Corporate Social Responsibility Reporting & Activity Analysis of Sonali Bank PLC

Submitted To:

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LETTER OF TRANSMITTAL

6th of May, 2025

Professor Dr. Md. Abdur Rouf

Professor,

Department of Business Administration,

Daffodil International University.

Subject: Corporate Social Responsibility Reporting & Activity Analysis of Sonali Bank PLC.

Honorable sir,

I am delighted to present my internship report on "Corporate Social Responsibility Reporting & Activity Analysis of Sonali Bank PLC." Composing this report has been a rewarding experience, allowing me to engage directly with one of the leading state-owned public commercial banks in our nation and observe its daily operations. This report is based on my experiences during the three-month internship program at Sonali Bank PLC (Jigatola Branch).

I have made genuine efforts towards the successful completion of the report. It is important to note that I could not have finished this report without your guidance and support. Thus, I hope for your understanding in this matter and would greatly appreciate it if you could accept my report.

Sincerely,

Name: Ragib Muhib

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Daffodil International University, Dhaka.

STUDENT'S DECLARATION

I hereby sincerely declare that, the internship report titled "Corporate Social Responsibility Reporting & Activity Analysis of Sonali Bank PLC" is prepared by me without any violation of copyright act.

Furthermore, this report has been made for the sole purpose of academic reasons and is an original work of mine.

Sincerely,

Name: Ragib Muhib

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Daffodil International University, Dhaka.

LETTER OF APPROVAL

This is to confirm that Ragib Muhib ID: 0242310004083064, Program: Master of Business Administration (Majored in Finance), is an enrolled student of Department of Business Administration, Faculty of Business and Entrepreneurship, Daffodil International University. He has completed his internship program at Sonali Bank PLC and has developed this report under my direct oversight. The topic of his internship is "Corporate Social Responsibility Reporting & Activity Analysis of Sonali Bank PLC." I believe that this report meets the partial requirements for the MBA program.

Professor Dr. Md. Abdur Rouf

Professor,

Department of Business Administration,

Daffodil International University.

ACKNOWLEDGEMENT

To begin with, I want to express my gratitude to Almighty Allah for providing me with the strength, knowledge, and capability to work on this report and successfully fulfill all its requirements. This project on "Corporate Social Responsibility Reporting & Activity Analysis of Sonali Bank PLC" has presented both challenges and intriguing aspects to explore. It has offered me a deeper understanding of the corporate social responsibilities that a bank follows under specified guidelines.

I want to express my sincere appreciation and respect for **Professor Dr. Md. Abdur Rouf**, Assistant Professor and Associate Head of the Department of Business Administration at Daffodil International University, for his constant encouragement, guidance, and insights. I consider myself very fortunate to have had the chance to prepare this report with his supervision and support.

To conclude, I would like to express my gratitude to **MD. Pariz Uddin**, Senior Principal Officer and Manager of the Jigatola Branch at Sonali Bank PLC, for his genuine support and guidance throughout my internship. I would also want to extend my heartfelt thanks to all the staff at Sonali Bank PLC, Jigatola Branch, who welcomed me warmly and fostered an encouraging environment for any questions I had. Their patience and mentorship have helped me gain diverse insights into the corporate world. The respect and appreciation shown to me by them have motivated me to commit my future career to the banking industry. Without their assistance and collaboration, this report would not have been as informative and meaningful. I hope that, with all the effort put into the final report, it will be valuable for those it concerns.

EXECUTIVE SUMMARY

Sonali Bank PLC is one of the largest state-owned commercial banks in Bangladesh with a total of 1228 branches. Among those a total of 726 branches are in rural areas, 500 branches are located in urban areas and 2 are located overseas (India). The bank has been relentlessly fulfilling its nation-building responsibilities by undertaking government delegated different socio-economic schemes as well as money market activities, which covers various circles of the economy.

As a leading Public Limited Company, it undertakes several duties those pertains towards the benefits of individuals, firms, corporations, multinational agencies moreover the Government. In this report first we try to uncover the facilities those are provided by the bank that relates to the basic cash management functionalities for their customers. This is an important subject matter to understand because the circulation of money henceforth dictates the country's monetary system and vice versa.

This report has been curated in a specific way that allows us to understand the guidelines provided by the central bank of Bangladesh on CSR activities for the banks to follow. By identifying the sectors where the focus should be put on, then we can examine the performances. Whether they adhere to the guidelines or not can be easily understood from the expenditure summary. By following basic yearly spendings on CSR activities we made an assessment whether the efforts were legitimate or problematic. The graphical representation for yearly CSR expenditure was an adequate strategy to represent the scenario. Finally, we provided necessary suggestions on overcoming the shortcomings.

