worldwide. In Bangladesh, while CSR activities have grown considerably—particularly in sectors such as banking, manufacturing, and the Ready-Made Garment (RMG) industry—their implementation remains largely voluntary and inconsistent.

¹⁰Jamali, D., & Keshishian, T., “Corporate Social Responsibility in Developing Countries: Theory and Practice,” *International Journal of Business and Social Science* 4, no. 6 (2013): 12–23.

The Companies Act, 1994, which governs corporate operations in Bangladesh, does not explicitly define CSR, mandate CSR initiatives, or establish a legal framework for CSR disclosure and accountability.² As a result, the integration of CSR into corporate strategy is uneven and often driven by reputational concerns, international pressure, or sector-specific guidelines rather than enforceable legal obligations¹¹.

1.6. Objectives of the Study:

1. To analyze the current legal framework governing CSR in Bangladesh.
2. To evaluate the implementation and effectiveness of CSR practices among Bangladeshi companies.
3. To identify gaps and challenges in the voluntary CSR regime
4. To propose recommendations for strengthening CSR within the legal and regulatory framework of Bangladesh.

1.7. Research Questions:

This study seeks to answer the following key research questions:

1. What is the current legal and regulatory framework for CSR in Bangladesh, and how is it implemented by companies?
2. How effective are CSR practices in addressing social, environmental, and ethical concerns in Bangladeshi companies?
3. What are the main challenges and gaps in the voluntary CSR regime under existing company law?
4. What reforms or measures can enhance CSR integration within the legal and regulatory framework in Bangladesh?

1.8. Scope and Limitations of the Study:

The scope of this study is focused on the legal and practical aspects of Corporate Social Responsibility (CSR) in Bangladesh, particularly within the framework of the Companies Act, 1994, and sector-specific regulatory guidelines issued by bodies such as Bangladesh Bank. The study examines CSR practices in key industries, including banking, manufacturing, and the Ready-Made Garment (RMG) sector, to analyze how

¹¹Ahmed, S., "CSR in Bangladesh: Opportunities and Challenges," *Bangladesh Business Review* 12, no. 2 (2017): 21–38.

corporations implement socially responsible initiatives and align them with national development priorities and international CSR standards.

The research also considers comparative perspectives, drawing on international CSR frameworks and practices, such as those in India, the UK, and global standards like ISO 26000 and the UN Global Compact, to evaluate potential legal reforms and best practices that could strengthen CSR in Bangladesh.²

1.9. Research Methodology

This study adopts a doctrinal and qualitative research methodology to examine Corporate Social Responsibility (CSR) and Company Law in Bangladesh as an emerging legal framework. The methodology is designed to analyze existing laws, regulations, judicial interpretations, and corporate practices in order to evaluate the effectiveness and limitations of CSR implementation in Bangladesh.

Nature of the Research

The research is descriptive and analytical in nature. It describes the existing legal and regulatory framework governing CSR in Bangladesh and analytically evaluates its adequacy by comparing it with international best practices. The study does not involve empirical fieldwork but relies on secondary data and legal analysis.

Research Approach

A qualitative approach has been adopted. This approach is suitable for legal research as it allows an in-depth examination of statutes, policy documents, corporate governance principles, and scholarly opinions relating to CSR. Comparative legal analysis is also used to draw lessons from other jurisdictions such as India, the UK, the USA, and South Africa.

Sources of Data

(a) Primary Sources:

- Statutory laws such as the Companies Act, 1994 (Bangladesh)
- Relevant provisions of the Companies Act, 2013 (India)
- Rules, regulations, and circulars issued by Bangladesh Bank, SEC, and NBR

- International instruments such as ILO Conventions, UN Global Compact principles, and SDGs

(b) Secondary Sources:

- Books on corporate governance, company law, and CSR
- Journal articles, research papers, and law reviews
- Reports published by government bodies, UN agencies, NGOs, and international organizations
- Newspaper articles and credible online sources related to CSR practices in Bangladesh

Method of Analysis

The collected materials have been analyzed through:

- Statutory interpretation of company law provisions
 - Comparative analysis of CSR frameworks in selected jurisdictions
 - Thematic analysis of CSR practices, challenges, and regulatory roles
- This method helps identify gaps in the existing legal framework and assess the effectiveness of voluntary CSR mechanisms.

1.10. Chapterization of the Study

This study is organized into five chapters, each addressing a specific aspect of Corporate Social Responsibility (CSR) and the legal framework in Bangladesh. The structure ensures a logical flow from conceptual understanding to legal analysis, challenges, and recommendations:

Chapter One: Introduction

This chapter provides the foundation of the study. It includes the background, concept and evolution of CSR, its relevance in developing countries, rationale, statement of the problem, research objectives, research questions, scope, limitations, methodology, and structure of the study. The chapter sets the context and highlights the significance of examining CSR within Bangladesh’s legal and corporate framework.

Chapter Two: Conceptual and Theoretical Framework of CSR

Chapter Two explores the concepts, theories, and global perspectives of CSR. It discusses historical development, major CSR theories such as shareholder theory, stakeholder theory, and the triple bottom line, and examines the role of CSR in corporate governance and sustainable development. The chapter also reviews international standards and guidelines, including the UN Global Compact, OECD guidelines, and ISO 26000, to provide a comparative perspective.

Chapter Three: CSR and Company Law Framework in Bangladesh

This chapter examines the legal and regulatory framework of CSR in Bangladesh. It analyzes the Companies Act, 1994, sector-specific guidelines from regulatory authorities such as Bangladesh Bank, tax incentives by the National Board of Revenue, and other relevant laws relating to labor, environment, and corporate governance. The chapter also assesses CSR reporting practices and the extent of legal recognition for CSR in corporate operations.

Chapter Four: Comparative Analysis, Challenges, and Emerging Trends

Chapter Four presents a comparative analysis of CSR frameworks in other jurisdictions, such as India and the UK, to draw lessons for Bangladesh. It identifies challenges in CSR implementation, including the voluntary nature of CSR, lack of enforcement, monitoring issues, and disparities among sectors. Emerging trends and the potential role of CSR in promoting social accountability, good governance, and sustainable development are also discussed.

Chapter Five: Findings, Recommendations, and Conclusion

The final chapter summarizes the major findings of the study, evaluates the effectiveness of the existing CSR framework, and identifies gaps. It provides recommendations for legal and policy reforms, including mandatory CSR provisions, reporting standards, and institutional strengthening. The chapter concludes by highlighting the study's contribution to academic discourse and potential areas for future research.

The study concludes with a comprehensive list of references, including books, journal articles, statutes, regulatory guidelines, reports, and websites. Relevant appendices such as sample CSR reports, guidelines, and additional data may also be included to support the analysis.

Chapter Two

Conceptual and Theoretical Framework of CSR

2.1. Meaning and Definitions of Corporate Social Responsibility:

Corporate Social Responsibility (CSR) refers to the concept that businesses have obligations beyond generating profits for their shareholders. It encompasses a company's responsibility to operate ethically, contribute to economic development, and improve the quality of life of employees, communities, and society at large.¹² CSR is based on the understanding that corporations are integral members of society and must account for the social, environmental, and economic consequences of their operations.

Definitions of CSR vary among scholars, international organizations, and legal frameworks. Some widely cited definitions include:

1. **Howard R. Bowen (1953):** Often regarded as the “father of CSR,” Bowen defined CSR as “the obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society.”¹³ This definition emphasizes the ethical and societal responsibilities of business leaders beyond profit maximization.
2. **European Commission (2001):** The European Commission defines CSR as “the responsibility of enterprises for their impacts on society. Companies should have in place a process to integrate social, environmental, ethical, human rights, and consumer concerns into their business operations and core strategy in close collaboration with their stakeholders.”¹⁴ This definition highlights CSR as a structured process integrated into corporate strategy rather than ad hoc philanthropic activities.
3. **ISO 26000 (2010):** ISO 26000, an international standard providing guidance on social responsibility, describes CSR as “the responsibility of an organization for the impacts of its decisions and activities on society and the

¹²Howard R. Bowen, *Social Responsibilities of the Businessman* (New York: Harper & Row, 1953), 6.

