

# A BILL

## FOR

AN ACT TO ESTABLISH THE CORPORATE SOCIAL RESPONSIBILITY ACT AND FOR OTHER MATTERS CONNECTED THEREWITH

*Sponsored by Hon. Ossai Nicholas Ossai*

[ ] Commencement

BE IT ENACTED by the National Assembly of the Federal Republic of Nigeria as follows:

1           1. There is established the Corporate Social Responsibility Act (in  
2 this Act referred to as the 'CSR Policy')

Establishment of  
Corporate Social  
Responsibility Act

3           2.-(1) The CSR Policy shall apply to:

Companies  
Concern

4           (a) Every Company registered in Nigeria including its holding or  
5 subsidiary irrespective of their operational base whether in Nigeria or  
6 outside Nigeria;

7           (b) Every foreign company having a branch office or project office  
8 or operational office in Nigeria.

9           (2) Provided that this CSR Policy shall not apply to:

10           (a) Every company which for three consecutive financial years  
11 ceases to be a company covered under section 2 sub-section (1) of this Act,  
12 till such times it meets the criteria specified in section 2 sub-section (1) of  
13 this Act;

14           (b) Any company which suggest or is calculated to suggest that it  
15 enjoys the patronage of the Government of the Federation or the  
16 Government of a State in Nigeria or any Ministry or Department or Agency  
17 of Government;

18           (c) Foreign offices, projects and operations of a company  
19 registered in Nigeria;

20           (d) Any foreign company exempted under any treaty to which  
21 Nigeria is a party.

Company's duty  
to comply with  
the Policy

1                   3. Every Company having a net profit of N500 Million or profit  
2 turnover of N500 Million during any financial year shall comply with the  
3 Corporate Social Responsibility Policy as provided in section 2 (1) (a)(b) of  
4 this Act, by ensuring that the CSR Policy is part of the business activities of the  
5 company.

Company's duty  
to establish and  
maintain the Policy

6                   4.-(1) Every Company concern shall establish and constitute a  
7 Corporate Social Responsibility Policy Committee (hereinafter called 'CSR  
8 Policy Committee').

9                   (2) The CSR Policy Committee shall:

10                  (a) Create, formulate and recommend to the Company's Board, a  
11 Corporate Social Responsibility Policy which shall indicate the activities to be  
12 undertaken by the company;

13                  (b) Recommend to the Company's Board the amount of expenditure  
14 to be incurred on the CSR Policy activities referred to in sub-section 4 (2) (a) of  
15 this section;

16                  (c) Monitor periodically the activities of CSR Policy of the company.

17                  (3) The Board of every company referred to in sub-section 2 (a) of this  
18 section shall:

19                  (a) After receipt of the CSR Policy Committee recommendations, the  
20 Board shall scrutinize and thereafter approve the Corporate Social  
21 Responsibility Policy of the company for the immediate proceeding 3 years;

22                  (b) Disclose the approved contents of the CSR Policy in its Pre-  
23 Performance Report to the Minister not later than the last day of the month of  
24 April of the three immediately preceding financial years;

25                  (c) Place the company CSR Policy contents on the company's website  
26 or any such manner as may be prescribed;

27                  (d) Ensure that the approved CSR Policy contents are part of the  
28 activities of the company's Corporate Social Responsibility Policy which must  
29 be executed and undertaken by the company;

30                  (e) Ensure that the company spends at least 1 % of the average net

1 profit of the company in every three immediately preceding financial years  
2 for its Corporate Social Responsibility Policy.

3 Provided that in spending the amount earmarked by a company for  
4 Corporate Social Responsibility Policy, the company shall give preference  
5 to the local community and the immediate environment it operates.

