

<sup>AS</sup>  
~~[TO BE INTRODUCED IN THE SENATE]~~

**A**

**Bill**

*further to amend the Companies Act, 2017*

**WHEREAS** it is expedient further to amend the Companies Act, 2017 (XIX of 2017) for the purposes hereinafter appearing;

It is hereby enacted as follows: -

**1. Short title and Commencement.**- (1) This Act may be called the Companies (Amendment) Act, 2020.

(2) It shall come into force at once.

**2. Insertion of section 183A, Act XIX of 2017.** - In the Companies Act, 2017 (XIX of 2017), hereinafter referred to as the said Act, after section 183, the following new section shall be inserted, namely:-

**"183A. Corporate Social Responsibility Committee.**- (1) Every company having net worth of rupees five billion or more, or turnover of rupees ten billion or more or a net profit of rupees fifty million or more during any financial year shall constitute a Corporate Social Responsibility Committee from amongst its Board members, consisting of three or more directors, out of which at least one director shall be an independent director.

(2) The Corporate Social Responsibility Committee shall,—

- (a) formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as specified in Ninth Schedule;
- (b) recommend the amount of expenditure to be incurred on the activities referred to in clause (a); and
- (c) monitor the Corporate Social Responsibility Policy of the company from time to time.

(3) The Board of every company referred to in sub-section shall,—

- (a) after taking into account the recommendations made by the Corporate Social Responsibility Committee, approve the Corporate Social Responsibility Policy for the company and disclose contents of such Policy in its report and also place it on the company's website, if any, in such manner as may be prescribed; and
- (b) ensure that the activities as are included in Corporate Social Responsibility Policy of the company are undertaken by the company.

(4) The Board of every company referred to in sub-section (1), shall ensure that the company spends, in every financial year, at least two percent of the average net profits of the company made during the three immediately preceding financial years in pursuance of its Corporate Social Responsibility Policy:

Provided that the company shall give preference to the local area and areas around it where it operates, for spending the amount earmarked for Corporate Social Responsibility activities:

Provided further that if the company fails to spend such amount, the Board shall, in its report, specify the reasons for not spending the amount.

**3. Addition of Ninth Schedule, Act XIX of 2017.—** In the said Act, after the Eighth Schedule the following Ninth Schedule shall be added, namely:-

**"NINTH SCHEDULE**  
(See section 183A)

Activities which may be included by companies in their Corporate Social Responsibility Policies:

**Activities relating to:—**

- (i) eradicating extreme hunger and poverty;
- (ii) promotion of education;
- (iii) community welfare projects covering construction, maintenance and repair including but not limited to sanitation, drinking water, electricity, gas, streets and roads, street lights, playgrounds, parks, community centres, etc.;

- (iv) promoting gender equality and empowering women;
- (v) reducing child mortality and improving maternal health;
- (vi) combating human immunodeficiency virus, acquired immune deficiency syndrome, malaria and other diseases;
- (vii) ensuring environmental sustainability;
- (viii) employment enhancing vocational skills;
- (ix) social business projects;
- (x) contribution to the Prime Minister's National Relief Fund or any other fund set up by the Federal Government or the Provincial Governments for socio-economic development and relief and funds for the welfare of population living in slums, inverse population, backward classes, minorities and women; and
- (xi) such other matters as may be prescribed."

**STATEMENT OF OBJECTS AND REASONS**

Pakistan is a developing country and there is a need of the participation of the private sector to work on the community welfare causes and for the benefit of all the stakeholders. A mandatory corporate social responsibility is the need of the time to make it an obligation on the private sector to play an active role in the development of the society and for improving the standards of life in Pakistan.

**SENATOR MUHAMMAD JAVED ABBASI**  
**Member-in-Charge**