

## **Cabinet Resolution No. (2) of 2018 Regarding Corporate Social Responsibility**

### **The Cabinet,**

- Having reviewed the Constitution;
- Federal Law No. (1) of 1972 Regarding the Competences of Ministries and Powers of Ministers, as amended;
- Federal Law No. (5) of 1975 Regarding Trade Register;
- The Civil Transactions Law promulgated by Federal Law No. (5) of 1985, as amended;
- Federal Law No. (37) of 1992 Regarding Trademarks, as amended;
- The Commercial Transactions Law promulgated by Federal Law No. (18) of 1993;
- Federal Law No. (4) of 2000 Regarding the Emirates Securities and Commodities Authority, as amended;
- Federal Law No. (8) of 2004 Regarding Financial Free Zones;
- Federal Law No. (8) of 2011 Regarding the Reorganization of the Supreme Audit Institution;
- Federal Law No. (12) of 2014 Regarding Regulation of the Auditing Profession;
- Federal Law No. (2) of 2015 Regarding Commercial Companies; as amended;
- Federal Law No. (6) of 2015 Regarding the Federal Competitiveness and Statistics Authority (FCSA);
- Federal Decree by Law No. (11) of 2017 Regarding the Delegation of Certain Competences to the Cabinet; and
- Upon the proposal of the Minister of Economy, and the approval of the Cabinet,

**Hereby resolves as follows:**

### **Article (1)**

#### **Definitions**

For the purposes of implementing the provisions of this Resolution, the following terms and expressions shall have the meanings assigned to each of them, unless the context requires otherwise:

<b>State</b>	:	The United Arab Emirates
<b>Ministry</b>	:	Ministry of Economy
<b>Minister</b>	:	The Minister of Economy
<b>Fund</b>	:	The National Corporate Social Responsibility Fund
<b>Board</b>	:	The Fund's Board of Trustees
<b>Concerned Authorities</b>	:	Federal or local government entities, including economic departments or free zone authorities in the State.
<b>Company / Companies</b>	:	The commercial company or companies operating within the State, which are specified in Clauses (a) and (b) of Article (3) hereof.
<b>Establishment / Establishments</b>	:	The institution or entities referred to in Clause (c) of Article (3) hereof.
<b>Corporate Social Responsibility</b>	:	A voluntary contribution by the Company or Establishment to community development through providing (monetary and/or in-kind) contributions for the implementation of development projects and programs, including economic, social and environmental projects and programs in the State, as well as the Corporate Social Responsibility practices referred to in Article (5) hereof.
<b>Beneficiaries</b>	:	The entities listed on the Platform and approved by the Board.
<b>Beneficiary Projects and Programs</b>	:	The development projects, programs and initiatives listed on the Platform.
<b>Label</b>	:	The Corporate Social Responsibility label, which is a special national mark issued by the Fund in different categories. This mark shall be granted to Companies and Establishments in accordance with the controls and standards as may be determined by the Board.
<b>Passport</b>	:	The Corporate Social Responsibility Passport, a national

certificate of Corporate Social Responsibility issued by the Fund and granted to Companies and Establishments that are most distinguished in the field of Corporate Social Responsibility in the State, in accordance with the controls and standards as determined by the Board.

**Index** : The National Corporate Social Responsibility Index, which is prepared annually by the Fund. The Index shall include the ranking of Companies and Establishments in the State based on their level of contribution to Corporate Social Responsibility projects, programs, and initiatives in accordance with the standards as may be determined by the Board.

**Platform** : The Corporate Social Responsibility Smart Platform affiliated with the Fund and on which Companies, Establishments and Beneficiaries are listed, and aims to organize and coordinate Corporate Social Responsibility activities at the State level. Through the Platform, voluntary contributions are made by Companies and Establishments to the projects and programs listed on the Platform to contribute to Corporate Social Responsibility in the State.

**Listing** : Listing on the Platform.

**Coordination Forums** : The Corporate Social Responsibility Forums which are annual communication Platforms that aims to build partnerships between leadership of Companies and Establishments, on one hand, and the stakeholders involved in humanitarian and social development activities in the State, on the other hand.