ACRONYMS AND ELABORATION

Acronyms	Full Form
ATM	Automated Teller Machine
BB	Bangladesh Bank
COP	Communication on Progress
CSR	Corporate Social Responsibility
FI	Financial Institution
ICT	Information and Communications Technology
INDC	Intended Nationally Determined Contributions
ISAR	International Standards of Accounting and Reporting
ISO	International Organization for Standardization
NBR	National Board of Revenue
NGO	Non- Governmental Organization
NSSS	National Social Security Strategy
PLC	Public Limited Company
SBL	Sonali Bank Limited
SDG	Sustainable Development Goals
SME	Small & Medium Enterprise

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Chapter 01: Introduction

1.1 Introduction

Corporate Social Responsibility (CSR) has become an essential component of contemporary business operations, encompassing the ethical obligations of companies to contribute positively to society while ensuring sustainable practices. In the banking sector, CSR extends beyond regulatory compliance to involve proactive initiatives that support social welfare, economic development, and environmental stewardship. In Bangladesh, a country characterized by rapid economic growth and significant social challenges, the role of banks in promoting CSR is increasingly important.

Banks in Bangladesh engage in various CSR activities, ranging from education and healthcare initiatives to environmental sustainability projects and community development programs. Many institutions establish foundations or partner with NGOs to implement programs that align with their mission and vision. The impact of these activities is profound; they not only enhance the banks' reputations and build customer loyalty but also drive social change by addressing crucial issues such as poverty alleviation, gender equality, and disaster relief.

As Bangladesh continues to develop, the future of CSR in banking holds considerable promise. With a growing awareness of social and environmental issues, banks are expected to expand their CSR efforts, integrating sustainable practices into their core operations. This evolution will not only benefit communities but also contribute to the banks' long-term success by fostering trust and resilience in an ever-changing economic landscape. Thus, the ongoing commitment of banks to CSR will play a critical role in shaping a more equitable and sustainable future for Bangladesh.

So, understanding the landscape of the topic will be a crucial factor in analyzing the CSR activities carried out by Sonali Bank PLC and how it confirms with the stipulations set by our central bank Bangladesh Bank. Hence the title “Corporate Social Responsibility Reporting & Activity Analysis of Sonali Bank PLC” not only the internal factors contributing to CSR activities of the bank but also the external elements that affect its financing and reporting.

1.2 Study Background

In completion of graduate program an internship report is a perquisition. The report on the organization that the interns have completed their formal training, has to be unbiased and authentic. Interns must write down their project achievements and discoveries by creating an internship report that addresses the pertinent subjects. I was fortunate to join the Sonali Bank PLC Zigatola Branch, to complete my academic necessity for three whole months. While training, I wanted to find a program of study that would allow me to take detailed notes on my observations and communicate my understanding in a written report. Based on my ethical principles and expertise, to the best of my capabilities I've finalized my report.

1.3 Scope of the Study

In my report, I wanted to portray what Corporate Social Responsibility entails in the perspective of a banking sector. What the regulations are set up by Bangladesh Bank and the gap between expectation vs reality. The financial scenario regarding this segment is quite interesting because of the freedom set forward by the regulatory authorities. Whether it actually benefits its set goals or is it mismanaged is also a matter of understanding. The factors contributing towards the assessment of the entire program is also a concerning factor. Evaluating the current domestic environment of CSR may open up new understanding of the subject matter.

The main aim of this report is to explore the landscape of Corporate Social Responsibility (CSR) within the banking industry. For this it's essential to gather and analyze various resource materials that are relevant and significant to the topic. Examining the concept of CSR within the banking sector, focusing specifically on SBL would provide conciseness. Which entails the banks' operational processes, organizational structure, driving factors, motives, and contributions to both the local and global economy. Additionally, the inspection of the regulations and objectives set forward by Bangladesh Bank will enable us to make further clarification on the financial aspect of the study. Meaning the reporting and financial impact will be more comprehensive.

1.4 Study Objectives

The main aim of this report is to quickly examine the CSR initiatives of Sonali Bank PLC.

The specifics are as followed:

1. To understand specific guidelines of Corporate Social Responsibility (CSR) provided by the central bank, highlighting the sectors in which CSR activities can be performed by the banking sector.
2. To analyze Sonali Bank PLC's CSR activities and discern the differences on the regulations stipulated by Bangladesh Bank and Sonali Bank, which includes the spending, reporting and methodology on CSR activities.
3. To represent our findings in a graphical manner with appropriate explanation and evaluation and recommendations to benefit future proceedings and improving underlying deficiencies of relevant matters on CSR activities.

