



### **SECP gives nod to CSR guidelines**

ISLAMABAD, May 21: In principle, the SECP has granted approval for introducing corporate social responsibility (CSR) guidelines for public companies. The guidelines shall be a significant step towards streamlining reporting requirements and corporate accountability of the CSR activities by public companies.

The guidelines shall be notified as 'Corporate Social Responsibility Voluntary Guidelines, 2012' after consultation with external stakeholders and general public. The draft guidelines have been placed on website of SECP for public comments. Further, the guidelines have been circulated among prominent public companies engaged in the CSR activities, all stock exchanges, Pakistan Centre for Philanthropy, Pakistan Poverty Alleviation Fund, Institute of Cost and Management Accountants and Institute of Chartered Accountants of Pakistan.

Although businesses have been involved in corporate philanthropy, lately leading companies in Pakistan have started integrating CSR into their strategic business goals and taking active part in implementing social and community development strategies. A range of tangible opportunities have been created in rural areas, particularly, through responsible businesses seeking difference in the lives of ordinary people through CSR initiatives and programmes. While most businesses give charity and make donations for noble causes, the reporting and accounting mechanism for stakeholders is still vague.

In 2009, the SECP issued the Companies (Corporate Social Responsibility) General Order, applicable to all public companies. According to the said order, every company is required to provide descriptive as well as monetary disclosures of the CSR activities undertaken during each financial year in the directors' report to the shareholders annexed to the annual audited accounts. The companies, however, were at liberty to choose the content and format of CSR report, if issued, generating a strong perception that most reports are public relation tools adopted by large companies and not a form of accountability. Stakeholders, therefore, were facing difficulty to assess the positioning of company regarding CSR priority areas, evaluate the utilization of resources and their implementation effects.

Keeping in view global learning and local market practices, a set of guidelines have been developed by the SECP to encourage adoption of voluntary measures ensuring transparency and corporate accountability in implementing the CSR activities. The guidelines shall be applicable to all public companies and are expected to be take effect from July 1, 2012.

Through the said guidelines, the SECP has exerted upon two aspects, i.e., the governance practices and independent assurance. Thus as a primary step, the policy related to the CSR activities are expected to be prominently disclosed by companies on appropriate medium of communication for stakeholders. Thereafter, assurance from an independent external party is required for verification of reported activities. Nevertheless, companies shall continue to enjoy the liberty of developing/implementing CSR projects as per their aspirations, however, board of directors are expected to play a proactive role in formulating CSR policy. The implementation strategy so adopted is required to be embedded in policy and strategic framework of the companies duly disclosed to all stakeholders.

The adoption of these guidelines will be a significant step towards strengthening the policy and implementation pyramid within reporting companies. Moreover, the proposed the CSR framework shall create favorable environment for sustainable growth, responsible business behavior and corporate accountability. The Draft Corporate Social Responsibility Guidelines, 2012, are placed on the SECP website. For facilitation of stakeholders, comments sent on email address [csr.guidelines@secp.gov.pk](mailto:csr.guidelines@secp.gov.pk) are also acknowledged.

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