## **Article (2)**

### **Objectives of the Resolution**

This Resolution aims to achieve the following:

- a. Establishing the regulatory framework for Corporate Social Responsibility contributions and the mechanisms for their documentation, management and direction within the State;
- b. Establishing the general framework for incentives and privileges related to the practice of Corporate Social Responsibility; and
- c. Defining the roles and responsibilities of the Concerned Authorities for regulating and promoting corporate Social Responsibility.

## **Article (3)**

### **Scope of Application**

The provisions of this Resolution shall apply to:

- a. All commercial companies of all legal forms, operating in the State, including banks, financing institutions and commercial companies which are exempted from the provisions of Federal Law No. (2) of 2015, as well as branches of foreign companies operating in the State;
- b. Companies that are wholly owned by the Federal or local government, whether directly or indirectly, or in which the government holds a percentage of their shares; and
- c. Institutions and entities wishing to be listed on the Platform, including, by way of example, civil companies, professional companies, sole proprietorships, companies operating in the State's free zones, and cooperative societies.

## **Article (4)**

### **Guidelines**

The following guidelines shall be taken into account in implementing the provisions of this Resolution:

- a. Corporate Social Responsibility shall be based on purely voluntary principles practiced by Companies and Establishments out of their desire for institutional giving and for contributing to community development through voluntary contributions to projects

listed on the Platform.

- b. Companies and Establishments are key partners in sustainable development in the State.

## **Article (5)**

### **Corporate Social Responsibility Practices**

Corporate Social Responsibility practices shall include the following:

- a. Contributing to community development in economic, social, environmental and other fields through monetary or in-kind contributions to fund the development programs and projects in the State that meet the conditions, controls and standards adopted by the Board;
- b. Adopting eco-friendly policies in production and operations;
- c. Promoting the spirit of innovation and scientific research, and contributing to providing solutions to problems or challenges facing the community;
- d. Establishing the culture of Corporate Social Responsibility within Companies and Establishments through developing sustainable Corporate Social Responsibility strategies, providing opportunities to develop humanitarian and community campaigns and initiatives, and engaging in voluntary programs.

## **Article (6)**

### **National Corporate Social Responsibility Fund**

- a. The National Corporate Social Responsibility Fund shall be hereunder established as a federal administrative body that shall report to the Minister. The Fund shall have legal personality, financial and administrative independence, and the legal capacity necessary to carry out the competences assigned thereto.
- b. The Ministry shall bear the Fund's establishment expenses.

## **Article (7)**

### **National Corporate Social Responsibility Fund Competences**

The Fund shall undertake the following tasks:

- a. Establishing the Platform and organizing the Listing of Companies, Establishments,

- Beneficiaries, projects and programs thereon;
- b. Promoting and disseminating the culture of Corporate Social Responsibility;
  - c. Monitoring the implementation of Corporate Social Responsibility projects and programs listed on the Platform;
  - d. Granting the Corporate Social Responsibility label and passport to Companies and Establishments that comply with the standards, conditions and controls issued by the Board;
  - e. Announcing the results of Corporate Social Responsibility annually, and issuing the relevant annual report;
  - f. Preparing the National Corporate Social Responsibility Index on an annual basis, in which the ranking of Companies and Establishments shall be recorded based on the following:
    - 1. Proportions of contributions to the Corporate Social Responsibility projects and programs listed on the Platform;
    - 2. Standards and controls determined by the Board.
  - g. Any other tasks assigned thereto by a resolution of the Cabinet.

## **Article (8)**

### **Management of the National Corporate Social Responsibility Fund**

- a. The Fund shall have a Board of Trustees chaired by the Minister. A resolution issued by the Minister shall determine the formation of the Board, the number of its members, their remuneration, the duration of their membership, and their meetings. The Board shall have a rapporteur chosen by its Chairman, who shall likewise determine the duties and financial remuneration thereof.
- b. The Fund shall have an administrative body, the organization of which shall be regulated by a decision issued by the Board.
- c. The Fund's staff shall be subject to the human resources law and regulations of the Federal Government.
- d. The Board may, as it deems appropriate, seek the assistance of any staff members of the Ministry or of any other Federal and Local Government entities, in coordination therewith, or of specialized experts to carry out certain tasks relating to the Fund or the Platform and to determine the appropriate fees or remuneration in this regard.