6 (f) Before the company's execution of its CSR Policy, the company  
7 shall notify the Minister, and the Minister shall delegate Officials of his  
8 Ministry from the department of CSR Policy to take briefings, to observe  
9 and witness the execution;

10 (g) After the spending and execution of the company on its  
11 Corporate Social Responsibility Policy, the company shall be required to  
12 present a CSR Performance Report to the Minister;

13 (h) If any company fails to spend such amount specified in sub-  
14 section 3 (e) of this section and spends only part of the amount, the Board of  
15 the Company shall in its CSR Performance Report made under section 4  
16 sub-section (3) (g) of this Act, specify the reasons for not spending the full  
17 amount;

18 (i) The Minister shall on receipt of the CSR Performance Report  
19 made under sub-section (3) (g) of this section, will either:

20 (1) Approve the CSR Performance report, if the company gives  
21 sufficient and convincing reasons to justify its action, thereafter the Minister  
22 shall within 30 days of receipt of that report direct that the amount not spent  
23 on the CSR Policy for that period shall be carried forward to add to the  
24 amount the company will earmark for the next three years expenditure of its  
25 Corporate Social Responsibility Policy or,

26 (2) If the Minister is not convinced with the reasons proffered by  
27 the company for not spending the total amount earmarked for CSR Policy  
28 execution for that period, the Minister shall within 30 days of receipt of the  
29 company's CSR Performance report made under sub-section (3)(h) of this  
30 section direct the company with a Letter of Displeasure to remit and pay the



1 amount not spent on Corporate Social Responsibility Policy for that particular  
2 period to a designated account called 'Corporate Social Responsibility Fund'  
3 within 30 days.

4 (3) If after 30 days the company fails to pay or remit the amount stated  
5 in sub-section 3 (i) (2) of this section, the company and every officer of that  
6 company that is in default shall be guilty of an offence and liable on conviction  
7 by a court of competent jurisdiction for a fine of an amount not less than  
8 NI00,000.00 for every day the offence subsists.

9 (4) If the Minister is of the opinion that the CSR Performance Report  
10 of a company is fully and well executed in accordance with the CSR Policy of  
11 the company and the CSR Policy laid down guidelines, the Minister shall issue a  
12 Certificate of Performance to the company within 30 days of receipt of the  
13 company's CSR Performance Report.

Management of  
the CSR Fund

14 5.-(1) The Corporate Social Responsibility Fund is to be managed by  
15 the CSR Policy department under the direct supervision of the Minister.

16 (2) Companies in default of section 4 (3) (i) (2) and section 12 of this  
17 Act are to pay-in the unspent amount for the CSR Policy for that particular  
18 period.

19 (3) Defaulting companies are to pay-in their fines and outstanding.  
20 sums to the CSR Fund.

21 (4) Moneys in that Fund are to be used to execute CSR Policy in the  
22 immediate environment and local communities of the companies that paid-in  
23 any sum.

24 (5) No amount of money in that Fund should be spent without the  
25 approval of each House of the National Assembly on a yearly basis.

26 (6) The Minister shall forward copies of each company's CSR  
27 Performance Report to each House of the National Assembly for scrutiny and  
28 for record purposes.

Company's liability  
on it agents'  
negligent act

29 6. -(1) Every Company shall be liable if it fails to include in its CSR  
30 Policy contents, a statement or a clause that prohibits its employees, agents.

1 servants, suppliers, contractors, sub-contractors from acting in ways that  
2 could:

3 (a) Damage the social, economic and environmental lives of the  
4 people;

5 (b) Adversely affect the standard of living of its area of operation  
6 and the host communities;

7 (c) Violate the rights of the people;

8 (d) Facilitate the corruption of Public Officials.

9 (2) Where sub-section 1 of this section is not complied with, the  
10 company involved and every officer of that company who is in default shall  
11 be guilty of an offence and liable on conviction by a court of competent  
12 jurisdiction to a fine of an amount not less than NI00,000.00 for every day  
13 during which the non-compliance subsists.

14 (3) After six months of this Act coming into law and thereafter,  
15 Companies in breach of any sections or sub-sections of this Act shall not be  
16 allowed to trade or continue to trade on any Stock Exchange or Capital Trade  
17 Point in Nigeria or to make any public offer and/or sale of securities or any  
18 other financial instrument, during the period in which it is in breach.