1.5 Methodology of the study

Data Sources:

In order to provide accurate results, the information collected needs to be properly identified first, then collected. Primary data needs to be collected from the source itself. Meaning if we want to justify the fact that the CSR activities like scholarships, disaster reliefs, poor funds have actual impact on the goals set forward by the bank, then we need to know how certain events take place. So basic understanding of such topics and on-hand experience is crucial in unveiling accurate information. Secondary sources of data don't require observation rather the data is historical and can be used from data that has been stored previously. Once we have gathered different types of data, it is our responsibility to accurately categorize and examine the information to effectively use it for assessment purposes.

Primary Data Sources:

1. In-person discussion with the responsible officers. Also, with the customers of the bank.

2. Desk work relevant to our subject matter.

3. Practical know how to retrieve the necessary information required for the study.

Secondary Data Sources:

1. Individual Annual reports from year 2019-2024 of Sonali Bank PLC.
2. Important circulars from the Head office of Sonali Bank PLC and Bangladesh Bank.
3. Documentations and Publications found in the library of Sonali Bank Ltd.
4. Official Website, Blogs, Daily Newspapers for current events and future affairs.

1.6 Study Limitations

1. The timeframe (three months) is not enough for extensive and thorough research. Data collection was a major hindrance due to the magnitude of the organization and the stipulated time period.

2. Sonali Bank PLC is one of the largest and most diligent banks out there. The working hours are quite hectic and nearly agonizing at times. So, time management was an issue while trying to retrieve some information keeping the bank's reputation in mind.

3. Not all information is meant for public viewing. The bank's future planning and several issues are correlated to that confidential information. So, our workings were completed based upon publicly available information.

Chapter 02: Profile of Sonali Bank PLC

2.1 History of SBL

Sonali Bank PLC, established in 1972, is the largest state-owned commercial bank in Bangladesh. Headquartered in Dhaka, the bank plays a vital role in the economic development of the country by providing extensive banking services to both rural and urban areas. Over the years, it has expanded its operations to include foreign branches and a diverse range of financial products, emphasizing agricultural, industrial, and international trade financing. The bank's focus remains on fostering financial inclusion and supporting national development initiatives.

The bank transitioned into a public limited company with complete government ownership and officially began operations as Sonali Bank Limited on 15 November 2007. It inherited all assets, liabilities, and operations from the original Sonali Bank. Following this transformation, the bank's management was granted the necessary autonomy to enhance its competitiveness and effectively manage its operations.

Companies Act 2020 (section 11 a)'s requirement also extends to bank companies, which are obligated to update their company names and Memorandum of Association to include "PLC" as well. As a result, Sonali Bank has changed its name to Sonali Bank PLC on 23rd of February, 2023.

2.2 Corporate Profile of SBL

Particulars	Information
Company	Sonali Bank PLC
Chairman	Mohammad Muslim Chowdhury
CEO & Managing Director	Md. Shawkat Ali Khan
Legal Status	Public Limited Company
Genesis	Nationalized Commercial Bank in 1972, following the Bangladesh Bank (Nationalization) Order No. 1972 (PO No.26 of 1972)
Date of Incorporation	03 June, 2007
Registered Office	35-42, 44 Motijheel Commercial Area, Dhaka, Bangladesh
Authorized Capital	Taka 10 Billion
Paid-up Capital	Taka 09 Billion
Number of Employee	21,839
Number of Branches	1230
SWIFT	BSONBDDH
Website	www.sonalibank.com.bd

2.3 Mission of SBL

Misson of the bank is to provide efficient, innovative, and customer-focused banking services while attributing to the socio-economic success of Bangladesh. The bank aims to foster financial inclusion by offering accessible and affordable financial products and services to individuals, businesses, and institutions. Additionally, it strives to maintain a commitment to transparency, sustainability, and excellence in its operations, supporting national economic growth and ensuring customer satisfaction.

2.4 Vision of SBL

Vision of the bank is to be a leading state-owned commercial bank in Bangladesh, recognized for its excellence in banking services, innovation, and contribution to national development.

2.5 Objectives

The primary objectives of the bank are as follows:

1. Encouraging Financial Inclusion: Provide banking services to neglected and rural communities to guarantee that every part of society can access financial services.
2. Facilitating Economic Development: Support national economic growth by financing agriculture, industry, trade, and infrastructure development.
3. Customer Satisfaction: Deliver efficient, reliable, and innovative banking solutions that are tailored to meet customer needs.
4. Revenue Growth and Sustainability: Maximize shareholder value while maintaining sustainable and responsible banking practices.
5. Technology Integration: Leverage modern technology to enhance service delivery and improve operational efficiency.
6. Support for Government Initiatives: Actively contribute to national development programs, including poverty alleviation and job creation.
7. Maintaining Financial Stability: Ensure sound financial management and effective risk mitigation to maintain trust and credibility in the banking sector.