## **Article (9)**

### **The Competences of the Board of Trustees**

- a. The Board of Trustees shall have the following competences:
  1. Approving the general policy of the Fund and supervising its implementation;
  2. Adopting the Fund's organizational structure;
  3. Approving the strategies and plans relating to the Fund's activities;
  4. Identifying Corporate Social Responsibility projects and programs, the controls governing them, the implementation priorities, and the areas of expenditure thereon;
  5. Approving the design of the Platform and the requirements for Listing the Companies and Establishments thereon, and their classification;
  6. Approving the controls, standards and conditions related to the granting of the Passport and the label;
  7. Establishing a mechanism for the Index and the controls for calculating points for Companies and Establishments.
  8. Reviewing and approving the Fund's annual performance reports;
  9. Forming standing or ad hoc committees and working teams to enable the Fund to carry out its tasks, and determining the tasks of such committees and working teams and their rules of procedure;
- b. The Board may delegate to the Chairman any of its competences, provided that such delegation is in writing and specific;
- c. The Chairman of Board or its authorized representative shall have the right to sign on behalf of the Fund; and
- d. Any other competences assigned thereto by the Minister.

## **Article (10)**

### **Advisory Committee**

- a. An advisory committee shall be constituted by a decision of the Board, chaired by the Undersecretary of the Minister for Economic Affairs and comprising members representing a number of concerned sectors in the State. The decision shall determine its rules of procedure.

- b. The Advisory Committee shall be responsible for presenting proposals, views and ideas and for submitting recommendations to the Board on the development of regulatory frameworks and practices of Corporate Social Responsibility and all relevant programs and initiatives, including the following:
  - 1. Developing the platform and the Index;
  - 2. Submitting proposals regarding the advantages and incentives for Listing on the Platform.
  - 3. Providing advice on initiatives and activities related to Corporate Social Responsibility.
  - 4. Any other tasks assigned to the Advisory Committee by the Board.

## **Article (11)**

### **Corporate Social Responsibility Smart Platform**

- a. The Fund shall establish a Corporate Social Responsibility Smart Platform, aiming at organizing voluntary contributions to the development projects and programs on the Platform, as well as documenting and coordinating Corporate Social Responsibility efforts.
- b. The Platform shall contain the following:
  - 1. A comprehensive database of all listed Companies and Establishments, the value of their contribution, their classifications, etc.
  - 2. Development projects and programs submitted by the Beneficiaries in the State.
  - 3. The sectors benefiting from the available contributions according to the development priorities in the State, as determined by the Board.
  - 4. Studies on the state of Corporate Social Responsibility in the State.
  - 5. Educational and training manuals on the preparation and implementation of an institutional strategy for Companies and Establishments in the field of Corporate Social Responsibility.
  - 6. Companies and establishments' disclosure of their contributions to Corporate Social Responsibility.
  - 7. Beneficiaries' disclosure of the stages of implementing of Corporate Social Responsibility programs and projects.
  - 8. Forms for Listing on the Platform.

9. Incentives and benefits granted to Companies and Establishments listed on the Platform.
10. Terms, conditions and controls pertaining to the attainment of the Corporate Social Responsibility label and Passport issued by the Board.
11. Any information, news and data related to Corporate Social Responsibility.

## **Article (12)**

### **Listing on Corporate Social Responsibility Smart Platform**

- a. Listing on the Platform shall be mandatory for all Companies referred to in clauses (a) and (b), and voluntary for the Establishments referred to in clause (c) of Article (3) hereof. The Concerned Authority shall fulfill all the platform's Listing requirements upon registration or renewal of registration of Company and Establishment under its authority and shall notify the Fund of the same.
- b. The Listing of projects and programs on the Platform shall be carried out through the electronic entry, by the concerned authorities and in coordination with the beneficiaries, of the data, information and documents of such project or program on the Platform, in accordance with the procedures prescribed by a decision issued by the Board.
- c. No entity in the State may use the expression "Corporate Social Responsibility Project" unless the project is listed on the Platform in accordance with the provisions hereof.
- d. The Board may prioritize certain projects and programs on the Platform in accordance with the controls, standards and conditions set forth by the Board in this regard.

## **Article (13)**

### **Projects and Programs Listed on the Platform**

- a. Contribution to any of the Corporate Social Responsibility projects and programs listed on the Platform shall be voluntary.
- b. A Company or Establishment contributed to one of the projects or programs listed on the Platform shall have the right to follow up on the stages of completion of the project or program with the Beneficiary.
- c. A Company or Establishment wishing to make a voluntary contribution to the project or

program listed on the Platform shall comply with the controls and procedures issued by the Board.