¹³ISO 26000, *Guidance on Social Responsibility* (Geneva: International Organization for Standardization, 2010), 4.

¹⁴World Business Council for Sustainable Development (WBCSD), *Corporate Social Responsibility: Making Good Business Sense* (Geneva: WBCSD, 2000), 2.

environment, through transparent and ethical behavior that contributes to sustainable development.”¹⁵ This definition underscores transparency, ethical conduct, and sustainable development as central elements of CSR.

4. **World Business Council for Sustainable Development (WBCSD):** The WBCSD defines CSR as *“the commitment of business to contribute to sustainable economic development, working with employees, their families, the local community, and society at large to improve their quality of life.” This definition links CSR directly with social welfare and sustainable economic development.

From these definitions, several **common elements of CSR** emerge:

- **Ethical Responsibility:** Companies are expected to act in ways that are morally right and socially acceptable.
- **Stakeholder Orientation:** CSR requires considering the interests of all stakeholders, including employees, customers, suppliers, communities, and the environment.
- **Sustainability:** CSR is closely linked with sustainable development, emphasizing long-term social and environmental impact.
- **Voluntary Commitment:** While CSR may be influenced by laws or regulations, it fundamentally relies on the voluntary actions of corporations to go beyond mere compliance.
- **Integration into Business Strategy:** Modern CSR is not limited to philanthropy but is integrated into core business strategies to achieve social, environmental, and economic objectives.

2.2. Historical Development of CSR:

The concept of Corporate Social Responsibility (CSR) has evolved over centuries, reflecting changing societal expectations of business and the broader role of corporations in economic and social life. Although CSR is a modern term, its origins can be traced to early philanthropic and ethical practices in business, gradually progressing to a structured and strategic approach integrated with corporate governance.

¹⁵ Andrew Crane, Dirk Matten, & Laura J. Spence, *Corporate Social Responsibility: Readings and Cases in a Global Context* (London: Routledge, 2014), 3

1. Early Philanthropy and Ethical Business (Pre-20th Century): In the pre-industrial and early industrial periods, business responsibility was largely moral and philanthropic. Wealthy business owners, such as industrialists in Europe and the United States during the 19th century, often engaged in charitable activities, including funding schools, hospitals, and social welfare projects.¹⁶ These initiatives were discretionary and motivated by personal ethics, religious beliefs, or social expectations rather than formal legal obligations. Early thinkers such as Andrew Carnegie advocated for the responsibility of the wealthy to contribute to social welfare, laying the foundation for corporate philanthropy.

2. Bowen and the Emergence of CSR as a Concept (Mid-20th Century)

The modern concept of CSR began to crystallize with Howard R. Bowen's seminal work, *Social Responsibilities of the Businessman* (1953), in which he argued that businesses have obligations to consider the broader societal impact of their decisions and policies.³ Bowen's work marked a transition from ad hoc philanthropy to the recognition of ethical responsibilities inherent in business operations. During this period, CSR was largely conceptualized as voluntary, ethical, and discretionary actions beyond legal compliance.

3. CSR and Stakeholder Theory (1960s–1980s)

From the 1960s onwards, CSR expanded to include not only ethical considerations but also accountability to a broader group of stakeholders. R. Edward Freeman's stakeholder theory (1984) emphasized that businesses are responsible to all parties affected by their operations—including employees, customers, suppliers, communities, and shareholders—rather than solely to shareholders. This period also saw the integration of corporate accountability and social responsiveness into management discourse.

4. CSR and the Pyramid of Responsibility (1990s)

Archie B. Carroll (1991) proposed a "Pyramid of Corporate Social Responsibility", categorizing CSR into four levels: economic, legal, ethical, and philanthropic responsibilities. This framework conceptualized CSR as a multi-dimensional concept:

¹⁶Andrew Carnegie, *The Gospel of Wealth* (New York: Century, 1889).

businesses must first be profitable (economic), comply with laws (legal), act ethically beyond legal requirements (ethical), and contribute voluntarily to societal welfare (philanthropic). Carroll's pyramid remains one of the most widely cited models in CSR scholarship and practice.

5. Globalization and the Institutionalization of CSR (2000s–Present)

The late 20th and early 21st centuries witnessed the globalization of CSR. Corporations faced increasing scrutiny from international stakeholders, including investors, NGOs, and consumers, demanding responsible business conduct and sustainability reporting. International standards and initiatives, such as the United Nations Global Compact (2000), OECD Guidelines for Multinational Enterprises, and ISO 26000 (2010), institutionalized CSR, providing frameworks for ethical, social, and environmental responsibility. CSR shifted from voluntary philanthropy to strategic integration within corporate governance, sustainability planning, and risk management¹⁷.

CSR in Developing Countries and Bangladesh

In developing countries like Bangladesh, CSR emerged primarily through corporate philanthropy and sector-specific guidelines rather than statutory requirements. Initially, CSR initiatives in Bangladesh were limited to donations and charity by business owners. Over time, however, especially with the growth of the Ready-Made Garment (RMG) sector and financial institutions, CSR began to include labor welfare, environmental sustainability, education, and healthcare programs. Regulatory bodies, such as Bangladesh Bank, introduced CSR guidelines for financial institutions, and the National Board of Revenue incentivized CSR spending through tax benefits. However, unlike India or some developed countries, CSR in Bangladesh remains largely voluntary and lacks a comprehensive legal mandate¹⁸.

2.3. Theories of Corporate Social Responsibility:

The concept of Corporate Social Responsibility (CSR) is underpinned by several theoretical frameworks that explain why companies engage in socially responsible

¹⁷Visser, W., *Corporate Social Responsibility in Developing Countries* (Oxford: Oxford University Press, 2008), 15–20.

¹⁸Howard R. Bowen, *Social Responsibilities of the Businessman* (New York: Harper & Row, 1953), 6.

activities and how these responsibilities should be balanced with economic objectives. Understanding these theories is essential for analyzing CSR practices and their integration within corporate governance and legal frameworks. The most widely recognized theories include Shareholder Theory, Stakeholder Theory, Triple Bottom Line Theory, and Legitimacy Theory.

1. Shareholder Theory

Proposed by Milton Friedman in the 1970s, the Shareholder Theory asserts that the primary responsibility of a business is to maximize shareholder wealth.¹ According to Friedman, CSR activities that do not directly contribute to profit may be considered a misallocation of resources, unless mandated by law or serving the long-term economic interests of the shareholders.

While this theory emphasizes profit maximization as the core objective, it does not completely dismiss CSR. Friedman noted that socially responsible practices are acceptable if they increase the company's profitability or comply with legal obligations. In the context of Bangladesh, shareholder theory can explain why many companies pursue CSR selectively—primarily when it enhances brand reputation or satisfies international buyers in export-oriented sectors such as the RMG industry.

2. Stakeholder Theory

In contrast to shareholder-centric views, Stakeholder Theory, formulated by R. Edward Freeman (1984), argues that corporations have responsibilities not only to shareholders but to all stakeholders affected by corporate operations. Stakeholders include employees, customers, suppliers, communities, governments, and the environment.

This theory provides the ethical and managerial rationale for CSR, suggesting that sustainable business practices require balancing the interests of diverse groups.⁵ Stakeholder theory underpins modern CSR frameworks, emphasizing accountability, transparency, and ethical business conduct. In Bangladesh, this theory aligns with initiatives such as worker safety programs, environmental sustainability measures,

and community development projects, particularly in industries exposed to global scrutiny.

3. Triple Bottom Line Theory

Proposed by John Elkington (1997), the Triple Bottom Line (TBL) Theory expands corporate performance measurement beyond financial profit to include social and environmental outcomes, often summarized as “People, Planet, Profit.”