19 7.-(1) Every company shall ensure that its employees, agents,  
20 servants, suppliers, contractors and sub-contractors are adequately  
21 informed or, where necessary, properly trained or equipped to comply with,  
22 and have access to means that enable them to anonymously and without fear  
23 of reprisal, report to the management of any actual or threatened breaches of  
24 its CSR Policy.

Company's duty  
care of its agents

25 (2) Where sub-section 1 of this section is not complied with, the  
26 company involved and every officer of that who is in default shall be guilty  
27 of an offence and liable to a fine of NI00,000.00.

28 8. -(1) A company shall take care to carry on its operations in a way  
29 that does not damage the person, property, land, health, resources, and other  
30 asset, tangible or intangible, of any individual, group or community.

Company's  
general duty of  
care

1           (2) Where a company fails in its duty of care, it shall be liable to the  
2 party suffering damage, provided that, that damage, of whatever nature, has  
3 indeed been suffered by the party or parties bringing the action, and such  
4 damage has directly resulted from the operations of the company.

5           9.-(1) The relevant provisions of existing laws shall govern the  
6 liability of a company for the acts of its agents and/or servants, provided that a  
7 company shall be held to the standard of care stated in sub-section 2 of this  
8 section in cases involving:

9           (a) Violent and abusive conduct by Security Forces employed,  
10 provisioned, directed or maintained by the company; and

11           (b) The corruption of its Officials, agents and/or servants of the  
12 company.

13           (2) A company shall not be liable for acts of its Officials, agents and/or  
14 servants falling within sub-section 8 (1) (a) and (b) of this section unless:

15           (a) It expressly or impliedly authorized such acts;

16           (b) It expressly or impliedly condoned such acts;

17           (c) It expressly or impliedly held out the agent and/or servant  
18 involved as having the authority of the company to act in that manner; or

19           (d) It fails to show the prior existence of things, put in place as part of  
20 its routine business practice and CSR Policy, to prevent, direct and punish such  
21 acts.

Company's CRS  
performance  
report

22           10. Company's CSR Performance Report shall contain the following:

23           (i) Composition of the CSR Policy Committee;

24           (ii) Average net profit of the company for the last three financial years;

25           (iii) Overview and detail analysis of projects, programs and activities  
26 undertaken for the CSR Policy;

27           (iv) The objects and intentions of the company's CSR Policy;

28           (v) Expenditure incurred for the execution and implementation on the  
29 CSR Policy;

30           (vi) Targeted beneficiaries of the CSR Policy i.e. children, youths,



1 women, aged ones, disabled etc;

2 (vii) Part(s) of the country that benefitted from the CSR Policy;

3 (viii) The level of success of the CSR Policy;

4 (ix) The challenges and problems encountered during the  
5 implementation and execution of the CSR Policy;

6 (x) Future projections for the next three years execution and  
7 implementation of the CSR Policy;

8 (xi) This Report shall contain a Business Responsibility Statement  
9 of the Company CSR Policy Committee that the implementation and  
10 monitoring of CSR Policy, is in compliance with CSR Policy objectives of  
11 the company.

12 **11. If a company is found to have presented a false report regarding**  
13 **its CSR Performance Report, the company shall be guilty of an offence, and**  
14 **liable on conviction by a court of competent jurisdiction to a fine of an**  
15 **amount not less than the amount the company is expected to spend and**  
16 **execute in its CSR Policy for that period, in addition to any other sanctions**  
17 **or punishment the court may impose.**

Penalty for  
making fails  
report on the  
Company's CSR  
performance

18 **12. If after six months of coming into law of this Act and a**  
19 **company affected under sections 2, 3 and 4 of this Act fails to comply or**  
20 **establish the Corporate Social Responsibility Policy or fails to constitute the**  
21 **Company's Corporate Social Responsibility Policy Committee, the Minister**  
22 **shall direct the Corporate Affairs Commission to strike out the name of the**  
23 **company from the list of registered companies in Nigeria and the company**  
24 **shall cease to operate as a corporate entity under the Companies and Allied**  
25 **Matters Act.**

Penalty for failure  
to comply and  
establish the Policy

26 **13. If a company has complied and established the Corporate**  
27 **Social Responsibility Policy Committee as stipulated under sections 3 and 4**  
28 **of this Act, but failed to execute the company's Corporate Social**  
29 **Responsibility Policy made under section 4 sub-section (3) (e) of this Act,**  
30 **the Minister shall direct the company to pay 1% of the company's annual net**

Penalty for  
failure to execute  
the Policy

1 profit before tax to the 'Corporate Social Responsibility Fund' within 60 days.

