

EXPLANATORY NOTES ON A BILL FOR AN ACT TO PROVIDE FOR THE ESTABLISHMENT OF THE CORPORATE SOCIAL RESPONSIBILITY COMMISSION

Background

The Bill seeks to establish the Corporate Social Responsibility Commission for the control and regulation of the activities of Corporate Organizations in Nigeria. It is entitled A Bill For An Act To Provide For The Establishment Of The Corporate Social Responsibility Commission.

Corporate Social responsibility refers to the obligation of an organization to seek actions that protect and improve the welfare of the society along with its interest. Otherwise referred as organizational social responsibility, it is a term often used in reference to the concept of social responsibility as applied to business organizations to the host community.

The World Business Council for Sustainable Development (WBCSD) defines Corporate Social Responsibility as the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as the local community and the society at large.

The Objective of the Proposed Bill

Organizational Social Responsibility movement started in the 1960's with the emergence of various social movements e.g. civil rights, women liberation and environment-protection association in the United States of America. These bodies helped to enlighten the public that organizations have social responsibility to the host communities.

In modern times, the dire need to solve the problems of organizations and their host communities brought in a new perspective in Corporate Social Responsibility. The generally accepted expectation now is that corporate organizations should make profit through legal means, and at the same time identify human rights, employee rights, and the challenges of environmental protection and community development as core values in corporate social responsibility. It is also generally accepted that society is best served by the regulatory hands of the law and political process in

protecting a community's right to corporate social responsibility.

Industrialization Challenges In Nigeria

Corporate social responsibility is one of the burning issues in Nigeria. Companies deriving benefits and maximizing profits from communities are not appropriately responding to needs of host communities through strategic philanthropy, environmental protection, and community development.

The evolving principles of Corporate social responsibility in Nigeria are hitherto being propelled mainly by NGO's — shareholders, consumers and communities, all non-governmental organizations. The nearest effort by the Nigerian Government in this regard is the Vision 2010 which preached partnership between government and corporations for improvement in social equity and justice, continuous funding of community development, and sustenance of unpolluted environment.

Vision 2010 was discarded before it could be implemented. However, the need for both government and corporations to demonstrate their corporate responsibility by pursuing sound environmental and socially based policies cries for urgent attention, as the deteriorating environmental and social situations in Niger Delta, Ajaokuta, Warri and some industrial estates in Lagos daily warn.

Highlights of Bill

Consequently, this Bill seeks to ensure that corporations/companies:-

- a. Contribute to economic, social and environmental progress with a view to achieving sustainable development of the affected communities,
- b. Respect the human rights of those affected by their activities in keeping with Nigeria's international obligations and commitments
- c. Encourage local capacity through close co-operation with local community, including local business interests, as well as developing appropriate linkage lines of their corporate activities to the benefit of the communities
- d. Develop and apply effective self regulatory practices and management systems that foster a relationship of confidence

and mutual trust between enterprises and societies in which they operate

- e. Support and uphold good governance principles and practice, and
- f. Abstain from any improper involvement in local political activities.

A BILL FOR AN ACT TO PROVIDE FOR THE ESTABLISHMENT OF THE CORPORATE SOCIAL RESPONSIBILITY COMMISSION

Sponsored by Senator Uche Chukwumerije, Senate, Abia North.

EXPLANATORY MEMORANDUM

(Note that this introduction does not form part of this act. It is only intended to explain its purport).

This Bill seeks to provide for comprehensive adequate relief to communities which suffer the negative consequences of the industrial and commercial activities of companies operating in their areas.

The Bill seeks to create a specific body for the execution of this highly important social responsibility.

It also provides for penalty for any breaches of corporate social responsibility.

A BILL FOR AN ACT

**TO PROVIDE FOR THE ESTABLISHMENT OF THE
CORPORATE SOCIAL RESPONSIBILITY COMMISSION**

**Sponsor: Senator Uche Chukwumerije, Senate, Abia
North.**

(Commencement)

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

PART ONE

Establishment of
corporate social
responsibility
commission

(1) There is hereby established a Commission to be known as Corporate Social Responsibility Commission.

PART TWO

Commission 2 (1)

(a) Shall be a body corporate with perpetual

succession and common seal; and

(b) May sue and be sued in its corporate name and may, for the purpose of its function, acquire, hold or dispose of property.

(2) The Commission shall be headed by a Director General who shall be responsible for the overall operations of the Commission, and shall be equivalent in rank to a Permanent Secretary in the Public Service of the federation;

(3) The Director General shall be the Accounting Officer of the Commission;

(1) The Director General shall be appointed by the President and confirmed by the National Assembly — the appointment shall be based on professional competence and qualification, and without regard to political and partisan affiliations.;

(2) The Director General shall hold office in the first instance for a period of 4 years and may be re-appointed for a further period of 4 years and not more than such terms and conditions as may be determined, from time to time by the Presidency;

Staff of the
Commission

(1) There shall be office of Directors:

(a) A Director of Admin and Supply;

(b) A Director of Legal Services;

(c) A Director of Finance;

(d) A Director of Operations and Research

(2) The Terms and condition of service including remuneration, allowances, benefits and pensions of officers and employees of the Commission shall be determined by the Board provided that:

The staff of the Commission shall be public officers as defined in the Constitution of Federal Republic of Nigeria 1999.