- People: Social responsibility towards employees, local communities, and broader society.
- Planet: Environmental stewardship and sustainable resource use.
- Profit: Economic viability and long-term business success.

TBL theory emphasizes that CSR should be integrated into core business strategies, rather than treated as peripheral philanthropy. In Bangladesh, TBL principles are particularly relevant to sectors like RMG, where environmental compliance, worker welfare, and profitability are intertwined¹⁹.

4. Legitimacy Theory

Legitimacy Theory posits that corporations undertake CSR activities to maintain social acceptance and legitimacy in the eyes of society. According to this perspective, CSR functions as a strategic tool to align corporate behavior with societal expectations, thereby reducing reputational risk and potential regulatory intervention. In Bangladesh, legitimacy theory explains why companies in high-profile sectors—such as banking and export-oriented industries—invest in CSR initiatives to demonstrate ethical conduct, compliance with labor laws, and social commitment, even when such activities are not legally mandated²⁰.

2.4. CSR and Corporate Governance:

Corporate Social Responsibility (CSR) and corporate governance are closely interrelated concepts, as both focus on ethical management, accountability, transparency, and sustainable business practices. While CSR emphasizes a company’s

¹⁹Ahmed, S., “CSR in Bangladesh: Opportunities and Challenges,” *Bangladesh Business Review* 12, no. 2 (2017): 21–38.

²⁰Milton Friedman, “The Social Responsibility of Business is to Increase its Profits,” *The New York Times Magazine*, September 13, 1970.

responsibility towards society and the environment, corporate governance provides the structural framework through which these responsibilities are implemented, monitored, and reported.

1. Link between CSR and Corporate Governance

Corporate governance refers to the mechanisms, processes, and relations by which corporations are controlled and directed, ensuring that companies operate in the interests of shareholders, stakeholders, and society at large. Good corporate governance provides a platform for effective CSR by:

- Ensuring accountability of management for social, environmental, and economic impacts.
- Enhancing transparency in CSR initiatives and reporting.
- Integrating CSR into strategic decision-making, risk management, and long-term sustainability planning.
- Balancing stakeholder interests, including shareholders, employees, customers, communities, and regulators.

In essence, CSR can be seen as an integral component of corporate governance that extends the traditional accountability of firms beyond financial performance to include social and environmental responsibilities.

2. CSR as a Governance Mechanism

CSR initiatives contribute to corporate governance by:

- **Enhancing Accountability:** Companies implementing structured CSR policies are more likely to document their social and environmental performance, enabling stakeholders to hold them accountable.
- **Strengthening Ethical Practices:** CSR fosters ethical decision-making, reduces corporate misconduct, and ensures compliance with laws and regulations.
- **Risk Management:** By addressing social and environmental concerns proactively, CSR reduces potential legal, reputational, and operational risks.
- **Stakeholder Engagement:** CSR encourages dialogue with employees, customers, communities, and regulators, improving trust and legitimacy.

3. CSR and Board Responsibilities

Corporate governance structures, especially boards of directors, play a critical role in overseeing CSR implementation. Boards are responsible for:

- Setting CSR policies and objectives aligned with corporate strategy and stakeholder expectations.
- Ensuring proper allocation of resources for CSR initiatives.
- Monitoring and evaluating the effectiveness and impact of CSR activities.
- Reporting CSR outcomes transparently in annual reports or sustainability disclosures.

4. International and Local Perspectives

Globally, CSR is increasingly viewed as part of corporate governance best practices. For instance, the OECD Principles of Corporate Governance (2015) and the UN Global Compact emphasize ethical business conduct, stakeholder engagement, and social responsibility as key governance principles.

In Bangladesh, while CSR is largely voluntary, there is growing recognition of its role in strengthening corporate governance. Regulatory frameworks, such as the Companies Act, 1994, and sector-specific guidelines (e.g., by Bangladesh Bank), encourage companies to adopt CSR policies that complement governance practices, improve transparency, and foster public trust²¹.

2.5. CSR and Sustainable Development Goals (SDGs):

Corporate Social Responsibility (CSR) and the Sustainable Development Goals (SDGs) are closely intertwined, as both aim to promote sustainable economic growth, social equity, and environmental protection. The SDGs, adopted by the United Nations in 2015, consist of 17 global goals designed to address pressing social, economic, and environmental challenges by 2030.¹ CSR provides a framework for corporations to actively contribute to these goals, ensuring that business operations support sustainable development beyond profit generation.

²¹Md. Rizwanul Islam, "Corporate Social Responsibility in Bangladesh: A Study of Selected Private Commercial Banks," *Journal of Business and Technology (Dhaka)* 9, no. 2 (2014): 45–60.

1. The Role of CSR in Achieving SDGs

Corporations are increasingly expected to align their CSR activities with the SDGs to create shared value for both business and society. CSR contributes to the SDGs in the following ways:

- **Social Development:** CSR initiatives in education, healthcare, and poverty alleviation directly support SDG 1 (No Poverty), SDG 3 (Good Health and Well-being), and SDG 4 (Quality Education).² Companies in Bangladesh, especially in the RMG and banking sectors, have sponsored scholarships, health programs, and community development projects to enhance social welfare.
- **Environmental Sustainability:** CSR programs focusing on renewable energy, waste management, and pollution reduction contribute to SDG 6 (Clean Water and Sanitation), SDG 7 (Affordable and Clean Energy), and SDG 13 (Climate Action).
- **Economic Growth and Employment:** CSR initiatives supporting skill development, entrepreneurship, and fair labor practices contribute to SDG 8 (Decent Work and Economic Growth) and SDG 9 (Industry, Innovation, and Infrastructure). Many companies provide vocational training to workers and local communities, enhancing employability and fostering inclusive growth.
- **Gender Equality and Social Inclusion:** CSR programs addressing women's empowerment, workplace equality, and community inclusion advance SDG 5 (Gender Equality) and SDG 10 (Reduced Inequalities).⁶ In Bangladesh, several organizations are implementing women-focused CSR projects, particularly in the RMG and microfinance sectors.

2. CSR as a Strategic Tool for SDGs

Integrating CSR with SDGs allows corporations to:

- **Enhance Reputation and Trust:** Companies demonstrate commitment to ethical and socially responsible practices, gaining stakeholder trust and international recognition.
- **Reduce Risk and Ensure Compliance:** CSR aligned with SDGs helps businesses proactively address environmental and social risks, mitigating regulatory and reputational challenges.

- Promote Innovation and Competitiveness: SDG-focused CSR encourages innovation in sustainable products, services, and processes, creating long-term business value.

3. Challenges in Aligning CSR with SDGs in Bangladesh

Despite growing awareness, several challenges hinder effective alignment of CSR with SDGs in Bangladesh:

- Voluntary Nature of CSR: Lack of mandatory CSR legislation limits systematic contribution to SDGs.
- Limited Reporting and Monitoring: Many companies do not provide transparent CSR reporting, making it difficult to track progress toward SDGs.
- Resource Constraints: SMEs often lack the financial and technical capacity to implement SDG-aligned CSR programs.
- Lack of Awareness: Some corporate actors are unaware of the global SDG framework or its relevance to local business practices.

2.6. Global Standards and Guidelines on CSR:

Corporate Social Responsibility (CSR) has evolved into a globally recognized practice guided by international standards and frameworks. These standards provide companies with practical tools to implement CSR systematically, ensure accountability, and align business operations with ethical, social, and environmental expectations. Global CSR standards are particularly relevant for developing countries like Bangladesh, where multinational corporations and export-oriented industries are influenced by international buyers, investors, and regulatory expectations.

1. United Nations Global Compact (UNGC)

The UN Global Compact, launched in 2000, is a voluntary initiative that encourages businesses worldwide to adopt sustainable and socially responsible policies.²² It is based on ten principles covering human rights, labor standards, environmental protection, and anti-corruption:

- Human Rights: Businesses should support and respect the protection of internationally proclaimed human rights.

