

Corporate Social Responsibility (CSR) Guidelines 2081(2025) (For Bank and Financial Institutions)

Highlights



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1. Background

The Nepal Rastra Bank (NRB) vide circular number 10/81/82 has Introduced a new guideline for the Corporate Social Responsibility (CSR) activities of BFIs. This guideline applies to all 'A', 'B', and 'C' Class BFIs.

The main objective of the guideline is to bring uniformity, transparency, and effectiveness in the CSR activities & expenses of the BFIs. This guideline aims to support environmental protection, social development, financial education, digital payments, and health and education services through BFIs. It ensures fair, transparent, and nationwide CSR spending, maximizing benefits for society.

2. Provision for CSR Fund

A, B, and C class BFIs must allocate part of their net profit to the CSR Fund for CSR activities, as mandated by NRB (**currently at 1% of net profit**). The BOD of BFIs may decide to contribute in excess of the required amount for CSR activities.

3. Period for spending the amount of CSR funds

BFIs shall make arrangements to spend **at least 60 percent** of the amount apportioned to the fund within the same financial year in which financial statements have been approved by NRB.

4. Procedure to be introduced by BFIs

The BOD of every BFI must create and implement procedures/ guidelines related to CSR activities and fund management. The procedure should include at least the following topics:

- Authority to expend CSR fund
- Basis for selecting and evaluating CSR activities and proposals.
- Basis for diversification in CSR activities
- Basis for geographical distribution of CSR activities
- Basis for selecting CSR activities with no conflict of interest.

5. Areas covered under CSR:

The amount of CSR Fund can be spent in the following areas:

5.1 Education

- Construction, repair and reconstruction of physical structures of government and community schools and colleges.
- Scholarship given to poor, backward class and handicapped students.
- Computers, projectors, interactive smart boards, boards, books, furniture, fixtures and other educational materials distributed to government and community schools and colleges.
- Providing clean drinking water, sanitation facilities, hygiene dispensers, basic healthcare, and hygiene materials to government and community schools and colleges

5.2 Health

- Expenditure on infrastructure development and the distribution of health equipment to government and community health institutions, as well as support for disabled individuals.
- Provision of clean drinking water, sanitation facilities, and hygiene materials.
- Collaboration with hospitals for the treatment of low-income groups.
- Organization of free health camps and blood donation campaigns.
- Construction of public health infrastructure for emergencies and disasters.
- Funding for oxygen supply, vaccines, and essential medicines.
- Operation of a hospital for financial sector employees, their families, and the general public (excluding expenses done with promotional motive).

5.3 Humanitarian aid and relief

- Relief materials such as rags, food, medicines, tents, utensils etc. distributed to the victims of natural disasters.
- Assistance provided to government-approved social organizations, such as old age homes, children's homes, etc.
- Expenditure on providing nutritious food to malnourished children, pregnant and lactating women.

5.4 Environment

- Planting trees in urban forests development areas and in public areas after obtaining approval from relevant authority.
- Expenditure incurred for spreading environmental awareness in public areas after obtaining approval from relevant authority.
- Raising awareness about environmental protection.
- Providing dustbins in public places.
- Conserving endangered wildlife.
- Reducing and controlling pollution through environmental projects.
- Infrastructure development in rural areas to mitigate environmental impact.
- Infrastructure development for purification of polluted river water.
- Expenditure on managing wastage of mountain area.

5.5 Financial Literacy

- Development and transmission of materials and conducting training programs for enhancing financial literacy.
- Collaborating with local and provincial bodies, schools and colleges to support financial literacy.
- Promoting cashless transactions, technology use, and electronic transactions.

- Conducting training programs as per the guidelines of Nepal Rastra Bank's Financial Literacy Framework.

5.6 Sustainable Development Goals

- Expenditure incurred for the achievement of goals set by the Sustainable Development Goals 2016-2030.

5.7 Others

- Expenditure on the construction, repair, and maintenance of traffic management, bus stands, streetlights, public toilets, etc.
- Contributing up to Rs. 100 for each account opened under the 'Open bank account campaign'.
- Providing funds to innovation centers of national importance.
- Investing in sports infrastructure for the development of the sports sector.
- Expenditure on other areas as specified by NRB from time to time.

6. Provincial Expenditure

- BFIs should allocate CSR expenditures across various sectors, such as education and financial literacy, while also ensuring distribution across multiple geographical regions
- 'A' class commercial banks and other national level BIFs must spend at least 10% of the allocated CSR funds in each province.

7. Activities not included under CSR

- Marketing, sponsorships, political support, profit-oriented activities, and brand promotions.
- Expenses that relate/benefit shareholders, board members, or senior management of the BFI
- Business expansion/promotion expenses.

8. Miscellaneous

- CSR expenditure shall be made only for government, public and non-profit organizations.
- CSR expenditures should be allocated fairly, prioritizing societal needs without favoritism toward any specific geographical region.
- More than 5% of the total CSR budget for the year cannot be spent on a single program (**Except in cases where approval has been obtained from NRB for any special program**).
- CSR funds cannot be used for the distribution of any cash, donations, prizes, etc.
- CSR funds cannot be transferred to any other fund/reserve or included in the capital of the BFI.
- An internal audit should be conducted annually, with a separate report detailing CSR funds and

expenditures, the criteria and process for selecting CSR activities, and the effectiveness and impact of these initiatives undertaken by the BFI. Such a report should be presented to the BOD through the Audit Committee.

- CSR funds must be spent within the period specified by this guideline.
- The BFIs must keep records along with supporting documents of the CSR activities performed and expenses incurred.
- BFIs must publish the details of the CSR expenditure made and their impact on society on its website on an annual basis.

PKF Comment:

Through this guideline, Nepal Rastra Bank (NRB) has streamlined the CSR activities and expenses of Banks and Financial Institutions (BFIs) by ensuring uniformity, transparency and effectiveness in their social contributions. By mandating a dedicated CSR fund, specifying eligible sectors, enforcing geographical distribution and prohibiting expenditures on promotional activities, NRB has established a structured framework that aligns CSR efforts with national priorities.

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