2.6 Corporate Social Responsibility (CSR) of Sonali Bank PLC

Sonali Bank PLC, like any other company, holds a responsibility for the social development and enrichment of the country. The bank has actively engaged in various initiatives that align with its broader social goals and objectives. Its main objective is the sustainable advancement of society in its entirety and the meeting of corporate social responsibilities. Following the regulations established by Bangladesh Bank, SBL implemented programs in several areas, including social services, women empowerment, support for disadvantaged groups, and disaster relief activities.

Some of the key initiatives undertaken by SBL include:

1. Scholarships for students achieving a GPA of 5 in secondary and higher secondary school certificate exams (or equivalent).
2. Special credit programs for freedom fighters.

3. Allowances for freedom fighters.
4. Old age allowances.
5. Financial support for widows, divorcees, and destitute women.
6. Credit programs for the landless (no collateral required).
7. Unique credit initiatives for teachers in government primary schools.
8. Eco friendly/Green banking initiatives (including green financing, ATM construction, and green marketing).
9. Rehabilitation and maternal allowances for poor women.
10. Support for sports and cultural activities.

These activities reflect SBL's commitment to social responsibility and community support.

Chapter 03: Defining Corporate Social Responsibility

3.1 Defining CSR

CSR is a continually expanding concept that lacks a universally accepted criterion. Recognizing the significant role businesses play in creating jobs and wealth, CSR is typically seen as the approach a company takes to harmonize or integrate economic, environmental, and social demands while simultaneously addressing the expectations of shareholders and stakeholders. CSR is widely acknowledged to apply to companies regardless of whether they operate locally or globally. While adherence to laws and regulations related to social, environmental, and economic objectives establishes the minimum standard for CSR performance, the concept is frequently perceived as including private sector initiatives and commitments that surpass basic legal requirements.

From a forward-thinking business standpoint, it typically entails seeking new opportunities in response to the interconnected societal, environmental and somewhat economic pressures within the market. Many companies believe that such a focus can offer a distinct competitive edge and foster innovation within the corporate sphere. Additionally, it overlaps with many related concepts, often being synonymous with corporate responsibility, sustainability, accountability, citizenship, stewardship, and others.

Its commitments and initiatives primarily concentrate on its behavior, which includes its policies and practices, in critical areas such as health and safety, environmental responsibility, human rights, human resource management, corporate governance, community development, consumer protection, labor rights, supplier relations, ethical business conduct, and stakeholder rights.

3.2 Development Scenario

CSR is a subset of applied business ethics that examines moral values and ethical challenges that can arise within a business environment. As the market increasingly prioritizes accountability, there is a rising call for more ethical conduct and practices in business. Concurrently, industries face pressure to improve their business ethics through new public initiatives and regulatory measures.

Though it acts as both a corporate practice and a specialized career, its main emphasis is on normative aspects. In educational environments, descriptive approaches are also utilized. The range and frequency of ethical dilemmas in business underscore the perception that business frequently clashes with non-economic societal values. Historically, interest in business ethics grew notably during the 1980s and 1990s, within both prominent companies and academic institutions. The term CSR became widely used in the early 1970s, although it was infrequently abbreviated during that period.

3.3 Different Point of View of CSR

Corporate Social Responsibility (CSR) is viewed differently by various stakeholders. Businesses often see it as a strategy to enhance brand reputation, build customer loyalty, and drive long-term profitability. Consumers may view CSR as a sign of ethical behavior and social awareness. Investors might consider it a factor in assessing sustainable and responsible investments. Governments and regulators often regard CSR as a way for companies to contribute to public welfare. Meanwhile, critics argue that CSR can be used as a marketing tool without genuine commitment. Overall, CSR's interpretation depends on motives, perspectives, and the context in which it is applied.

3.4 Various CSR Tools

Organizations looking to enhance their CSR activities and boost their social and environmental credibility through operations have access to various tools. They can differ significantly in their goals, range, costs, formality, partnerships, level of stakeholder engagement, and numerous other features. They can be utilized across various aspects of corporate operations, including planning, execution, assessment, and enhancement.

Organizations have options regarding the utilization of these tools. For example, they may opt for tools developed by other companies or decide to develop their own, either independently or in partnership with other parties. SBL could develop its own tools that others might initially implement. On the other hand, SBL may also choose to conform to internationally recognized best practices.