Service of the Commission shall be approved service for the purpose of the Pension Act and accordingly and officers and other persons employed in the

Commission shall, in respect to their services be entitled to pension, gratuities and other retirement benefits as prescribed there under.

Governing Board of the Commission

- 4 (1) The Governing Board of the Commission shall consist of:-
- a. A Chairperson;
 - b. A Human Rights lawyer;
 - c. A person from environmental protection agency;
 - d. A person not below the rank of a Director from the office of the Secretary to the Government of the Federation;
 - e. A person not below the rank of a Director from Ministry of Commerce and Industries;
 - f. A person from the organized private sector;
 - g. A person form Manufacturers Association of Nigeria;
 - h. The Director General Security and Exchange Commission or his representative;
 - i. A community development expert;
 - j. The President Nigeria Labour Congress or his representative; and
 - k. The Chief Executive of the Commission.
- (2) The members of the Governing Board, other than the Director General and the Secretary, shall be part time members;
- (3) The members of the Governing Board other than ex-officio members shall be appointed by the President and the appointment shall be subject to confirmation by the Senate;
- (4) The members of the Governing Board other than ex-officio members shall hold office for a period of 4 years and may be re-appointed for a further term of 4 years and no more;
- (5) A member of the Governing Board may at any time be removed by the President for inability to

discharge the functions of his (whether arising from infirmity of mind or body or any other cause) or for misconduct;

- (6) A member of the Governing Board may resign his membership by notice in writing addressed to the President and that member shall, on the date of receipt of notice cease to be a member;
- (7) Where a vacancy occurs in the membership of the Governing Board, it shall be filled by the appointment of a successor to hold office for the remainder of the term of office of his predecessor; and
- (8) The Governing Board may take a standing order regulating its proceedings or those of its committees.

PART THREE

Functions And
Powers of The
Commission

- (1) Subject to this Act and in addition to any other functions conferred on it by other provisions of the Act, the Commission shall:-
 - a. Create a standard for social responsibility of corporate organizations that is consistent with international standards;
 - b. Integrate social responsibility in Nigeria trade policies while respecting WTO rules and not creating unjustified trade barriers by seeking to introduce provisions in bilateral regional or multilateral agreements;
 - c. Conduct research and investigation of needs of host communities of Corporate Organizations;
 - d. Serve notices of social responsibility requests to organizations;
 - e. Identify socially responsible behaviour in compliance with National and Community legislation on equality and non-discrimination in all activities of companies;
 - f. Implement social and environmental regulation consistent with convention and serve as inspection regime of these agreements;

- g. Carry out classification of corporate organizations, ranking them according to organizational size and magnitude of investment, which shall determine the nature of corporate social responsibility expected of them;
- h. Publish annual reports on social and environmental impacts of company's direct activities on communities;
- i. Develop policies to encourage corporate organizations to undertake community engagements as part of corporate social responsibility, and ensure that companies sponsor cultural and educational activities that offer added value to Nigeria's socio-political and technological development. Provided the cost of a company's total corporate social responsibility for a given year is not less than 3.5% of its gross annual profit for that year.
- j. Promote statutory labour standards and collective social governance in the context of globalization;
- k. Ensure that companies are accountable not only to employees and their trade unions, but to investors, consumers, host communities and the wider environment;
- l. Sanction through fines or offer incentives to companies who default or comply with corporate social responsibility rules and principles;
- m. Develop environmental guidelines that need to be met by corporations doing business in Nigeria;
- n. Peg and monitor the implementation of local contents in terms of employment and sourcing of raw materials;
- o. Introduce and ensure social responsibility compliance labels which do not violate WTO rules;
- p. Generally enter into any contract or perform any act, whether within the Federal Republic or outside, as will in the opinion of the Governing Board contribute towards attainment of the Commissions objectives;

PART FOUR

Financial Provisions

- 6** (a) The Commission shall establish and maintain a fund which shall cover all expenditure incurred by the Commission;
- (b) There shall be credited to the fund, established in pursuance of subsection (a) of this section, such payments as may be made by the Federal Government for the running expenses of the Commission and all other assets accruing from time to time to the Commission; and
- (c) The Commission may establish and maintain one or more funds into which shall be credited such payments as may be made to it by donor and other agencies from time to time for the purpose of supporting corporate social responsibility and programmes in Nigeria.

PART FIVE

Miscellaneous Provisions

- 7** (1) The Commission shall seek and receive information that will help it in the discharge of its responsibility. Such information cannot be withheld by persons, organizations and corporations.
- (2) The Commission shall have the power to temporarily shut down and suspend operations of an organization, corporation or a company for a minimum of 30 working days as a penalty for non-compliance with statutory requirement of the corporate social responsibility as stipulated in this Act.
- (3) An organization that fails to comply with the statutory requirement of this Act commits an offence under this Act and is liable on first conviction to a fine not less than 2% of its gross annual profit and on subsequent violation to a fine of not less than 3.5% of its annual gross profit in addition to compliance with statutory corporate social responsibility within the given period.
- (4) A person that willfully obstructs the Commission or its authorized staff in the exercise of any of the powers conferred on its by this Act commits an offence and is liable to imprisonment

upon conviction of not less than six months.