- d. The Fund shall have the right to take all appropriate legal measures against the Beneficiary in the event of its failure to comply with the approved work plan or timeline of the project or program, its breach of any provision of the agreement concluded therewith, or its violation of the controls and standards issued by the Board in this regard.
- e. The Beneficiary shall be responsible for the validity, accuracy, and completeness of all documents, surveys and reports submitted through the Platform concerning the project/program. The Beneficiary shall exercise the care of a prudent person in completing the project or program and shall comply with the approved work plan and the designated timeline of the project or program and all procedures, controls and conditions set by the Board.
- f. The Board may refuse the listing of any project or program on the Platform if it fails to comply with the controls, standards and conditions issued in this regard or if the public interest so requires.
- g. No amounts may be withdrawn from the bank account of the project or program whether by the Beneficiary or its authorized person in this regard, unless all the conditions, standards and controls issued by the Board are met.
- h. In the event that the Beneficiary violates the conditions, standards, and controls issued by the Board, the Board may revoke any project or program that has been listed on the Platform and transfer the amounts deposited by the Company or Establishment from the bank account of this project or program to the bank account of the Fund.
- i. The Board shall have the right to make a monetary contribution from the Fund's bank account to any of the projects/programs listed on the Platform in cases where the Board deems it necessary.
- j. The Board may transfer the management of any project or program listed on the Platform from one Beneficiary to another Beneficiary in cases where the Board deems it necessary.
- k. If there remain unused surplus amounts after the full completion of the project or program in accordance with the work plan, the Beneficiary shall transfer such amounts, together with any proceeds arising therefrom, from the project/program's bank account to the Fund's bank account in accordance with procedures determined by the Board in this

regard.

- I. If the amounts allocated to the project or program are exhausted, and additional amounts are still required for its completion, the Fund may, after the approval of the Board, disburse the required amount from the Fund's bank account in accordance with the conditions determined by the Board or the remaining works of the project or program may be listed on the Platform.

## **Article (14)**

### **Mandatory Disclosures by Companies and Establishments**

Before the renewal of the annual license with the concerned authority, the Company or Establishment shall disclose through the Platform its contribution or non-contribution to Corporate Social Responsibility for the period preceding the renewal date.

In the event of contributions, the disclosure shall include all data and information relating to the type and amount of contribution and the Beneficiary or Beneficiaries thereof.

## **Article (15)**

### **Mandatory Disclosures by Beneficiaries**

- a. All beneficiaries shall disclose through the Platform the work plan of the program or project, and its updates and challenges every three months, or whenever necessary, unless the Board decides otherwise.
- b. Disclosure shall include all data and information relating to the project or program.
- c. The Board may require the beneficiary to appoint an auditor for the Corporate Social Responsibility project or program or to replace the auditor if the Board deems it necessary.

## **Article (16)**

### **Social Responsibility Index**

- a. The Fund shall prepare an annual Corporate Social Responsibility index according to the standards determined by the Board, including the proportions of contributions, monetary or in-kind, made by all establishments contributing to the projects and programs of Corporate Social Responsibility listed on the Platform.

- b. The Board shall establish the operational mechanism of the Index and the controls for calculating points for Companies and Establishments.
- c. The results of Corporate Social Responsibility Index shall be announced on an annual basis as determined by the Board.

## **Article (17)**

### **The Corporate Social Responsibility Label and Passport**

- a. The Fund shall issue a Corporate Social Responsibility Label and Passport, each of which shall be registered as a trademark owned by the Fund.
- b. The Fund may issue different categories of the Label and Passport.
- c. The Fund may conduct an institutional evaluation of Companies and Establishments applying for the Label or for the Passport. It may also assign any specialized technical offices, as it deems appropriate, to carry out the evaluation in accordance with the controls, standards and conditions established by the Board in this regard.
- d. Both the Label and the Passport shall be used as a means of promoting the granted Companies and Establishments in order to reflect their excellence and contribution in the area of giving and community work.
- e. Granting either the Label or Passport shall entitle Companies and Establishments to privileges and incentives for a definite period. The Company or Establishment shall not use such Label or Passport after their expiry date.
- f. The use of the Label and Passport shall be exclusive to the granted Company or Establishment, and its subsidiaries, parent companies or holding companies shall not use the Label and Passport.
- g. In the event that an Establishment uses the Label or Passport in violation of the provisions hereof, the provisions of Federal Law No. (37) of 1992 regarding trademarks and the decisions issued in implementation thereof shall apply.

