Corporate Social Responsibility (CSR)Its contribution in achieving sustainable development in Egypt 2030

In light of the provisions of the Unified Investment Law No. 72 of year 2017

Dr. FADY TAWAKOL

Associate Professor of Commercial Law,
Canadian International College in Egypt (CIC).

Abstract:

Promoting the economy, protecting the environment and respecting the social wellbeing is no more the duty of governments and regulators alone, it is the result of social collaborative society work. Each person should be aware of the importance of his/her individual role in promoting the economy. This paper analyses the unified Egyptian Investment Law No. 72 of 2017 and its contribution to achieve sustainable development. It shows how companies' contribution will help them achieve continuous improvements in performance, affect their profits, reputation, motivate employees and attract more capital. It encourages firms to be innovative to provide value to customers, follow environmentally friendly policies, meanwhile, improve competitiveness and work against corruption.

Egyptian institutions should jointly have an influential role in making companies submit a Sustainability Report. In cooperation with the Financial Regulatory Authority, they should establish the requirements and the materiality of an ESG Reporting Guide and make its submission compulsory.

Keyword: Sustainable development, ESG, corporate social responsibility.

Introduction

Egypt's economy is facingsignificant economic and social challenges, makingsustainable development achievements that cope with theglobal competitive frameworkavery pressing issue given the current economic conditions.Liberalization of the Egyptian currency exchange rates, besides the increase of the energy prices and others, enhanced the adoption of the Egyptian Strategy for Sustainable Developmentthat was already launchedin 2016 with a title of 'Egypt's vision 2030'. The purpose of this strategy is to create a developmental path that makes Egypt by 2030 able todevelop a diversified competitive economy based on innovation and knowledge. Moreover, thestrategy aims to make Egypt one of the top 30 countries in the world on the economic and social level.

The Egyptian legislator in the unified investment law No. 72 of year 2017,developed new investment incentives to encourage both the foreign and Egyptian investors to invest innew investment sectorsin order to achieve Egypt's vision of 2030.

The Egyptian legislator believes in the importance of 'Corporate Social Responsibility' to achieve sustainable development by 2030. The legislation developed additional incentives to encourage corporations to enhance their social role, not only by complyingwith the corporate governance rules, but also by providing new investment benefitsand,other incentives granted by the new law to achieve Egypt's vision of 2030.

The concept of good governance or corporate governance in many developed and emerging economies was emerged over the past few decades resulting from the fallout, financial crises[1] and economic collapses which occur globally every now and then. This returns to that the national and international institutions fail to facethe crises and disasters whichflailed its economies and was consequently reflected in its developmental programs.Accordingly, the establishment of a system that direct all the institution's businesses and management in a way that ensuresthe execution of work in an orderly manner was necessary. The system should determine the exact responsibilities of the "Board of Directors", the "Corporate's Executive Management" and their duties, taking into account their obligations to protect the shareholders' rights along withprotecting the rights of the various stakeholders, putting into consideration the community development and the environmental aspects [(2)].

The whole business field is now under constant pressure in order to exercise this responsibility in the context of community and environmental legitimacy, accordingly, some corporations have motivationsthat went furtherand made them assume a role that has always beenacquired by the government; the thing that made them demonstrates the capacities to be characterized by 'the governance communities', so-calledCorporate Governance, that is, corporations are now doing what the government used to execute[(3)].

It is then necessary to address the corporate social responsibility (CSR)by being one of the most important pillars

(1) United Nations publication, Corporate Governance in the Wake of the Financial Crisis ,Accounting and Corporate Governance Section, Investment and Enterprise Division, Palais des Nations, CH-1211 Geneva 10, Switzerland, UNCTAD/DIAE/ED/2010/2 (2010), p.21

(2) Kellie McElhaney, A strategic approach to corporate social responsibility, I. leader to leader , Issue 52(Spring 2009),p.30.