²²United Nations Global Compact, The Ten Principles of the UN Global Compact (2000).

- Labor Standards: Uphold freedom of association, eliminate forced and child labor, and prevent discrimination.
- Environment: Promote environmental responsibility and precautionary approaches.
- Anti-Corruption: Work against corruption in all its forms.

The UNGC provides companies with a globally recognized framework for integrating CSR into strategy, operations, and reporting. Companies participating in global supply chains, such as Bangladeshi RMG exporters, often adopt UNGC principles to meet international buyer expectations.

2. ISO 26000: Guidance on Social Responsibility

ISO 26000, issued in 2010 by the International Organization for Standardization, is a voluntary standard that guides organizations in integrating social responsibility into their operations. It covers seven core subjects:

1. Organizational governance
2. Human rights
3. Labor practices
4. Environment
5. Fair operating practices
6. Consumer issues
7. Community involvement and development

ISO 26000 emphasizes ethical behavior, transparency, and sustainable development, helping companies systematically implement CSR while considering stakeholder expectations. Unlike certification standards, ISO 26000 provides guidance rather than formal compliance, making it suitable for diverse organizational contexts, including SMEs in Bangladesh.

3. OECD Guidelines for Multinational Enterprises

The Organisation for Economic Co-operation and Development (OECD) Guidelines provide recommendations for responsible business conduct for multinational enterprises. They cover areas such as disclosure, human rights, employment and industrial relations, environment, anti-corruption, consumer interests, science and technology, competition, and taxation.

The OECD Guidelines serve as a benchmark for companies operating internationally, including Bangladeshi firms engaged in export-oriented manufacturing, encouraging them to implement responsible practices throughout the supply chain.

4. Global Reporting Initiative (GRI) Standards

The Global Reporting Initiative (GRI) provides comprehensive reporting standards for sustainability and CSR performance, focusing on economic, environmental, and social indicators. GRI enables companies to measure and report their CSR activities transparently, facilitating stakeholder engagement and accountability.

5. OECD and UN Influence on CSR in Developing Countries

International standards and guidelines have a significant influence on CSR in developing countries.⁷ Multinational corporations, global investors, and international buyers often require local firms to comply with CSR norms derived from UNGC, ISO 26000, and OECD Guidelines. This creates indirect regulatory pressure on companies in Bangladesh to adopt ethical labor practices, environmental responsibility, and community development initiatives.

2.7. CSR: Voluntary Approach vs Mandatory Legal Approach.

Corporate Social Responsibility (CSR) can be implemented through either a voluntary approach, where companies engage in socially responsible practices at their discretion, or a mandatory legal approach, where CSR is regulated and legally enforced. Understanding these two approaches is essential for analyzing the current CSR framework in Bangladesh and for evaluating its effectiveness in promoting sustainable development.²³

Voluntary Approach to CSR

The voluntary approach treats CSR as a discretionary commitment by businesses to society beyond legal obligations. Companies adopt CSR to enhance reputation, stakeholder trust, and long-term profitability, rather than due to statutory compulsion.²

Key characteristics of voluntary CSR include:

²³Carroll, A. B., &Shabana, K. M., “The Business Case for Corporate Social Responsibility: A Review of Concepts, Research and Practice,” *International Journal of Management Reviews* 12, no. 1 (2010): 85–105.

- **Flexibility:** Firms decide the scope, scale, and areas of CSR initiatives, such as education, health, environment, or community development.
- **Innovation:** Voluntary CSR allows companies to develop creative solutions to social and environmental challenges.
- **Reputation Management:** Firms often use voluntary CSR to improve brand image, satisfy international buyers, or gain investor confidence.
- **Ethical Motivation:** Companies engage in CSR as part of ethical or moral responsibility toward society.³

In Bangladesh, most companies adopt CSR voluntarily. Financial institutions follow Bangladesh Bank CSR Guidelines (2011), which are advisory rather than legally binding, while RMG and other private sectors often implement CSR to meet buyer or stakeholder expectations.

2. Mandatory Legal Approach to CSR

The mandatory approach requires companies to allocate a specific portion of profit or resources to CSR activities under statutory or regulatory obligations. This approach institutionalizes CSR, ensuring accountability and consistent social impact.⁵

Key features of mandatory CSR include:

- **Legal Compliance:** Companies must comply with CSR provisions, often linked to reporting obligations and penalties for non-compliance.
- **Equitable Distribution:** Mandatory CSR ensures that corporate contributions benefit multiple social sectors rather than selective initiatives.
- **Standardized Reporting:** Legal frameworks often require structured CSR reporting and monitoring.
- **Alignment with National Priorities:** Mandatory CSR can be aligned with government development goals and the Sustainable Development Goals (SDGs).

Comparative Analysis: Voluntary vs Mandatory Approaches

Aspect	Voluntary CSR	Mandatory CSR
Nature	Discretionary	Legally binding
Scope	Flexible, company-defined	Standardized by law or regulation
Accountability	Limited, based on stakeholder expectations	High, subject to legal compliance and reporting
Innovation	High, allows creative solutions	May be restricted by compliance requirements
Social Impact	Uneven across companies/sectors	More uniform and measurable
Examples	Bangladesh's private sector CSR	India's Companies Act 2013, Section 135

In Bangladesh, CSR remains largely voluntary, although regulatory encouragement (e.g., tax incentives from the National Board of Revenue and Bangladesh Bank guidelines) nudges companies toward structured CSR. The voluntary nature has benefits in flexibility and innovation but limits consistent social impact and accountability, highlighting the potential need for a more robust legal framework in the future.

Chapter Three: CSR and Company Law Framework in Bangladesh

3.1. Overview of Company Law in Bangladesh:

Company law in Bangladesh provides the legal framework for the formation, management, and regulation of companies. It governs corporate entities' rights and responsibilities, including obligations related to financial reporting, corporate governance, stakeholder protection, and increasingly, Corporate Social Responsibility (CSR). The primary legislation governing companies is the Companies Act, 1994, supplemented by rules, regulations, and sector-specific guidelines.²⁴

Historical Background

The company law framework in Bangladesh has its roots in British colonial legislation, particularly the Indian Companies Act of 1913. After independence in 1971, Bangladesh inherited much of the pre-existing corporate law framework. To modernize corporate regulation and address the changing business environment, the Companies Act, 1994 was enacted, consolidating provisions on company formation, management, disclosure, and compliance.²⁵

Key Features of the Companies Act, 1994

The Companies Act, 1994, governs all aspects of corporate operations in Bangladesh. Key provisions include:

- **Incorporation and Types of Companies:** The Act allows the formation of private and public companies, including subsidiaries, one-person companies, and foreign companies operating in Bangladesh.
- **Corporate Governance:** The Act specifies requirements for board composition, director duties, meetings, and resolutions, promoting accountability and transparency.
- **Financial Disclosure and Reporting:** Companies are mandated to maintain proper accounts, conduct audits, and file annual reports with the Registrar of Joint Stock Companies and Firms (RJSC).

²⁴M. Rahman, *Company Law in Bangladesh: Principles and Practice* (Dhaka: University Press Limited, 2015), 12–18.

²⁵Md. M. Hossain, *Corporate Governance and Company Law in Bangladesh* (Dhaka: A H Development Publishing, 2017), 45–52.

- **Shareholder Rights and Protection:** Provisions safeguard shareholders' interests, including voting rights, dividend entitlement, and remedies for grievances.
- **CSR and Social Responsibility:** While the Act does not mandate CSR spending, it encourages responsible corporate behavior, and sectoral regulators such as Bangladesh Bank and the Securities and Exchange Commission (SEC) provide guidelines for CSR initiatives.
- **Legal Compliance and Penalties:** Non-compliance with statutory provisions may result in fines, penalties, or other legal consequences.