Chapter 04: Scope Of CSR Activities For Banks In Bangladesh

4.1 CSR Avenues in Banking Sector

Based on ever changing financial trends and shifts in the global economy, it is crucial to categorize, highlight, and systematize Corporate Social Responsibility. This new guideline for banks and financial institutions (FIs) has been prepared by taking into account international guidelines and principles.

Additionally, banks can consider existing CSR strategies, policies, and procedures to ensure the smooth operation of these activities in a structured and effective manner. The following incorporates all relevant instructions issued over time in line with national and global standards, allowing banks and FIs to contribute meaningfully across a wide range of areas.

SDGs	SDGs Targets	CSR expenditure	Target Beneficiaries	INDC Priority Area
1 No Poverty; 2 Zero Hunger; 3 Good Health and Well-Being; 4 Quality Education; 5 Gender Equality; 9 Industry, Innovation and Infrastructure	1.1, 1.2, 1.3, 1.4, 1.5, 1.a, 2.1, 2.3, 3.1, 3.2, 3.3, 3.4, 3.8, 3.b, 3.c, 3.d, 4.1, 4.2, 4.3, 4.4, 4.5, 4.6, 4.a, 4.b,5.1, 5.3, 5.5, 5.6, 5.a, 5.b, 9.1,	1. Education 2. Health 3. Income-generating Activities 4. Infrastructure Development	1. Vulnerable and undernourished men, women and children of all ages living in poverty line 2. Under privileged students, street children 3. Indigenous peoples, family farmers, pastoralists and fishers 4. Unemployed youth and adults	
6 Clean Water and Sanitation; 7 Affordable and Clean Energy; 9 Industry, Innovation and Infrastructure; 11 Sustainable Cities and Communities; 13 Climate Action; 14 Life Below Water; 15 Life on Land	6.1, 6.2, 7.1, 7.2, 9.1, 11.2, 13.1, 13.2, 13.3, 14.7, 15.1, 15.2, 15.3, 15.a	5. Climate Change Mitigation and Adaptation 6. Disaster Management 7. Green SRF	5. Climate vulnerable and coastal women, children and old aged people 6. People living in slums, informal settlements, remote area, hill tracts and islands 7. Climate refuges	Energy and Cross-cutting contribution for mitigation and adaptation
1 No Poverty; 3 Good Health and Well-Being; 4 Quality Education; 5 Gender Equality; 11 Sustainable Cities and Communities	1.1, 1.3, 3.4, 3.6, 1.4, 4.1, 4.4, 4.6, 5.1, 5.a, 11.4	8. Financial Inclusion 9. Sports and Culture	8. Students, unskilled and unemployed women and youths, pensioners and old age people 9. CMSMEs, micro-merchants and low-income households, freelancers, migrants.	

Fig: CSR Alignment with SDGs and INDC

Sustainable Corporate Social Responsibility (CSR) programs should be structured to ensure that sustainability is the central focus of both projects and events. Banks and financial institutions (FIs) can implement their CSR initiatives through socially responsible events and projects.

CSR expenditures for banks and FIs cover various sectors, including education, health, environmental protection, climate change, disaster management, infrastructure, sports, culture, and more.

Followings are the detailed explanation of such sectors:

4.1 (a) Education

Allocation of minimum 30% of total CSR expenditure should go towards education sector:

- Financial aid and stipends are available for students from economically disadvantaged backgrounds attending academic and vocational training programs.
- Assistance for enhancing the facilities in academic and technical/vocational training institutions significantly involved with students and trainees from disadvantaged rural and urban communities.
- Assistance for the education of children who are mentally or physically challenged or blind to help reduce dropout rates.
- To establish ICT and science laboratories for educational institutions in disadvantaged and remote regions.

4.1 (b) Health

A minimum of 30% of total CSR expenditure should go in health sector:

- For disadvantaged people in the society providing better healthcare which are mostly preventive or somewhat curative.
- Expenses associated with operating hospitals and diagnostic facilities heavily involved in treating patients from low-income communities.
- Ensuring that proper facilities are available by providing better maternal healthcare.

4.1 (c) Environment and Climate Change Mitigation & Adaptation

Bare minimum 20% total CSR expenditure should go towards Environment and Climate change mitigation & adaptation sector:

- Implementing pure drinking water and sanitation programs,
- Focus developing Solar Energy/power plants,
- Repairment of Roads, bridges or culverts in vulnerable areas,
- Creating disaster shelters
- Removal of silt from canal or river,
- Help aiding building embarkments,
- Improved drainage and sewer system,
- Efforts ensuring more tree plantation in coastal areas.