(3) Ahmed AbadaAlArabi, Culture of Corporate Social Responsibility, E-economy Newspaper, (Sept 2009), p11

of corporate governance and the importance of its impact onnumerous economic, legal and societal aspects that aims to benefit individuals, institutions and communities as a whole,the thing that affect the economies positively and leads to full developmentfor both developed and developing countries. At the international level, the Global Reporting Initiative (GRI) issued guidelines for reporting (G4) in 2013, incorporating more than 400 indicators on corporate sustainability performance.In the United States,Sustainability Accounting Standards Board (SASB) issued standards for 45 industries in 6 sectors, and standards was extended to be available for more than 80 industries in 10 sectors by 2016.

On January 18, 2019, the (IOSCO)'International Organization of Securities Commissions'published a report that discusses the ESG issues, recommending therein stakeholders to consider the different frameworks available concerning the environmental, social and governance issues, requiring the disclosureof these aspects. Methodologies and recommendations were developed by workforces as recommended by the (TCFD) 'Task Force on Climate-related Financial Disclosures'.

TCFD has developed recommendations for companies' disclosures of climate-related financial risks to provide information to investors, lenders, insurance companies and other stakeholders.The emergence of this global culture that promotes the participation of various communityparties'hands in hands with the government to create the concept of 'governance'is a part of implementingthe public policies to express the needed cooperation or participation between the country, civil society and the private sector forthe purpose of sustainable development.

Consequently, it is necessary to drawthe attention of industrial corporationson their responsibility towards their communitytoraise the awarenesson the great benefits and returns that sustainable development initiatives could achieve not only on thecommunity but also, on their factories, institutions, employees and all stakeholders associated with the company[(1)].

Research problem

Researches and studies indicate that the Egyptian government will definitely not be ableto achieve sustainable development,if the businessmen and the Egyptian society (the private sector) as a whole did not participate or became an integral part that help in achieving social responsibility and turn this vision to reality, this returns to several reasons. The most important of these is the inability of the government to establish developmental and community projects, without the support of the private sector. Besides, the private sector implementation to systems of good governance and corporate governance is one of the most important pillars of corporate social responsibility (CSR). Such implementation is the best, safest and fastest solution to address the issues of sustainable development.Due to all these reasons researchers, writers, analysts and othersare very interested in developing and enhancing such matters.

(1) Nordberg, Donald, Corporate Governance: Principles and Issues, Sage Publications(2011) Chapter 1, p23

Aim of the research The research aims to:

Defining social responsibility

Dimensions of corporate social responsibility.

The companies' benefits from implementing corporate social responsibility under the Unified Investment Law No. 72 of 2017 for sustainable development purposes.

Commitment of Corporate Social Responsibility (CSR) within the Egyptian communityto achieve sustainable development.

Research importance

This research importance is derived from the importance of implementing the corporate social responsibility, being considered as one of the pillars for achieving Egypt's vision 2030. This can be achieved by encouraging both the Egyptian and foreign investors to participate and be a part ofthe social responsibility. Moreover, this researchcontributes scientifically in resolving shortcomings in certain aspects, thus enhancing the role of 'Corporate Governance' and 'CorporateSocial Responsibility'. Consequently, strengthen the "corporate governance" along with the social responsibility role for the entire existing institutions. In addition, the research aims to highlight the importance of achieving sustainable development by encouraging corporations to take its responsibility towards the society and environment in which they work and discusses ways to achieve this.

Research Methodology

The researcher relied on the comparative approach, based on information, publications, international reports, researches, studies, scientific journals and electronic sources of information available.

6.The nature of social responsibility

Social responsibility is not meant to deny that the primary purpose of any corporation is to make more profit as a necessity to develop and enhance the company. However, corporate responsibility can be considered as a goal that shall be achieved within the humanitarian and community considerations of the corporation's framework.The company should preserve and adapt the community programs in a way that would not hinder the company from achieving its economic objectives.Besides, the company's social programs must always be defined according to its capabilities and resources in a way that shall not affect its economic interests [(1)].