## **Article (18)**

### **Privileges and Incentives**

The Chairman of the Board or their authorized representative shall conclude Memorandums

of Understanding (MoU) with the Concerned Authorities for the adoption of the list of privileges and incentives granted to the Companies and Establishments listed on the Platform.

## **Article (19)**

### **Coordination Forums**

- a. The Chambers of Commerce and Industry of each Emirate of the State, in coordination with the Ministry, the Fund and the licensing authorities in each Emirate, shall hold Coordination Forums for Corporate Social Responsibility on an annual basis. Such forums shall form Corporate Social Responsibility working committees for Companies and Establishments.
- b. The forums and committees shall aim to achieve the following:
  1. Building partnerships between Companies, Establishments and Beneficiaries in the area of development work;
  2. Exchange of information and expertise between different sectors;
  3. Developing a common perception of development priorities in the community; and
  4. Directing joint investments towards the community's development priorities.

## **Article (20)**

### **Social Responsibility Statistics**

The Federal Competitiveness and Statistics Authority shall, in cooperation and coordination with the Board or its authorized representative in this regard, prepare, issue and publish an annual statistical report on corporate Social Responsibility.

## **Article (21)**

### **Announcement of Corporate Social Responsibility Results**

The Fund shall, in coordination with the Ministry, organize an annual event to discuss all updates of Corporate Social Responsibility. The event shall also include announcing the results of Corporate Social Responsibility. In addition, the event shall include an announcement of the following:

- a. Results of the National Corporate Social Responsibility Index;

- b. Categories of the Corporate Social Responsibility Label and holders thereof;
- c. Results of the Corporate Social Responsibility Passport holders;
- d. Amendments to the terms and conditions of the Index, the Label or the Passport;
- e. Amendments to the relevant privileges and incentives;
- f. Results of the relevant forums and committees;
- g. Corporate Social Responsibility statistics; and
- h. Any relevant topics as may be decided by the Minister.

## **Article (22)**

### **Contributions to the Fund**

- a. The contribution for Listing on the Platform shall be (AED 1,500) one thousand five hundred dirhams to be paid annually by the Companies and Establishments in favor of the Fund. This contribution shall be considered part of the contribution to Corporate Social Responsibility in the State.
- b. Companies and Establishments may voluntarily contribute to the Fund (AED 10,000) ten thousand dirhams in case they wish to obtain the Corporate Social Responsibility Label according to its categories.
- c. Companies and Establishments may voluntarily contribute to the Fund (AED 15,000) fifteen thousand dirhams in case they wish to obtain the Corporate Social Responsibility Passport.
- d. Any other voluntary contributions approved by the Board.
- e. The Board may, subject to approval of the Cabinet, issue a decision specifying the exclusion of certain categories of Companies or Establishments from paying the contribution for Listing on the Platform stipulated in clause (a) of this Article.

## **Article (23)**

### **Fiscal Year**

The Fund's fiscal year shall commence on the first day of January and end on the thirty-first day of December of each year.

## **Article (24)**

### **Final Provisions**

- a. The Fund shall be subject to the subsequent control of the Supreme Audit Institution. The Fund shall furnish the Supreme Audit Institution with all the data or information it may request in connection with the Fund's activities.
- b. The Fund shall be exempt from the application of the provisions of Federal Law No. (8) of 2011 Regarding the Rules for Preparing the Budget and the Final Account.

## **Article (25)**

### **Regulations and Systems**

The Minister and the Board shall issue, each within its respective area of competence, the regulations and decisions necessary for the implementation of the provisions hereof.

## **Article (26)**

### **Repeal**

Any provision that contradicts or conflicts with the provisions of this Resolution shall be repealed.

## **Article (27)**

### **Publication and Entry into Force**

This Resolution shall be published in the Official Gazette and shall enter into force on the day following the date of its publication.

**Mohammed bin Rashed Al-Maktoum**

**Prime Minister**

Issued by us:

On: 4 Jumada Al-Ula 1439 A.H.

Corresponding to: 21 January 2018 A.D.