4.1 (d) Activities enhancing alternative revenues

As the program suggests based on necessity its allocation should change:

- Technological advancements in the fields of crop diversification, livestock, fisheries, and poultry,
- Entrepreneurial initiatives with encouragement and skill development programs for youth,
- Disabled and disadvantaged child incorporation into technical studies,
- Initiatives focused on training and enhancing the skills of individuals who are distressed, wandering, disabled, and without a home.

4.1 (e) Disaster Response

- Financial Aid towards organizations committed towards disaster management.
- Assisting towards creating public sentiment on disaster prevention precautionary activities.
- Emergency disaster relief

4.1 (f) Infrastructure Development

- Establishment of academic facilities for vulnerable groups. It might include building libraries, children's parks, playgrounds, recreation centers, and cultural centers,
- Promoting local agro-products by developing modern market infrastructure.
- Emphasizing on the importance of renewable energy building Solar power generation projects and bio-gas generation projects in remote areas.
- Securing the natural beauty and heritage to promptly generate tourism.
- Infrastructure development/maintenance and operational cost for old age homes/orphanage.

4.1 (g) Sports and Culture

- Funding traditional cultural events
- Contributing towards sports facilities
- Financial aid towards preserving local cultural heritage.

In addition to what has been previously mentioned, banks and financial institutions may assist CSR (Corporate Social Responsibility) assistance if they determine that a person, institution, or entity is entitled to receive a grant from CSR programs. This type of CSR grant will be recorded and reported in a different sector. Full disclosure should be maintained along with the supporting documents in the statements and reports.

Chapter 5: Analysis & Findings of CSR Activities of SBL

Sonali Bank Limited (SBL) has been actively engaged in Corporate Social Responsibility (CSR) initiatives across various sectors. These initiatives are intended to support the socio-economic growth of the nation. Below is a detailed analysis of SBL's CSR activities, supported by statistical data.

5.1 Overview of CSR Expenditure (2015-2018)

SBL continued its CSR initiatives with the following allocations:

Sector	2015 (Million Taka)	2016 (Million Taka)	2017 (Million Taka)	2018 (Million Taka)	Total (Million Taka)
Education	18.8	4.2	4.0	3.8	30.8
Health	9.1	1.5	7.4	7.0	25.0
Disaster Management	12.5	2.5	-	5.0	20.0
Environment	-	-	-	-	-
Arts and Culture	-	-	1.0	-	1.0
Infrastructural Development	-	-	-	0.3	0.3
Community Investment	-	-	-	0.2	0.2
Others	15.3	4.6	1.5	5.0	26.4
Total Contribution	55.7	12.8	13.9	21.3	103.7

5.2 Overview of CSR Expenditure (2021-2023)

Sector	2021 (Million Taka)	2022 (Million Taka)	2023 (Million Taka)
Education	9.15	3.37	28.55
Health	2.72	11.96	2.37
Financial Inclusion	-	-	0.8
Rural Infrastructure Development	-	0.63	-
Disaster Management	-	13.46	7
Sports	-	0.5	1.05
Literary, Art and Cultural activities	-	0.15	-
Social Welfare	4.08	1.29	-
Research and Development	-	-	-
Environment	-	6	-
Capacity Building	-	-	-
Women Empowerment	-	-	0.05
Development of Underprivileged people, Environment etc.	3.0	.02	-
Others	-	-	21.68
Total	18.95	37.38	61.5

From these data we can identify key sectors that Sonali Bank PLC has covered throughout the years and give a brief summary below:

5.3 CSR Expenses & Sectors

Within guidelines, Tk. 150.00 million has been allocated for CSR activities for the year 2023, to cover expenses in 2024. In the previous year, the bank's CSR expenditure amounted to Tk. 61.50 million.

The table provides a breakdown of Sonali Bank Limited's (SBL) Corporate Social Responsibility (CSR) spending over the last three years. Below is a detailed analysis of trends and alignment with Bangladesh Bank regulations.