Regulatory Authorities

Several institutions oversee the implementation of company law and corporate governance in Bangladesh:

1. **Registrar of Joint Stock Companies and Firms (RJSC):** Responsible for company registration, regulation, and monitoring compliance with the Companies Act.
2. **Bangladesh Securities and Exchange Commission (BSEC):** Regulates publicly listed companies, ensures transparency, and enforces corporate governance standards.
3. **Bangladesh Bank:** Provides sector-specific guidelines on CSR, governance, and financial sector compliance for banks and financial institutions.
4. **National Board of Revenue (NBR):** Offers incentives for CSR contributions, including tax exemptions for donations toward social development.

CSR and Company Law in Bangladesh

While the Companies Act, 1994 does not impose mandatory CSR obligations, it provides a legal framework that supports corporate social responsibility indirectly through:

- Encouraging ethical management and corporate governance.
- Mandating transparency in financial reporting, which includes disclosure of CSR expenditures where relevant.
- Allowing tax incentives for companies engaging in social welfare and development activities.

- Encouraging sectoral regulators to issue CSR-specific guidelines for industries like banking, RMG, and large-scale manufacturing.

Recent Developments

In recent years, there has been a growing recognition of CSR in Bangladesh, driven by:

- International supply chain requirements, especially for RMG exporters.
- Sustainable finance initiatives by Bangladesh Bank.
- Increasing stakeholder awareness, including consumer expectations and investor pressure.
- Alignment with Sustainable Development Goals (SDGs), prompting companies to integrate social and environmental responsibility into their core business strategies.

3.2. The Companies Act, 1994 and Corporate Responsibilities:

The Companies Act, 1994 serves as the primary legal framework governing corporate operations in Bangladesh. While it does not impose explicit mandatory CSR obligations, the Act outlines a range of corporate responsibilities that indirectly encourage ethical, accountable, and socially responsible business practices. These provisions provide a foundation for companies to adopt CSR voluntarily while ensuring legal compliance, good governance, and stakeholder protection.²⁶

Overview of Corporate Responsibilities under the Act

The Companies Act, 1994, emphasizes fiduciary duties, accountability, and transparency, which form the basis of corporate responsibility. Key responsibilities include:

1. **Directors' Duties:** Directors are responsible for managing the company in the best interests of the company, shareholders, and other stakeholders.² This includes exercising due diligence, avoiding conflicts of interest, and ensuring ethical decision-making. Ethical management under this framework often

²⁶M. Rahman, *Company Law in Bangladesh: Principles and Practice* (Dhaka: University Press Limited, 2015), 52–55.

overlaps with CSR objectives, such as labor welfare, community engagement, and environmental sustainability.

2. **Financial Reporting and Disclosure:** Companies are required to maintain proper accounts, conduct audits, and file annual reports with the Registrar of Joint Stock Companies and Firms (RJSC). Transparency in financial reporting indirectly supports CSR by ensuring that companies account for expenditures on social and community initiatives, particularly in sectors where CSR is expected by stakeholders or regulators.
3. **Shareholders' Rights and Protection:** The Act safeguards shareholder interests, including rights to dividends, voting, and access to company information.⁴ Protecting shareholder interests encourages companies to balance profitability with broader responsibilities, including social and environmental concerns.
4. **Corporate Governance:** The Act provides structural requirements for boards, meetings, and resolutions, emphasizing ethical management, accountability, and responsible leadership. Sound corporate governance creates a mechanism for integrating CSR initiatives into strategic planning and operational oversight.

CSR-Related Provisions in the Act

While CSR is not explicitly mandated, the Act contains provisions that enable and encourage companies to engage in socially responsible activities:

- **Section 37 – Dividend Declaration and Reserve:** Companies are permitted to allocate funds for social purposes after meeting statutory obligations, providing a legal basis for voluntary CSR spending.
- **Section 100 – Accounts and Audits:** Transparency requirements allow companies to report CSR initiatives in financial statements, thereby promoting accountability and credibility.
- **Section 172 (Analogous to Shareholder Interests and Ethical Conduct):** Though primarily addressing directors' duties, this section encourages companies to consider the impact of their actions on employees, communities, and the environment, aligning with CSR principles²⁷.

²⁷Md. M. Hossain, *Corporate Governance and Company Law in Bangladesh* (Dhaka: A H Development Publishing, 2017), 45–52.

These provisions collectively create a legal environment that supports CSR, even if not mandatory. Companies can leverage these sections to integrate social responsibility into corporate governance and strategic planning.

3. Sectoral Encouragement and Regulatory Guidelines

In addition to the Companies Act, sector-specific regulators have issued CSR guidelines that complement legal provisions:

1. Bangladesh Bank CSR Guidelines (2011): Banks and financial institutions are encouraged to allocate at least 2% of pre-tax profit for CSR initiatives in areas such as education, healthcare, environmental protection, and poverty alleviation.
2. Tax Incentives: The National Board of Revenue (NBR) allows companies to claim tax exemptions for approved donations and social welfare activities, creating a financial incentive for CSR.
3. Securities and Exchange Commission (SEC) Guidance: Listed companies are encouraged to disclose social and environmental initiatives in annual reports, enhancing transparency and accountability.

Through these guidelines, the Companies Act, 1994, indirectly facilitates structured CSR by linking ethical management, transparency, and accountability with voluntary social responsibility practices²⁸.

4. Comparative Perspective

Unlike India, where the Companies Act, 2013 (Section 135) mandates CSR expenditure for qualifying companies, Bangladesh relies on voluntary compliance supported by legal provisions, regulatory encouragement, and tax incentives.¹⁰ While this approach allows flexibility and innovation, it also results in inconsistent CSR practices across industries, highlighting the potential need for a more formal legal mandate.

3.3. Legal Status of CSR under the Companies Act, 1994:

Corporate Social Responsibility (CSR) in Bangladesh operates within a voluntary legal framework, and the Companies Act, 1994 serves as the primary legislation

²⁸National Board of Revenue, Income Tax Rules 1984, Chapter XII, Part III – Tax Exemption for Donations.

influencing corporate behavior. While the Act emphasizes ethical management, transparency, and accountability, it does not impose mandatory CSR obligations. Understanding the legal status of CSR under this Act is essential for evaluating how CSR is regulated, encouraged, and implemented in Bangladesh.

CSR as a Voluntary Corporate Obligation

Under the Companies Act, 1994, CSR is not legally mandated. Unlike India's Companies Act, 2013 (Section 135), which requires companies above a certain threshold to spend at least 2% of net profits on CSR, Bangladesh does not impose specific CSR expenditure or reporting requirements.²⁹

Instead, the Act creates a framework that indirectly supports CSR through:

- **Directors' Duties:** Directors must act in the best interests of the company and its stakeholders, which encourages ethical and socially responsible decisions.³
- **Transparency in Financial Reporting:** Companies must maintain accounts and disclose information to shareholders and regulatory authorities, enabling voluntary reporting of CSR activities.
- **Corporate Governance Provisions:** Sections on board responsibilities, meetings, and resolutions provide a structure for strategic decision-making, which can incorporate CSR initiatives.

This legal positioning makes CSR a voluntary corporate obligation, relying on the discretion of management and the expectations of stakeholders.

2. Regulatory Encouragement and Guidelines

Although CSR is voluntary under the Companies Act, regulatory bodies have issued guidelines to encourage corporate participation in social and environmental initiatives:

1. **Bangladesh Bank CSR Guidelines (2011):** Banks and financial institutions are recommended to spend a portion of pre-tax profits (e.g., 2%) on CSR activities, including education, healthcare, environmental protection, and poverty alleviation.

²⁹Md. M. Hossain, *Corporate Governance and Company Law in Bangladesh* (Dhaka: A H Development Publishing, 2017), 45–52.

2. Securities and Exchange Commission (SEC): Listed companies are encouraged to report CSR activities in annual reports to enhance transparency and accountability.³⁰
3. National Board of Revenue (NBR): Tax exemptions are available for approved social welfare contributions, creating an incentive-based approach to CSR.