'Corporate Social Responsibility' - also referred to as 'corporate responsibility', 'corporate citizenship'[(2)], 'ongoing responsible work' or 'social performance' of organizations- takes the form of corporate regulatory reporting that has been incorporated into the business' frameworks and models. Ideally, CSR is considered to beintegrating the self-regulatory mechanisms that enablemonitoring the performance of the company to ensure the compliance with law, along with the ethical and international rules and standards. Businessmen and entrepreneurscan adapt this view by taking into account the impact of the companies' activities on the environment, employees, consumers,economies, stakeholders and all other members of the society. Besides, all the companies polices should be in favor of promoting the public

(1) Kriman Mohamed Farid, Social Responsibility of Public Relations in Economic Units, A Field Study on a Sample of Public and Private Sector corporales, Unpublished PhD Thesis, Cairo University, Faculty of Mass Communication(1989), p.28.

(2) Graafland, J and Bert van de ven, Strategic and Moral Motivation for Corporate Social Responsibility. Journal of Corporate Citizenship(2006) , p31.

interest,through encouraging the growth andthe development of thecommunity and by voluntarily eliminating theactions and practices which negatively affect the public domain, regardless of its legitimacy[(1)].

Studies indicate that the inability of the Egyptian State to establishsustainable development is due to several reasons, perhaps the most important of which is the failure to implement'good corporate governancesystems', one of the most important pillars of corporate social responsibility. At the economic level, there is much work to be done in order to achieve'Sustainable Development',given the effective impact of the corporate governance mechanisms on both the economic and social level. Consequently, the implementation of corporate social responsibility offers a perfect, safe and fast solution to address the sustainable development issues. For all these reasons the economists, writers, researchers, analysts and others were veryinterested in addressing these matters.

Social responsibility impacts the organization's activities which affect the stakeholders, society and the environment in all aspects of its operations.This obligation results in the compliance with the provisions of legislations. Consequently, the organizations voluntarily consider taking further steps to improve the workers quality of life and their families, as well as the local society and community as a whole. This is observed as a voluntary ethical contract in which mutual benefit is realized between the corporation (owners, managers, employees), community (consumers, suppliers), and the local society (competitors, the

(1) Donald P. Robin & R. Eric Reidenbach, Social responsibility, ethics, and marketing strategy closing the gap between concept and application, vol. 51 Journal of marketing(Jan. 1987), p11

environment, and the government). Under this contract, duties are undertaken by all parties to reach the public interest and achieve development [(1)].

The European Commission for Corporate Social Responsibility (CSR) 2010 defines it as the concept used by corporations to unify and integrate the social and the environmentalissues in the processes of their operation, and in their mutual relations with and between stakeholders and on a voluntary and charitable basis[(2)].

The World Bank has also defined the concept of 'corporate social responsibility'by being a commitment in which business owners contribute to 'sustainable development' through working on developing the economy and the community within a transparent and accountable framework, whiletaking into account the public morality.

CSR refers to any activity that seeks to increase the welfare of stakeholders[(3)] of any business. In addition, it addressesthe charitable programs that target the community or employees. It also seeks to achieve returns and profits tothe business owners, as well as to activities designed to support and improve their interest.

The 'International Chamber of Commerce' defined 'community responsibility' as: 'All good initiatives, voluntary contributions by economic institutions for moral, social considerations depending on self-reliance without adapting a binding legal procedure'.

(1) Saleh Al-Suhaibani, Social Responsibility and its Role in the Participation of the Private Sector in Developmentif it were put into effect for Saudi Arabia, Research Paper presented in the Proceedings of the International Conference on the Private Sector in Development, Evaluation and forecasting, Republic of Lebanon, Beirut (Mar. 2009), p289

(2) Geoffrey B. Sprinkle &Laureeen A. Maines, The benefits and costs of corporate social responsibility, vol 53 Business Horizons, 445-453 (2010), p.445-453.

(3) Husted, B.W. et al., Governance Choice for Strategic Corporate Social Responsibility: Evidence From Central America, Business & Society (2008), p311

This responsibility is often described as the contribution of business in sustainable development, its management is very similar to the sustainability management of the company, which aims to integrate and standardize the economic, environmental and community aspects of business administration.

