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Cabinet Decision No. 79/2022 Concerning the Controls of Motivating Commercial Companies to Exercise Their Social Responsibility

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Cabinet Decision No. 79/2022 Concerning the Controls of Motivating Commercial Companies to Exercise Their Social Responsibility

The Cabinet,

Pursuant to the perusal of the Constitution;

Federal Law No. 1/1972 on the Competencies of Ministries and the Powers of Ministers, and its amendments; Federal Law No. 4/2000 on UAE Securities and Commodities Authority and Market, and its amendments;

Federal Decree-Law No. 14/2018 on the Central Bank and the regulation of financial facilities and activities, and its amendments;

Federal Decree-Law No. 32/2021 concerning Commercial Companies;

Cabinet Decision No. 2/2018 concerning corporate social responsibility for companies and establishments; and

Based on the proposal of the Minister of Economy, and its approval by the Council of Ministers,

Issued the following Decision:

Article 1 - Definitions

In applying the provisions of the present Decision, the following terms and expressions shall have the meanings assigned thereto, unless the context requires otherwise:

- State: United Arab Emirates.
- Ministry: Ministry of Economy.
- Minister: Minister of Economy.
- Fund: CRS UAE Fund established by virtue of Cabinet Decision No. 2/2018
- Decree-Law: Federal Decree-Law No. 32/2021 concerning Commercial Companies
- Company: Commercial company that is subject to the provisions of the Decree-Law and branch of foreign Company that is established outside the State and which carries out its activity inside the State.
- Special Decision: Decision issued by the shareholders or owners at the annual meeting of the General Assembly, or the owners or partners in accordance with the different Company forms as defined by the Decree-Law.
- Social Responsibility: Voluntary contribution to social development by making cash and/or in-kind contributions to implement development projects and programmes in the State.
- Competent Authority: Local authority concerned with corporate affairs in the concerned Emirate.

Article 2 - Scope of Application

The present Decision shall apply to Companies with respect to contributing to Social Responsibility.

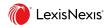
Article 3 - Objectives of the Decision

The present Decision aims to identify the necessary controls of motivating Companies to assume their social responsibilities and the stages of their implementation.

Article 4 - Controls of Contributing to Social Responsibility

Social contributions, whether in cash or in kind, shall be subject to following controls:

- 1- A social contribution shall be voluntary and aim to achieve corporate giving and contribute to social development.
- 2- The aforementioned contributions shall be provided through programmes and projects that are approved by the Fund or other licensed authorities in the State or through any other types of social responsibility contributions and in any form, whether through contributing to social development in the economic, social and environmental fields and promoting the spirit of innovation and scientific research to solve problems or challenges facing the society, establishing a culture of social responsibility, and providing opportunities to develop humanitarian and community campaigns and initiatives, volunteer programmes or any other social responsibility practices.
- 3- One fiscal year at least shall have lapsed from the date of incorporation of the Company.
- 4- A Special Decision shall be issued by the Company regarding contribution to social responsibility, in which the percentage of the contribution shall be determined.
- 5- Contribution to social responsibility shall be made from the profits realised by the Company at the end of each fiscal year of the Company, and it shall be permissible to make contributions from profits that were not distributed for the preceding fiscal years.
- 6- It shall be permissible to disclose a contribution to social responsibility after the end of the fiscal year.
- 7- The auditor's report shall include the Company's annual financial statements regarding the entity or entities that benefit from their contribution to Social Responsibility.



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• 8- Subject to the provisions of Clauses (3) to (7) of this Article, whenever the Company is a branch of a foreign Company, a Special Decision shall be issued by the foreign Company or the authorised person, as the case may be, as determined by the Company's contract in this regard.

Article 5 - Role of Federal and Local Government Entities Regarding the Incentives for Social Responsibility Contributors

Taking into account what is stated in this Decision, the federal and local government entities, including the Competent Authority and others, may exercise their powers by granting incentives to Companies contributing to Social Responsibility.

Article 6 - Continuation of Applicability of Social Responsibility Decisions

The Company shall continue to fulfil its obligations in accordance with the Cabinet Decisions concerning its contribution to Social Responsibility, including Cabinet Decision No. 2/2018 concerning Corporate Social Responsibility.

Article 7 - Publication and Enforcement of the Decision

The present Decision shall be published in the Official Gazette, and shall come into force from the day following the date of its publication.

Issued by us: on: 18 Muharram 1443 H. Corresponding to: 16/08/2022 Mohammed bin Rashid Al Maktoum Prime Minister

The present Decision was published in UAE Official Gazette, Issue No. 734 dated 30/08/2022, p. 89.