These measures illustrate that while CSR is not compulsory under law, it is legally recognized and supported through regulatory guidance, financial incentives, and governance structures.

3. Limitations of CSR's Legal Status in Bangladesh

The voluntary nature of CSR under the Companies Act presents several limitations:

- **Inconsistent CSR Practices:** Companies vary widely in the scope, scale, and impact of CSR initiatives, leading to uneven social benefits.
- **Lack of Enforcement:** No legal penalties exist for failing to implement CSR, reducing accountability.
- **Limited Monitoring:** There is no standardized mechanism for reporting or evaluating CSR initiatives across industries.
- **Dependence on Stakeholder Pressure:** CSR implementation often depends on external pressures from consumers, investors, or international buyers rather than legal compulsion.

4. Comparative Perspective

Globally, countries have adopted different approaches to CSR:

- **Mandatory Approach:** India (Companies Act, 2013) and certain European countries legally require CSR expenditure for qualifying companies.
- **Voluntary Approach:** Bangladesh, Pakistan, and most Southeast Asian countries rely on voluntary CSR guided by regulations, tax incentives, and global standards.

³⁰Ahmed, S., "Corporate Social Responsibility in Bangladesh: Legal and Regulatory Perspectives," *Bangladesh Business Review* 12, no. 2 (2017): 21–38.

3.4. Role of Regulatory Bodies in CSR Development:

Corporate Social Responsibility (CSR) in Bangladesh operates within a voluntary legal framework, but regulatory bodies play a crucial role in promoting, guiding, and monitoring CSR practices. These institutions ensure that companies engage in socially responsible initiatives while aligning corporate operations with ethical standards, stakeholder expectations, and national development priorities.³¹

Bangladesh Bank (Central Bank of Bangladesh)

Bangladesh Bank has been pioneering CSR development in the financial sector, issuing guidelines for banks and financial institutions to encourage social responsibility.

Key Roles and Responsibilities:

- Issuance of CSR Guidelines (2011): Encourages banks to allocate at least 2% of pre-tax profits to CSR initiatives in areas such as education, healthcare, environmental protection, and poverty alleviation.
- Monitoring and Reporting: Banks are required to report CSR activities in annual reports to Bangladesh Bank, fostering transparency and accountability.
- Capacity Building: Encourages innovative CSR programs that align with sustainable development goals (SDGs) and financial inclusion.
- Sectoral Influence: By regulating banks and financial institutions, Bangladesh Bank indirectly sets standards for CSR practices in other sectors, particularly for companies seeking financing.

Securities and Exchange Commission (SEC)

The SEC regulates publicly listed companies and ensures transparency and accountability in corporate governance.

³¹Ahmed, S., “Corporate Social Responsibility in Bangladesh: Legal and Regulatory Perspectives,” Bangladesh Business Review 12, no. 2 (2017): 21–38.

Key Roles:

- **Disclosure Requirements:** SEC encourages listed companies to include CSR initiatives in their annual reports, enabling stakeholders to assess social performance.
- **Corporate Governance Guidelines:** These guidelines integrate ethical responsibility and social accountability into corporate decision-making, fostering a culture of voluntary CSR.
- **Investor Awareness:** By emphasizing CSR reporting, the SEC promotes investor confidence and encourages socially responsible investment.

National Board of Revenue (NBR)

The NBR plays a financial incentive role in CSR development by allowing tax exemptions for approved social and charitable contributions.⁵

Key Functions:

- Encourages companies to invest in CSR activities through tax benefits, increasing participation.
- Supports initiatives in healthcare, education, disaster relief, and poverty alleviation that align with national development priorities.
- Provides clarity on eligible CSR expenditures for corporate accounting and reporting purposes.

Ministry of Industries and Other Sectoral Regulators

Certain sector-specific regulators also contribute to CSR development:

- **Bangladesh Export Processing Zones Authority (BEPZA):** Promotes CSR in export-oriented industries, including labor welfare, environmental compliance, and community development.
- **Bangladesh Garment Manufacturers and Exporters Association (BGMEA):** Encourages member companies in the RMG sector to adopt ethical labor practices, provide worker health and safety measures, and engage in community programs.
- **Bangladesh Energy Regulatory Commission (BERC):** Encourages CSR initiatives related to renewable energy, energy efficiency, and environmental sustainability in the power and energy sectors.

These sectoral regulators supplement national frameworks by providing guidelines tailored to industry-specific CSR challenges³².

Overall Impact of Regulatory Bodies

Regulatory bodies in Bangladesh have contributed to CSR development in multiple ways:

- **Encouragement over Enforcement:** While CSR is voluntary, regulators promote structured and accountable CSR practices.
- **Standardization:** Guidelines provide companies with frameworks for CSR planning, implementation, and reporting.
- **Alignment with National Goals:** CSR initiatives encouraged by regulators often support SDGs, social welfare programs, and environmental sustainability.
- **Capacity Building:** Regulators provide technical assistance and recognition, motivating companies to adopt innovative CSR programs.

3.5. CSR and Other Relevant Laws in Bangladesh:

- **CSR under Companies Act, 1994** is voluntary; encourages ethical governance, transparency, and fiduciary duties.
- **Bangladesh Bank Guidelines (2011):** Recommend banks spend 2% of pre-tax profits on CSR; require reporting in annual reports.
- **National Board of Revenue (NBR):** Provides tax exemptions for approved donations and social welfare contributions.
- **Environmental Laws:** Environment Conservation Act 1995, Environmental Protection Rules 1997, and pollution control laws promote eco-friendly corporate practices.
- **Labor Laws:** Bangladesh Labour Act 2006 and Factories Act 1965 regulate working conditions, occupational safety, and worker welfare, supporting CSR in labor rights.

³²Md. Rizwanul Islam, "Corporate Social Responsibility in Bangladesh: A Study of Selected Private Commercial Banks," *Journal of Business and Technology (Dhaka)* 9, no. 2 (2014): 45–60.

- Sectoral Regulations: SEC encourages CSR reporting by listed companies; BGMEA and EPZ regulations promote worker welfare, community development, and environmental compliance.
- International Standards: ILO Conventions, UN Global Compact, and SDGs influence corporate behavior and socially responsible practices.

This framework creates a legal and regulatory environment where CSR is encouraged, supported, and strategically implemented, despite being largely voluntary under the Companies Act.

Chapter Four: Comparative Analysis, Challenges, and Emerging Trends

4.1. Comparative Study of CSR Laws:

India has one of the most structured CSR legal frameworks globally through Section 135 of the Companies Act, 2013, which mandates that companies meeting certain thresholds (net worth \geq INR 500 crore, turnover \geq INR 1000 crore, or net profit \geq INR 5 crore) must spend at least 2% of their average net profit on CSR activities. These activities cover education, health, poverty alleviation, environmental sustainability, gender equality, and rural development, with mandatory disclosure in annual reports and filings to the Ministry of Corporate Affairs. This legal mandate ensures consistent CSR implementation, measurable social impact, and accountability.³³

In the United Kingdom, CSR is largely voluntary, guided by the Companies Act, 2006 and corporate governance codes. Directors are expected to act in the best interest of the company while considering stakeholders, ethical management, and environmental and social concerns. Companies are encouraged to disclose CSR activities in the Strategic Report of annual filings, and CSR is integrated into governance rather than enforced by law. This model demonstrates that voluntary CSR aligned with corporate governance and stakeholder expectations can be effective.³⁴

The United States follows a predominantly market-driven and voluntary CSR approach. There is no statutory requirement for CSR spending; instead, corporate social responsibility is influenced by federal securities regulations, shareholder activism, and sustainability reporting frameworks such as GRI and SASB. Companies focus on ethical business practices, environmental sustainability, philanthropy, and diversity and inclusion, with reporting encouraged but not mandated. CSR initiatives in the U.S. rely on investor pressure, consumer expectations, and reputational benefits rather than legal enforcement.