It is noted that the majority of corporations can not differentiate between the concept of social responsibility and charitable work,and do not understand the concept of responsibility in its broad sense. Social responsibility includes many aspects including adherence to the current laws and regulations,in addition to,health and environmental aspects, meanwhile, it puts into account the necessity to respect human rights, especially workers' rights, besides the need to develop the local society. It encouragesthe fair competition between the producers, along with the consumer satisfaction [(1)].

Inthisessence, anycompany's roletowards 'socialresponsibility' is to give support to all members of the communityin order to help achieve its goals and developmental targets. Companies must recognize the importance of social responsibility, its contribution to meetthecommunity needs and the essential living necessities, moreover,it positively affect the employment by creating new jobs through establishing social and charitable projects of developmental purposes, the thing that contradicts the nature of corporations as they have and recognize only one goalwhich is allocating the resources to achieve more and more profits, as long as they operate in a competitive legal framework and do not resort to fraud. However, this theory became notorious after the

(1) Chery Linthicum et al., Social responsibility and corporate reputation. The case of the Arthur Andersen Enron audit failure, vol. 29 J. Account. Public policy,(2010), p 160-176

publication of a famous article for the economist Milton Friedman in 1970, which had the greatest impact on the debate between the advocates of stakeholders' rights and the supporters of the shareholders' rights. [(1)]

In this regard, we should distinguish between social responsibility and volunteering or charitable work. Voluntary work is one of the forms of responsibility by an individual or group. Community responsibility should not be limited to voluntary work. Therefore, social responsibility does not stop at the limit of donations and charitable programs. There are many work fields in which organizations should be committedto;its benefits thereafter shall affect the whole community. Some of these fields include operating according to ethical principles; support the poor and middle classes, environmental protection, preservation of basic resources, combating corruption, respect for human rights, contributingin the economic and social development plans.

7.The dimensions of the Corporate Social Responsibility (CSR):[(2)]

7.1 The economic dimension

This is mainly about how firms use its resources within the social system. To accomplish the best allocation of resources, firms should be committed to moral practices such as good governance, prevention of bribery and corruption, protection of moral investment and consumer rights. In this context, institutions must adopt, apply the principles of accountability and transparency,

(1) Griffin, J,The Corporate Social Performance and FinancialPerformance Debat, Business and Society, (1997), p36

(2) Shallini S. Taneja et al., Researches in corporate social responsibility: A review of shifting focus, paradigms, and methodologies, Vol. 26 Journal of Business Ethics, (Jan. 2011), p739

avoidprice discrimination and unfair competition, maintain ethical conduct, respect the interests of all parties involved, and apply the rule of law in decision-making. In addition, it must implement and development its own corporate governance.

The relationship between the company and the environment affects the economy. Environmental concerns may be raised that could badly affect the economy and the entire globe as well including air pollution, water, soil, deforestation and many others. Accordingly, large companies were motivated to establish mechanisms to control pollution and develop environmentally friendly policies.

7.2 The social dimension

It refers to the company's relationship with its employees, workers and consumers. In terms of providing equal employment opportunities, safe working conditions, safe products and services offered to customers.

The institution must contribute to the welfare of the economy and enhancethe working environment. Accordingly, this will positively increase their productivity, along with, help in developing the workers' technical capabilities, providing them with occupational, functional security,and health care. Moreover, the open administrative paradigm in which the institution works within is crucial to consider in terms of its social behavior impact, accordingly, there are three different levels of responsibility that must beobserved :

1- Social perspective of the social and ethical responsibility: tests the relationship between the internal system of the corporation and other major institutions in thecommunity.

2. Organizational professional perspective: tests the self-regulation and levels of internal control in the corporation in the field of social responsibility.

3. Individual perspective: tests the responsibility of managers and public relation officials towards the community and stakeholders.