Other CSR Policy  
activities

2 14. The CSR Policy shall be undertaken by every company as stated  
3 in sections 2 and 3 of this Act (either a new or ongoing company), excluding  
4 activities undertaken in pursuance of the company's normal course of business.

5 15. The Board of a company may decide to undertake its CSR Policy  
6 activities approved by the Company's Policy Committee, through a registered  
7 trust or a registered society or a company established by the company or its  
8 holding or subsidiary or associate company.

9 16. A company may also collaborate with other companies for  
10 undertaking or executing its Corporate Social Responsibility Policy in such a  
11 manner that CSR Policy Committee of respective companies are in a position  
12 to report separately on their CSR Performance Reports, on such projects or  
13 programs in accordance with these rules.

14 17. Subject to the provisions of this Act, the Policy projects or  
15 programs or activities undertaken in Nigeria only shall amount to the CSR  
16 Policy Expenditure.

17 18. The Policy projects or programs or activities that benefit only the  
18 employees of the company and their families shall not be considered as Policy  
19 activities in accordance with section 4 of this Act.

20 19. Contribution of any amount directly or indirectly to any political  
21 party shall not be considered as Corporate Social Responsibility Policy  
22 activities.

23 20. The CSR Policy Committee shall institute a transparent  
24 monitoring mechanism for implementation of the Policy projects or programs  
25 or activities undertaken by the company.

CSR Policy projects,  
contents and  
activities

26 21. The CSR Policy projects, contents and activities which  
27 companies are expected to undertake, includes but not limited to:

28 (i) Contribution towards educational development of the people in the  
29 area;

30 (ii) Provision of infrastructural facilities;



- 1 (iii) Contribution towards rural electrification projects and road  
2 construction;
- 3 (iv) Reducing Green House Gas emissions;  
4 (v) Promoting sustainable energy consumption;  
5 (vi) Funding for research and innovation program;  
6 (vii) Collaboration in partnership projects with local government  
7 in-staff training;
- 8 (viii) Environmental stewardship and protection mechanism;  
9 (ix) Construction and improvement of healthcare delivery system;  
10 (x) Provision of pipe borne water, improvement of existing water  
11 works and Construction of boreholes, public conveniences;
- 12 (xi) Agricultural development through enhancement of  
13 agricultural skills and knowledge
- 14 (xii) Sports facilities and structure development;  
15 (xiii) Granting credit facilities to communities with low interest  
16 rate.;
- 17 (xiv) Employing the unemployed qualified youths members of  
18 immediate environment;
- 19 (xv) Manufacturing company, granting goods for sale on credit  
20 with soft mark-up etc.
- 21 **22. The objectives of the CSR Policy are to:**
- 22 (i) Make companies contribute to the growth and development of  
23 nation building;
- 24 (ii) Improve the community welfare and living condition of the  
25 people;
- 26 (iii) Make companies socially responsible and accountable for  
27 their social actions;
- 28 (iv) Make companies show commitment towards ensuring that the  
29 immediate environment in which they operate feel the positive impact of  
30 their activities;

1 (v) Ensure that companies are accountable not only to their  
2 employees and their trade unions but also to their consumers, host  
3 communities and to the wider environment;

4 (vi) Ensure that companies impact its decisions and activities in  
5 society and the environment through transparent and ethical behavior that is  
6 consistent with sustainable development and the welfare of society;

7 (vii) Enable companies to address key social, economic and  
8 environmental problems confronting any part or parts of the Federation in  
9 which their operations and activities are prevalent;

10 (viii) Show how businesses are managed to bring about an overall  
11 positive impact on the communities, culture, societies and environment in  
12 which companies operate;

