

A BILL

FOR

AN ACT TO AMEND THE COMPANIES AND ALLIED MATTERS ACT CAP C20 LAWS OF THE FEDERATION OF NIGERIA 2004 TO MAKE IT MANDATORY FOR ALL INCORPORATED COMPANIES IN NIGERIA TO ENGAGE IN AND OBSERVE CORPORATE SOCIAL RESPONSIBILITY TO THEIR STAKEHOLDERS AND FOR RELATED MATTERS

Sponsored by Hon. Karimi Sunday Steve

[] Commencement

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

1 1. The Companies and Allied Matters Act Cap C20 Laws of the
2 Federation of Nigeria 2011(hereinafter called "the Principal Act") is hereby
3 amended as follows.

Amendment of
the Companies
and Allied Matters
Act Cap. C20
LFN, 2011

4 2. Section 27 of the Principal Act is hereby amended by inserting a
5 paragraph (g) to the existing Section 27(1) and it reads as follows:

Amendment of
Section 27

6 "27(1) (g) an undertaking that the Company shall be committed to
7 utilizing 1% of its annual gross profits for the pursuit of corporate social
8 responsibility programs for the benefit of its stakeholders and host
9 communities."

10 3. After Part XIII of the Principal Act, before the existing Part
11 XIV, the following Part is inserted:

12 "PART XIII A

13 CORPORATE SOCIAL RESPONSIBILITIES:

14 386A ESTABLISHMENT OF CORPORATE SOCIAL RESPONSIBILITY

15 UNIT FOR THE COMMISSION:

16 As from the commencement of this Bill, the Commission shall establish a

17 Corporate Social Responsibility Unit which shall be a department under the

1 office of the Registrar General of the Commission and shall be headed by a
2 Director.

3 386B OBJECTIVES OF THE CORPORATE SOCIAL RESPONSIBILITY

4 UNIT:

5 (1) Ensure and enforce that all incorporated companies under Part A
6 of the Principal Act initiate, implement and enforce corporate social
7 responsibility to its stakeholders especially the customers and host
8 communities;

9 (2) Ensure in co-operation with other Federal Government Agencies,
10 that the Government at all levels, especially the Federal Government fulfil its
11 obligations of providing enabling environment for businesses and
12 incorporated companies;

13 (3) Ensure that the incorporated companies under this Act give back
14 to their stakeholders and host communities;

15 (4) Ensure that before incorporation, all incorporated Companies
16 have a commitment to Corporate Social Responsibility in the object clause of
17 the incorporated company;

18 (5) Develop a Corporate Social Responsibility framework that fosters
19 National Development without being a disincentive to investments in Nigeria;

20 (6) Develop and implement Corporate Social Responsibility
21 framework for incorporated companies in Nigeria in tandem with international
22 standards;

23 (7) Make Regulations and Subsidiary Legislation for the fulfillment
24 of the objects of the Commission under this part.

25 386C FUNCTIONS OF THE CORPORATE SOCIAL RESPONSIBILITY

26 UNIT:

27 (1) Receive Corporate Social Responsibility requests from various
28 host communities of organizations in Nigeria;

29 (2) Ensure Incorporated Companies inculcate and implement
30 corporate social responsibility to their stakeholders;

1 (3) Monitor adherence to corporate social responsibility
2 requirements under this Bill;

3 (4) receive reports from incorporated companies on their corporate
4 social responsibility policies, its implementation and impact and verify such
5 reports;

6 (5) Co-ordinate the Corporate Social Responsibility Policy
7 Framework;

8 (6) Discipline of incorporated companies or individuals on failure
9 to adopt, publicize and implement corporate social responsibility in Nigeria

10 (7) Creation of a standard for social responsibility of corporate
11 organizations and incorporated companies under the Act in compliance and
12 in consistence with international standards;

13 (8) Incorporate and integrate corporate social responsibility in
14 Nigeria Trade Policies while respecting World Trade Organization Rules
15 and must not create unjustified trade barriers.