In fact, the terms used to explain corporate social responsibility have evolved and developed a lot. As well as the meanings attributed to this concept continue and will continue to develop and grow with the development and growth of the business itself.The continuous development in mass communication and globalization happening every daywill also continuously affect social responsibility determinants and will make it strongly influenced by global trends and changes in international law. Consequently, numerous of sciences have studied and will continue to study the corporate social responsibility (CSR) including management, public relations, business administration and others. [(1)]

In this essence, there is an overlap between the actions and activities that companies need to maintainits continuity, and the actions and activities that companies need to enhance its corporate responsibility, however, the nature and form of such overlap is difficult to determine[(2)]

7.3The Philanthropic dimension

It refers to voluntary activities or donations to community thereby contributing to the local society and benefiting the community [(3)].

(1) Shallini S. Taneja, Pawan Kumar Taneja &Rajen K. Gupta, supra: p.739.

(2) (Simon Milton,'some observations on CRS and strategic management' ,SZÁM / ISSN 0133-0179, XLI. ÉVF (2010), p.59-68.

(3) Jucan Cornel Nicolae &Jucan Mihaela Sabin, Diamensions and challenges of social responsibility, 12(1) Annales Universitatis Apulensis Series Oeconomica, (2010), p 403.

The Principles of Social Responsibility are based on the following basic principles:

• The principle of legal compliance: refers to the compliance with the local and international laws and regulations that put standards for responsible behavior. There is a lack of confidence that businesses will do what is right in each particular field for example the consumer, employee and environmental field. Consequently, the greater the lack of confidentthe stronger the legal size[(1)].

• The principle of respecting international norms: the organizationsshould respect the international and governmental conventions, executive regulations, declarations, resolutions, guidelines, and charters. All of such should be reflected in the company's' policies and practices in order to be social responsibility.

In general, the practices of social responsibility in particular are manifested through their contribution to the effectiveness of the organization as a whole and accordingly achieving its objectives.

8.Investment advantages of corporate social responsibility under the unified investment law No. 72 of 2017 to achieve sustainable development.

In the second paragraph of Article 2 of the Unified Investment Law No. 72 of 2017, the legislator referred to the principles of investment in the Arab Republic of Egypt in eight main points: equal investment opportunities, taking into account equal opportunities irrespective of the scale of the project and its status,

(1) [18]Carroll, A.B.,A Three-dimensional conceptual model of corporate performance, Academy of 4 4 Management Review (1979), p231

without discrimination of nationality or gender. The country supports the emerging companies, the micro, small and medium-sized enterprises and any project in order to empower the youth and small investors, as well as taking into account all the aspects of the social dimension, consumer protection and following the provisions of law in terms of transparency, governance, conflict of the interests,the stability of investment policies.[(1)]

Article (1) of the Investment Law defines the substantive scope subject to its provisions mentioned under the term "investment project", whichincludes an investment activity in any of the following fields "industrial, agriculture, trade, education, health, transport, tourism, housing, construction, sports, electricity, energy, natural resources, water and technological communications".

It is worth mentioning that there are many benefits to companies that implement social responsibility, including reduced operating costs, improved product quality, increased sales, increased productivity and quality.

In accordance to Article (1) of the 'Executive Regulations of the Investment Law' in the first section of the first chapter related to the activities and fields subject to the investment law, the sectors subject to its provisions, are twelve sectors namely 'industry, agriculture, animal, poultry fish production, trade and education of any kind or level, Tourism, construction, sports, electricity, energy, water, communications and information technology'.

The most important aspect made by the Egyptian legislator[(2)] in this regard is what the Egyptian legislator referred to in Article

(1) See Dr. Samiha Al-Qalioubi, COMMERCIAL CORPORATES, Dar Al-Nahda Al Arabiya (2018 ed.) p. 1233.

(2) For more details from article (3) to Article (8) in the Egyptian Investment law no 72 for 2017

3 of the Investment Law, where he established important legal principles to govern investment in general. These principles grant all investments within the Egyptian territory to fair and equitable treatment, meanwhile, all projects are to be subject to the same treatment.

Moreover, companies that balance itsown interests with those of its shareholders should achievehigher growth rates and pose more skilled labor rates compared to other companies. To date, companies haveno obligation to implement social responsibility, it is still anethical and moral essence, that is, it gains its acceptance, strength, and spread from its voluntary nature. There were many initiatives and motivations within many corporations to implement the social responsibility, each depending on the nature of the environment in which the company operates,the scope of activity of the company,along with,the capacity of each company- financial, human capacity. By nature,the company's responsibility is not static, however, it isvery dynamic and is characterized by its continuous development to quickly cope withthe variable economic, political and social environment.