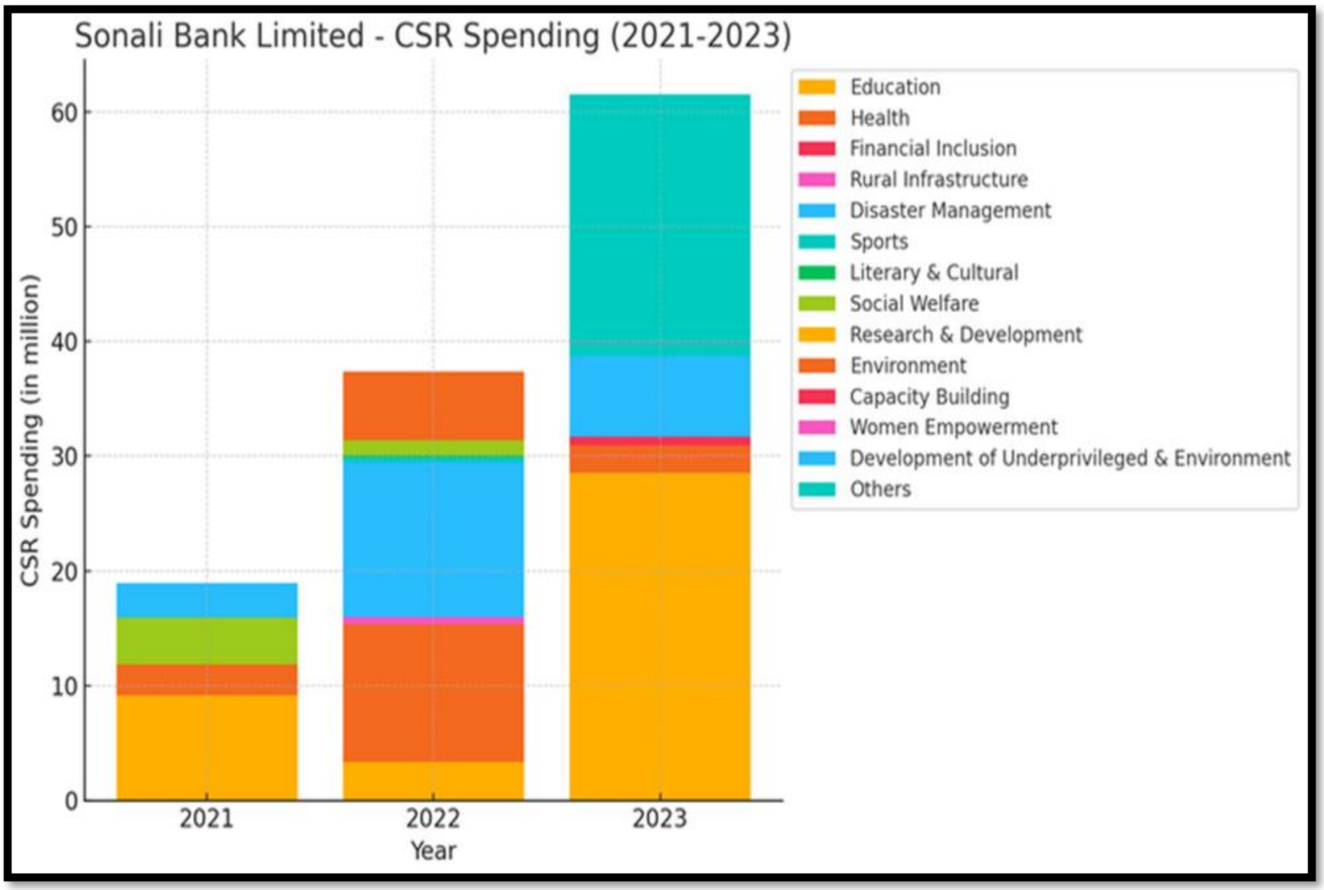

Fig: CSR Spending of SBL (2021-2023)

i. *Key Trends in CSR Spending*

Total CSR Expenditure

- The bank has significantly increased its CSR spending, growing from **18.95 million in 2021** to **61.50 million in 2023** (a **+224.6% increase** over three years).
- The highest spending was recorded in **2023**, reflecting a greater focus on social impact.

Sector-wise Observations

1. **Education (Recommended: 30% | 2023 Allocation: 46.44%)**
   - ➢ Spending increased **drastically from 3.37 million (2022) to 28.55 million (2023)**, now the highest-funded sector.
   - ➢ This is in line with Bangladesh Bank's guideline but exceeds the 30% recommendation.
2. **Health (Recommended: 30% | 2023 Allocation: 3.85%)**
   - ➢ A sharp **drop from 11.96 million (2022) to 2.37 million (2023)**.
   - ➢ This is well below the 30% recommended by Bangladesh Bank.
3. **Disaster Management (No fixed guideline | 2023 Allocation: 11.38%)**
   - ➢ Peaked in **2022 at 13.46 million**, then **declined to 7.00 million in 2023**.
   - ➢ While this is an important category, it is not a mandated priority sector.
4. **Environment & Climate Change (Recommended: 20% | 2023 Allocation: 0%)**
   - ➢ In **2022, 6 million was allocated**, but **in 2023, no funds were given**.
   - ➢ This is a major deviation from the guidelines.
5. **"Others" Category (No fixed guideline | 2023 Allocation: 35.26%)**
   - ➢ The highest increase, **from 0 million (2022) to 21.68 million (2023)**.
   - ➢ This raises concerns about transparency, as Bangladesh Bank prefers targeted spending.