16 (9) Conduct search and investigation of the needs of host
17 communities of Corporate Organizations;

18 (10) Serve notices of social responsibility requests to
19 organizations;

20 (11) Identify socially responsible behavior in compliance with
21 National and Community Legislation on equality and non-discrimination in
22 all activities of companies;

23 (12) Implement social and environmental regulation consistent
24 with convention and serve as inspection regime of these agreements;

25 (13) Carry out classification of corporate organizations, ranking
26 them according to organizational size, and magnitude of investment which
27 shall determine the nature of corporate social responsibility expected of
28 them;

29 (14) Publish and compile annual reports on social and
30 environmental impacts of company's direct activities on communities;

1 (15) Develop policies to encourage corporate organizations to
2 undertake community engagements as part of corporate social responsibility,
3 and ensure that companies sponsor cultural and educational activities that offer
4 added value Nigeria's socio political and technological development;

5 Provided that the Company's total corporate social responsibility for a
6 given year is not less than 1% of its annual gross profit for the year;

7 (16) Ensure that companies are accountable not only to their
8 shareholders, employees and trade unions but also to the consumers, host
9 communities and wider environment;

10 (17) Promote statutory labor standards and collective social
11 governance in the context of globalization.

12 386D ALL COMPANIES TO HAVE CORPORATE SOCIAL
13 RESPONSIBILITY TO STAKEHOLDERS:

14 (1) As from the enactment of this Bill, it shall be compulsory for all
15 Companies Incorporated in consonance with the Principal Act to adhere to the
16 provisions of this part;

17 (2) All foreign companies in Nigeria or with subsidiaries in Nigeria as
18 well as Foreign Companies with Project offices in Nigeria shall comply with
19 the provisions of this part.

20 (3) The Commission shall have power to temporarily shut down and
21 suspend the operations of an organization, corporation or company for a
22 minimum of 30 working days as penalty for non-compliance with the
23 provisions of this part;

24 (4) A person that willfully obstructs the Commission or its authorized
25 staff in the exercise of its powers under this part commits an offence and is
26 liable upon conviction to an imprisonment of not less than six (6) months.

27 387E INCENTIVES FOR EMBARKING ON CORPORATE SOCIAL
28 RESPONSIBILITY:

29 Where a Company has expended at least 1% of its Gross Profit on Corporate
30 Social responsibility activities or initiatives in Nigeria as required in this Part,

1 the Company upon proof of same, shall be entitled to a Company Income
2 Tax Relief of 2% in the next financial year.

3 387F ALL COMPANIES TO SUBMIT REPORT OF CORPORATE
4 SOCIAL RESPONSIBILITY ANNUALLY:

5 (1) Every Company shall, once at least in every year, make and
6 deliver to the Commission in addition to the Annual Returns as required
7 under the Principal Act, a detailed Report of its Corporate Social Response
8 to its stakeholders and host communities.

9 (2) The Commission shall through the Corporate Social
10 Responsibility Unit, supervise, monitor and verify the Corporate Social
11 Responsibility and Corporate Social Response of every Company.

12 387G CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES:
13 Corporate Social Responsibility activities shall include but not limited to the
14 following Eradication of extreme poverty and hunger, promotion of
15 educational activities, gender equality, empowering of women,
16 establishment of center for the aged and catering for the aged in the society,
17 reducing child mortality and maternal health, combating malaria, cancer,
18 Acquired Immunodeficiency Syndrome and other related diseases, ensuring
19 environmental sustainability, development of vocational enhancing skills
20 e.t.c

21 387H OBJECT CLAUSE OF COMPANIES TO INCLUDE CORPORATE
22 SOCIAL RESPONSIBILITY STATEMENT AND COMMITMENT:

23 From the commencement of this Bill, it shall be compulsory for all
24 Companies registered under the Principal Act, Foreign Companies doing
25 business in Nigeria as well as foreign Companies with project offices in
26 Nigeria to have in their object clause a statement of commitment to
27 corporate social responsibility".

28 4. This Bill may be cited as the Companies and Allied Matters
29 (Amendment) Bill, 2018.

Citation

EXPLANATORY MEMORANDUM

This Bill seeks to amend the Companies and Allied Matters Act Cap C20 Laws of the Federation of Nigeria 2011 to make it mandatory for all incorporated companies in Nigeria to engage in and observe corporate social responsibility to their stakeholders.