13 (ix) Make companies play a fundamental role in the economic  
14 development of communities in which they operate as well as fighting social  
15 exclusion and poverty;

16 (x) Focus on driving company's strategy of growing responsibility,  
17 managing its skills and developing its relationship and engagement with  
18 customers, clients, communities and other stakeholders;

19 (xi) Make companies to support local, national and global efforts to  
20 fulfill its purpose of making financial lives better for its customers, clients, and  
21 its communities- recognizing that it only succeed when others are thriving;

22 (xii) Make CSR Policy plays a critical role in company's business  
23 strategy of responsible growth and connects the company to its core purpose of  
24 making people's financial lives better around the world;

25 (xiii) Make Directors of companies to have regard to community and  
26 environmental issues when considering their duty to promote the success of the  
27 company;

28 (xiv) Make Directors to act in the interest of company's shareholders  
29 but also take into account the wider interest of customers, employees,  
30 suppliers, impact on the local community and the natural environment; annual

1 reports to include stakeholder relations, environmental and community  
2 impact;

3 (xv) Makes companies realize that their duties extend beyond its  
4 shareholders etc.

5 **23. Duties of the Federal Government on the CSR Policy:**

Duties of  
Federal Government

6 (i) Rigorous enlightenment campaign and creation of awareness to  
7 the public on CSR Policy through the media, publications, specialist  
8 journals, websites, etc;

9 (ii) To enlighten members of the public on the need that, companies  
10 are socially responsible to the environment which they operates;

11 (iii) Promote CSR Policy and create incentives that will help  
12 companies assume their social responsibility;

13 (iv) Developing policies to encourage corporate organizations to  
14 undertake community engagement as part of CSR Policy;

15 (v) Ensuring that companies sponsor cultural and educational  
16 activities that offer added value to Nigeria's socio-political and  
17 technological development;

18 (vi) To mandate companies in Nigeria to submit their annual report  
19 on the social and environmental impact of their activities;

20 (vii) To publish the annual report of the company's social impact  
21 which consists of a regular, independent, systematic, documented and  
22 objective evaluable and yardstick;

23 (viii) The rigorous assessment and management of a company's  
24 impact across the entire business from the point of material supply to  
25 product disposal;

26 (ix) Periodic review of the CSR Policy and its activities;

27 (x) Publication of policy guidelines and regulatory framework;

28 (xi) Establishment and maintaining good practice documents for  
29 the CSR Policy;

30 (xii) Creation of monitoring and control department of CSR Policy



1 in the Federal Government agency;  
2 (xiii) Reward companies that performed creditably very well in their  
3 CSR Policy through incentives and benefits which may include but not limited  
4 to:  
5 (a) Presentation of Awards;  
6 (b) Tax deductions.  
7 (c) Waiver and concessions on import of goods, equipments, raw  
8 material etc.  
9 (d) Granting of aids;  
10 (e) Bailout packages;  
11 (f) Contracts from government.  
12 (xiv) Not to award public contracts to or invest Public Pension Funds  
13 or give incentives to any company in breach of any CSR Policy rules and  
14 guidelines.

Interpretation

15 24. In this Act, unless the context otherwise requires:  
16 (i) 'Corporate Social Responsibility' means actions taken by a  
17 company to address key social, economic and environmental problems of  
18 particular areas in which the company operates; or  
19 A process through which companies manage their social and environmental  
20 impacts taking into account their relationships with stakeholders.  
21 (ii) 'Court' means The Federal High Court;  
22 (iii) 'Minister' means Minister of Finance of the Federal Republic of  
23 Nigeria;

Citation

24 25. This bill may be cited as the Corporate Social Responsibility  
25 (Special Provisions, etc.) Bill, 2015.

**EXPLANATORY MEMORANDUM**

Corporate Social Responsibility Policy is to the effect that company's interest should not only be limited to their shareholders, employees and customers, but also to the wider interest of the local community, the society and the environment under which they operate.

This bill seeks to make companies operating in Nigeria play fundamental role in the social, economic and environmental development of the nation.