ii. Evaluation Against Bangladesh Bank Guidelines

- It is strictly mentioned that 30% of total spending for CSR should go towards Education, 30% should go to the Health segment, and around 20% of the spendings should be allocated towards Environment & Climate Change.
- In 2023, Education saw increased funding (~46% of total CSR) but Health (3.85%) and Environment (0%) were significantly underfunded.
- A large portion of CSR went to "Others" (35%), which lacks clarity in alignment with regulatory priorities.

iii. Key Findings

- The overall CSR spending trend is positive, with a growing focus on education.
- Health and environmental initiatives received less than the recommended funding.
- The high allocation in "Others" suggests possible flexibility in spending priorities, but it needs further breakdown for transparency.

Chapter 06: Problems Identification and Recommendations from Analysis

Problems regarding CSR activities in the banking sector

In 2023, banks in Bangladesh reduced their Corporate Social Responsibility (CSR) spending by 18%, totaling Tk 9.24 billion, down from Tk 11.29 billion in 2022.

Sector-wise allocation was Health: 31.26% (Tk 2.89 billion), Education: 17.65% (Tk 1.63 billion), Environment and Climate Change: 7.38% (Tk 681.7 million), Other Sectors: 43.72% (Tk 4.04 billion).

The data indicates that while the health sector received an appropriate share of CSR funds, the education and environment sectors were underfunded compared to the guidelines. Conversely, spending in "Other Sectors" exceeded the recommended allocation.

This decline in CSR spending is attributed to liquidity constraints within the banking sector, influenced by the central bank's contractionary monetary policy aimed at controlling inflation. This policy led to a liquidity crunch, particularly in the latter half of the year, affecting banks' net incomes and, consequently, their CSR budgets.

Recent reports indicate that from 2015 to 2023, banks in Bangladesh allocated approximately Tk 7,099 crore to Corporate Social Responsibility (CSR) initiatives. Notably, 44% of this amount, equating to over Tk 3,000 crore, was directed to the ***“Prime Minister's Relief Fund”***.

This allocation significantly exceeds the Bangladesh Bank's CSR guidelines, which recommend capping disaster management contributions, including those to the ***“Prime Minister's Relief Fund”***, at 20% of bank's total CSR budget. The substantial contributions have raised concerns about the adherence to these guidelines.

In summary, the significant diversion of CSR funds to government and political programs has led to a misalignment with regulatory guidelines and has constrained banks' capacity to support a broader range of social development initiatives.

Recommendations

1. Sonali Bank Limited has increased its CSR spending significantly, which is a positive development. However, the allocation structure does not fully align with Bangladesh Bank guidelines.
2. Increase Funding for Health sector to meet Bangladesh Banks' requirements of 30%. Future initiatives could include medical camps, hospital donations, and health insurance for low-income groups.
3. Restore Environment & Climate Change Spending (Target: 20%). In 2023, no funds were allocated to the environment despite its priority status. Future efforts should focus on tree plantations, renewable energy adoption, and flood relief programs.
4. Green banking initiatives are taken but it could be further aligned with CSR activities with proper management to implement a more robust socio-economical program.
5. Maintain Strong Investment in Education but balancing it (Target: 30%). While education spending is commendable, future allocation should be slightly reduced to balance other critical sectors.
6. Reduce "Others" Spending & improve transparency. 35% allocation to "Others" raises concerns about the actual use of these funds. A detailed breakdown of these expenditures should be provided, and funds should be redirected to priority sectors.
7. Priority based CSR expenditure system should be implemented to ensure transparency and accountability, which will ensure efficient management of funds.
8. Be more proactive in creating new avenues of CSR segments that allows a socio-economic benefits. Our IT sector is still developing and most of the segment of the population are yet to fully benefit from it. Efforts can be taken into such sectors to not only develop the IT sector infrastructurally, but also creating entrepreneurial opportunities for those involved.
9. Investment in IT sector aligns with both the educational sector and the entrepreneurial development of our rural youth.

Conclusion

Sonali Bank PLC's Corporate Social Responsibility (CSR) initiatives and reporting demonstrate its commitment to sustainable development, ethical banking, and social welfare. The bank actively engages in various CSR activities, including education, healthcare, environmental sustainability, and poverty alleviation, aligning with national and global development goals. Its CSR reporting reflects transparency and accountability, reinforcing its role as a responsible corporate entity. While Sonali Bank has made significant strides in CSR, there remains room for improvement in enhancing stakeholder engagement, even more transparent financing practices, adopting more sustainable business practices, and aligning with international CSR frameworks. Continued efforts in these areas will further strengthen its reputation and long-term impact on society.

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