The legislator of Investment Law No. 72 of 2017 [(1)]encourages the investor to make an effective contribution in developing the community inall fields of life- academic, cultural, scientific research, health care. In addition to the investor's contribution in improving, preserving and protecting the environment and the economy's infrastructure.Article 15 of the Investment Law defines theconsequent financial advantages corresponding to such contribution and its role in developing the economy. In

(1) For more details from article (3) to Article (8) in the Egyptian Investment law no 72 for 2017.

this essence, the paper will discuss the areas within which the participation in isconsidered community development, furthermore the advantages that will be acquired by the investment project in case of the establishment of such active participation. Finally, the paper will refer to theregulationsthat govern such contribution.

According to Article (15), the investor shall participate in the following areas in order to achieve that goal of comprehensive and sustainable development:

(A)Take measures to preserve and improve the environment. (B) Provide services or initiate programs to developareas of health-care, social, cultural care or other developmental fields; (c) Support technical education andfunding researches, qualitative studies and awareness campaignsaiming to developand improve production in agreement with a university or scientific research institution. (D) Training and scientific research

The amount invested in the above-mentioned areas shall not exceed ḍ10 of the investor's net annual profits after deducting the costs and expenses that are deductible according to Paragraph (8) of Article (23) of the Income Tax Law promulgated by Law No. 91 of 2005.

The investor also acquires non-financial advantages.In which, the minister may, in one of the cases mentioned above, coordinate with the concerned ministries to establish a record or file that includes the best investment projects that carry out community development activities, whether geographically, sectorial ...... etc., and make this investment project list publicly available.

The legislator prohibits the use of projects, programs or services provided by the system of social responsibility to achieve political or religious purposes or to discriminate between citizens (15 paragraph 1)[(1)].

Thearticles mentioned in the investment law concerned with social responsibility areconsidered one of the very effectiv e toolsto encourage investor participation in the development of the community.The investor is then encouraged to invest his money, efforts and experience, the thing that makes him feelthat his role is critical and vital in order to developthe community in the various fields of development. The investor then becomes even more encouraged to contribute and participate more in the renaissance of this community.

Citizen's social contribution is optional and not compulsory, in which the citizen will be granted a material reward, other than the advantages set by the legislator in the investment law, which we will refer to elsewhere in detail. The legislator has granted financial advantages when the investor makes a decision to contribute in any of the areas of community development described in the Executive Regulation in Article (2). Moreover, the legislator forbids the exploitation of these areas for community development for political, tax, religious purposes or in areas that violate the public order.

It should be noted that areas specified in Article (15) of the Investment Law are provided in detail in chapter(2) of the mentioned law [(2)]. Other specific activities that contribute to the community

(1) For more details from article (3) to Article (8) in the Egyptian Investment law no 72 for 2017.
(2) For more details from article (9) to Article (14) in the Egyptian Investment law no 72 for 2017.

development may be added, as it fits the general framework and correspondingly fall under the areas mentioned, previously, under the condition that such activities are not prohibited as mentioned above.

Investors can allocate a percentage of their net profits to participate in community development to establish projects other than their own investment project through their participation in all or some of the following areas:

1. Take the needed measures to preserve and improve the environment, or the environmental conditions in the society, besides addressing various environmental problems, such as :[(1)]

- Create recycling mechanisms.

- Use processing plants for reuse of water.

- Use of new and renewable energy.

- Waste disposal in a safe manner.

- Reduce greenhouse gas emissions and any project that has a climate change impact.

2. Provide services or programs in the areas of health care, community and cultural care, or in any other developmental field, through:

(A) Provide employment opportunities for people with special needs.

(B) Caring for youth and sports activities.

(C) Considering thetalented and creative (scientifically/ technically / mathematically).