³³Chakrabarty, S., "Corporate Social Responsibility in India: Legal Framework and Emerging Trends," *Journal of Indian Business Research* 8, no. 3 (2016): 245–260.

³⁴Ahmed, S., "Corporate Social Responsibility in Bangladesh: Legal and Regulatory Perspectives," *Bangladesh Business Review* 12, no. 2 (2017): 21–38.

In South Africa, CSR is also voluntary but strongly integrated into corporate governance frameworks, particularly through the King IV Report on Corporate Governance (2016). Companies are expected to practice ethical management, stakeholder inclusivity, sustainability, and integrated reporting. While CSR expenditure is not mandated, South African companies strategically embed social responsibility within board-level decisions and reporting, demonstrating that governance-linked CSR can be effective without legal compulsion.

Compared to these countries, Bangladesh maintains a voluntary CSR framework under the Companies Act, 1994, supported by sectoral guidelines from Bangladesh Bank, the Securities and Exchange Commission, and tax incentives from the National Board of Revenue. While flexibility allows corporate innovation in social initiatives, the lack of mandatory spending leads to uneven CSR practices, highlighting the potential benefits of integrating CSR into governance structures or adopting selective mandatory provisions as seen in India.

4.2. Current CSR Practices in Bangladesh:

Corporate Social Responsibility (CSR) practices in Bangladesh are increasingly diverse and reflect both voluntary corporate initiatives and regulator-encouraged programs across sectors such as banking, telecommunications, manufacturing, and the RMG industry³⁵.

Banking Sector: Scheduled banks and financial institutions in Bangladesh have historically been significant contributors to CSR activities. In recent years, they have funded education, health, disaster relief, and community welfare projects as part of their CSR portfolios. However, CSR spending by banks has declined sharply in the mid-2020s, reaching the lowest levels in a decade, with central bank data showing spending dropping to around Tk150 crore in the first half of 2025, much lower than previous years, and reflecting fluctuating priorities and economic pressures within the sector. This trend has raised concerns about the banking industry's commitment to

³⁵Companies like bKash are aligning CSR with financial inclusion and digital literacy programs for underserved groups. [The Business Standard](#)

social causes, particularly as fewer banks are allocating substantial funds to CSR activities such as education and environmental initiatives³⁶.

Telecommunications and Digital Services: Telecom companies like Grameenphone Ltd. implement extensive CSR programs that go beyond traditional charity. Their initiatives include healthcare partnerships (e.g., maternal and infant care clinics), public-health awareness campaigns (such as immunization support with UNICEF/WHO), information access projects in rural areas, scholarships for underprivileged students, and community information centers that support SME entrepreneurs. Such programs aim to enhance connectivity while promoting social welfare and digital inclusion³⁷.

Mobile Financial Services: Digital finance companies like bKash Limited align their CSR with their core business by promoting financial inclusion and digital literacy among underserved populations. Through partnerships with organisations such as BRAC and UNDP, bKash's CSR focuses on empowering women and youth through financial literacy training and digital money management skills, thereby combining business objectives with meaningful social impact.

Manufacturing and RMG Sector: In the Ready-Made Garment (RMG) and manufacturing sectors, several firms engage in CSR activities that support worker welfare, community development, and environmental sustainability. For example, companies like Ananta Garments implement policies aimed at improving working conditions, employee safety, training, and motivation, reflecting an internal CSR commitment to workplace well-being. Other international brands operating in Bangladesh, such as H&M and Levi Strauss, introduce sustainability programs that focus on education, clean water access, worker rights, and environmental conservation as part of their global CSR commitments tailored to local needs³⁸.

³⁶Evidence of CSR engagement in engineering and pharmaceutical industries (CSR index disclosures).ijbmi.org

³⁷Corporate Social Responsibility spending by banks has hit 10-year lows, dropping sharply in 2025 according to central bank data. United News Bangladesh

³⁸Banks' CSR spending has almost halved in early 2025 amid bad loan pressures, with shifts in sector priorities. The Daily Star

Pharmaceutical and Industrial Firms: Research indicates that companies in the engineering and pharmaceutical sectors—including BSRM Steel, Singer Bangladesh, Libra Infusions, and GlaxoSmithKline—are increasingly disclosing CSR-related information and engaging in social initiatives, suggesting a broader corporate trend toward responsible business practices beyond the flagship industries.

Recognition and Awards: Corporate CSR efforts are also formally recognized in Bangladesh. Awards such as the CSR Champions initiative acknowledge companies for impactful community engagement. For example, Nestlé Bangladesh Ltd. won recognition for community engagement, while Prime Bank's eye hospital outreach and Dutch-Bangla Bank's scholarship programs have been highlighted for their substantial social contributions.

Overall, CSR practices in Bangladesh are varied and evolving, ranging from traditional philanthropy and donation-based efforts to strategic CSR that aligns with business models and community needs. While some companies integrate CSR deeply into their governance and operations, challenges remain—especially in the banking sector where recent spending declines have spotlighted the need for sustained commitment, transparent reporting, and alignment with national development objectives³⁹.

4.3. Challenges in Implementing CSR under Company Law:

Corporate Social Responsibility (CSR) in Bangladesh, while increasingly recognized, faces significant challenges in implementation due to the voluntary nature of the Companies Act, 1994, regulatory gaps, and practical limitations within corporate structures. These challenges hinder the effectiveness, accountability, and social impact of CSR initiatives.

Voluntary Legal Framework

The Companies Act, 1994 does not mandate CSR expenditure or reporting, making CSR entirely dependent on corporate discretion. As a result, companies may prioritize profit over social responsibility, leading to inconsistent or minimal CSR engagement.

³⁹RMG sector CSR includes initiatives from H&M and Levi's focused on education, water, and worker welfare projects. apparel-solutions-bd.com

Without legal compulsion, large-scale social projects often remain underfunded, especially in sectors where stakeholder pressure is low.

Lack of Standardized Reporting and Monitoring

Bangladesh lacks a uniform CSR reporting framework, unlike countries such as India (Companies Act 2013, Section 135) or South Africa (King IV Report). Companies report CSR voluntarily, if at all, leading to non-comparable, opaque, and inconsistent information. This makes it difficult for regulators, investors, or the public to evaluate CSR performance and social impact⁴⁰.

Limited Regulatory Enforcement

Regulatory bodies such as Bangladesh Bank, SEC, and NBR provide guidelines and incentives but cannot enforce CSR practices legally. Consequently, companies may engage in CSR only to enhance reputation or to gain tax benefits, without ensuring substantial or long-term social outcomes. The absence of penalties for non-compliance reduces accountability.

Financial and Economic Constraints

Economic downturns, poor profitability, or rising non-performing loans in sectors like banking have led to reduced CSR spending. For example, in 2025, total CSR spending by banks dropped sharply due to fiscal pressures, highlighting the vulnerability of CSR programs to economic fluctuations. Smaller and mid-sized companies often lack resources to implement meaningful CSR activities⁴¹.

Limited Awareness and Expertise

Many companies, particularly SMEs, lack awareness or technical expertise to design and implement effective CSR programs aligned with social development goals or Sustainable Development Goals (SDGs). Without professional planning and monitoring, CSR initiatives may become one-off donations or sponsorships rather than structured, impactful projects.

⁴⁰Companies Act, 1994 (Bangladesh).

⁴¹Ahmed, S., “Corporate Social Responsibility in Bangladesh: Legal and Regulatory Perspectives,” *Bangladesh Business Review* 12, no. 2 (2017): 21–38.

Overlap and Fragmentation of Laws

Multiple laws, guidelines, and sectoral regulations (Companies Act, Bangladesh Bank, labor laws, environmental laws, tax incentives) influence CSR, but coordination is weak. Companies may face confusion regarding compliance requirements, eligible expenditures, or reporting standards, leading to fragmented CSR strategies and reduced effectiveness.

