

Corporate Social Responsibility - Government Regulation in the Works

The Government has been drafting a Regulation for the purposes of implementing Article 74 of Law No. 40 of 2007 on Limited Liability Companies. The Draft Regulation includes a list of definitions for the terms that it contains and these are in essence a reiteration of the basic provisions of the prevailing Law.

The key definition is that the Regulation applies to companies that have business activities or who are in some way connected to business activities that relate to natural resources. These businesses have an obligation to fulfill the CSR provisions contained in the Law and further regulated here.

The intentions of the relevant companies to carry out their respective CSR obligations are to be contained in their annual work or business plans. Then these CSR objectives are to be implemented in accordance to that plan. All CSR obligations are to be budgeted for to a degree that allows for their proper implementation.

Each company must then include their respective CSR achievements for the year in their annual report. This report is then presented to the General Meeting of Shareholders. The implementation is subject to accountability and therefore the directors of the company are responsible for any failures relating to the implementation of the CSR obligations.

The Regulation provides for written submissions to be made to the Minister by members of the community. If a member of the community feels that a certain company has not fulfilled their CSR obligations pursuant to the prevailing laws and regulations then they have a right to notify the Minister in writing.

The majority of the Draft Regulation has already been agreed in March. However, there are still a number of provisions to be agreed. The discussion to finalize this Draft Regulation is scheduled for 15 July 2008. It is expected that this discussion should see the finalization of the Draft Regulation.

Finally, it is worth remembering that there are a number of business associations and organizations that have indicated that the possibility of seeking a judicial review of Article 74 remains (see ILB No. 640 24/7/2008).



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❖ Documents

Draft Regulation on Corporate Social Responsibility (PP_CSR_PMAR_2008.pdf - 19.Kb)

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