Dependence on Stakeholder Pressure

CSR in Bangladesh is often driven by external pressures from consumers, investors, or international buyers rather than internal legal mandates. While global brands enforce CSR through supply chain requirements, local companies without such pressure may neglect social obligations, limiting nationwide CSR adoption.

Chapter Five:

Conclusions and Recommendations

5.1. Summary of Major Findings:

1. Voluntary Nature of CSR: CSR is voluntary under the Companies Act, 1994, with no legal requirement for companies to allocate funds or undertake structured CSR activities⁴².
2. Legal Foundation: The Companies Act, 1994 provides a framework for corporate governance, transparency, and directors' fiduciary duties, which can support CSR initiatives but does not mandate them.
3. Regulatory Support: Regulatory bodies like Bangladesh Bank, SEC, and NBR provide guidelines, incentives, and recommendations for CSR, yet they lack enforcement powers.
4. Sectoral Guidance: Sector-specific regulators such as BGMEA, BEPZA, and BERC provide additional CSR guidance in export-oriented, garment, and energy sectors.
5. Tax Incentives: NBR allows tax exemptions for donations and CSR expenditures to approved institutions, encouraging companies to invest in social development⁴³.
6. Banking Sector CSR Trends: Banks historically played a leading role in CSR, funding education, health, disaster relief, and environmental programs, but CSR spending has declined sharply in recent years, e.g., Tk150 crore in the first half of 2025⁴⁴.
7. Telecom Sector CSR: Companies like Grameenphone implement programs in healthcare, rural development, digital literacy, and scholarships, demonstrating strategic CSR linked to business operations.
8. Digital Financial Services CSR: Firms like bKash focus on financial inclusion, digital literacy, and empowerment of women and youth, integrating CSR with core business objectives.

⁴²Ahmed, S., "Corporate Social Responsibility in Bangladesh: Legal and Regulatory Perspectives," Bangladesh Business Review 12, no. 2 (2017): 21–38.

⁴³UNB News, "Banks in Bangladesh back away from CSR spending, hits 10-year low," 2025. (unb.com.bd)

⁴⁴National Board of Revenue, Income Tax Rules 1984, Chapter XII, Part III – Tax Exemption for Donations.

9. RMG and Manufacturing Sector: Companies implement CSR in worker welfare, safety, environmental sustainability, and community development, with global brands (e.g., H&M, Levi Strauss) emphasizing ethical and sustainable supply chains.
10. Challenges in CSR Implementation: Major obstacles include voluntary legal framework, lack of standardized reporting, limited enforcement, fragmented regulations, financial constraints, and low awareness/expertise among companies.
11. Comparative Insights: International comparison shows mandatory CSR (India) ensures uniformity and measurable impact, while voluntary models (UK, USA, South Africa) succeed when integrated into corporate governance and stakeholder engagement.
12. Alignment with SDGs: Many companies are increasingly aligning CSR activities with Sustainable Development Goals (SDGs), focusing on education, health, gender equality, and environmental sustainability⁴⁵.
13. Recognition and Awards: CSR awards and recognition programs incentivize companies to engage in socially impactful projects, motivating sustained participation beyond voluntary guidelines⁴⁶.
14. Economic Influence: CSR spending is sensitive to economic fluctuations, particularly in banking and SMEs, which may reduce CSR initiatives during financial stress.
15. Emerging Trends: CSR is shifting from philanthropy to strategic initiatives integrated into business models, emphasizing long-term social impact, transparency, and alignment with national priorities.

⁴⁵National Board of Revenue, Income Tax Rules 1984, Chapter XII, Part III – Tax Exemption for Donations.

⁴⁶ Ahmed, S., “Corporate Social Responsibility in Bangladesh: Legal and Regulatory Perspectives,” *Bangladesh Business Review* 12, no. 2 (2017): 21–38.

5.2. Recommendations:

- Require companies above a certain threshold (e.g., net profit or turnover) to allocate a minimum percentage of profits to CSR, similar to India's model.
- Mandate CSR reporting in annual reports, including objectives, programs, expenditure, and measurable outcomes to improve transparency⁴⁷.
- Empower regulatory bodies like Bangladesh Bank, SEC, and NBR to monitor CSR activities, review compliance, and provide guidance.
- Provide tax benefits or incentives for multi-year CSR programs that demonstrate measurable social impact⁴⁸.
- Encourage CSR initiatives that support SDGs, including education, healthcare, gender equality, poverty alleviation, and environmental sustainability.
- Conduct workshops, training, and guidance programs for companies, especially SMEs, on planning, implementation, and monitoring of CSR activities⁴⁹.
- Shift from donation-based CSR to strategic CSR embedded into core business operations, ensuring long-term impact.
- Facilitate collaboration between government, NGOs, and private companies to implement large-scale social and environmental projects.
- Implement independent audits or assessments of CSR reports to ensure accuracy, transparency, and accountability.
- Expand recognition programs like CSR Champions Awards to incentivize companies to innovate and sustain impactful CSR initiatives.
- Develop tailored CSR frameworks for key sectors such as banking, RMG, telecom, and pharmaceuticals to ensure relevant and effective initiatives.¹¹
- Include CSR responsibilities in board-level decision-making and corporate governance codes to ensure accountability and integration with overall business strategy.

⁴⁷Ahmed, S., "Corporate Social Responsibility in Bangladesh: Legal and Regulatory Perspectives," *Bangladesh Business Review* 12, no. 2 (2017): 21–38.

⁴⁸Jamali, D., & Keshishian, T., "Corporate Social Responsibility in Developing Countries: Theory and Practice," *International Journal of Business and Social Science* 4, no. 6 (2013): 12–23.

⁴⁹United Nations, *Transforming Our World: The 2030 Agenda for Sustainable Development* (New York: UN, 2015).

5.5. Conclusion:

Corporate Social Responsibility (CSR) in Bangladesh has evolved from a voluntary philanthropic activity into a more structured and strategic corporate practice, reflecting growing awareness among companies of their social and environmental responsibilities. While the Companies Act, 1994 provides the legal framework for corporate governance, it does not mandate CSR spending or reporting, leaving much of CSR implementation to corporate discretion⁵⁰.

The study reveals that CSR in Bangladesh is concentrated in sectors like banking, telecommunications, RMG, and manufacturing, with companies engaging in initiatives spanning education, healthcare, digital literacy, environmental sustainability, and worker welfare.²³ However, CSR spending is uneven across sectors, and recent trends, particularly in banking, show declining financial commitments, highlighting the need for sustained corporate engagement⁵¹.

Challenges such as lack of mandatory CSR regulations, limited regulatory oversight, fragmented legal guidance, and low technical capacity impede the effectiveness of CSR programs.⁵ Comparative analysis with countries like India, the UK, USA, and South Africa demonstrates that mandatory CSR laws or governance-linked frameworks can ensure accountability and measurable social impact, whereas voluntary systems require strong corporate governance and stakeholder engagement to succeed.

The study emphasizes that CSR should go beyond philanthropy, becoming an integral part of corporate strategy aligned with national development objectives and Sustainable Development Goals (SDGs). Strategic CSR, supported by standardized reporting, regulatory guidance, incentives, and capacity-building initiatives, can help companies contribute meaningfully to society while enhancing corporate reputation and long-term sustainability.

⁵⁰Jamali, D., &Keshishian, T., "Corporate Social Responsibility in Developing Countries: Theory and Practice," *International Journal of Business and Social Science* 4, no. 6 (2013): 12–23.

⁵¹United Nations, *Transforming Our World: The 2030 Agenda for Sustainable Development* (New York: UN, 2015).

In conclusion, while Bangladesh has made significant progress in promoting CSR, there is ample scope to strengthen the legal, institutional, and strategic frameworks. Implementing a hybrid approach that combines mandatory provisions for large corporations, incentives for SMEs, sector-specific guidelines, and robust reporting mechanisms can enhance the social and economic impact of CSR. By fostering a culture of responsible business and accountability, CSR can play a crucial role in achieving inclusive growth, social development, and sustainable progress in Bangladesh.

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