(1) See Article (2) of Executive Regulation No. 2310 of 2017 issued on 29-10-2017.

(D) Participate in programs to care for poor families and improve the citizens' quality of life.

(E) Fund awareness- raising campaigns that aimsatlimiting the programs that promote for safe migration. In addition to funding campaigns that works on limiting illegal migration and provides rehabilitation programs and trainings for employment in various industrial and service sectors within or outside Egypt, so that citizens could find apositive alternative to illegal migration. The targeted governorates spread this phenomenon in cooperation with the ministries of youth and sports, the labor force, the state of immigration and the affairs of Egyptians abroad.

3- Encourage and support technical education and funding studies, researches, and awareness campaigns aimed at improving and increasing the production in agreement with a university or scientific research institutions, internally or externally.

4. Develop training programs and enhance scientific research, in order to update the technology used in production, and to prepare studies aimed at improving the environment and avoiding harmful environmental impact.

The amount invested by the investor in one of the areas stipulated in the preceding paragraph shall not exceed (ḍ10) after deducting the costs and expenses that are deductiblein accordance to the provisions of Article (23) (8) of the Income Tax Law.

In order foran investor to receive benefits resulting from allocating part of his/her profits to the establishment of a community development system, he shall submit to the Authority an annual report including all supporting documents determined by the Authority[(1)].

9.Commitment of Companies to social responsibility within the Egyptian communityfor sustainable development.

In Egypt, the issue of corporate social responsibility and sustainable development was highlighted by several entities affiliated to the Ministry of Investment, including the "Egyptian Center for Corporate Governance" and the 'Egyptian Center for Corporate Responsibility'. However, the corporate social responsibility was not effective enough until the Financial Regulatory Authority became legally authorized to regulate and organize it,after which, its effectiveness emerged, in which companies are obligatedin terms of applying socialresponsibility as follows:

Egyptian Corporate Governance Guide

In August 2016, the Egyptian Corporate Governance Guide issued by the Financial Regulatory Authority (FRA) included, the need for companies that implement the governance framework, to promote sustainable developmentin a number of disciplines, to ensure the company's continued commitment to contribute to economic, social and environmental development.

The Egyptian Guide to Corporate Governance in the second chapter, entitled "the main axes of corporate governance" in the third pillar, under the title "Board Committees", in which the BOD of the company hasthe eligibility toform committees of its non-executive and independent members.These committees shall

(1) See Article 3 of Executive Regulation No. 2310 of 2017 issued on 29-10-2017.

be charged with particular subjects in accordance to the need and nature of the company's business,some of these committees shall work on maintaining the sustainability of the company.

The guidelines of the Financial Regulatory Authority 2019 mentioned that the Board of Directors must demonstrate leadership sustainability. The Board of Directors is responsible for identifying and controlling key issues along with, key performance indicators (KPIs) that reflect economic, environmental, social and governance impacts. This means that higher management need to develop a sustainability agenda, ensure that the organization understand the goals that have been set and the goals agreed upon. The evidence point may be whether the board membersare able to explain the sustainability data and its financial implications, which varies from one situation to another.

Their responsibilities include:

- Assessing and identifying ESG risks and opportunities.

- Ensuring appropriate risk management systems and internal controls by environmental and social management (ESG);

- Developing the approach, strategy, priorities and objectives of ESG management;

- Reviewing the performance periodically;

- Approve the disclosure of the ESG report.

In this context, the researcher believes the necessity of approving mandatory composition of committees that handles social responsibility and protection of the environment issues, rather than being optional depending on the board of directors'preferences. The formation of such committees must be compulsory in any company, in which the board of directors must set it up using the same requirements stipulated to set up the audit committees, risk management committeesand others, because they are of paramount importance in achieving sustainable development.((1))

The Egyptian Guidelines of Corporate Governance in Chapter (3), entitled Disclosure and Transparency', contains a set of tools for achieving disclosure and transparency, including the issuance of a series of reports, one of them is the 'Sustainability Report', which stipulated that companies should issue a balanced report on sustainability.The report should include theachievements of the company in each of the economic, environmental and social areas. Moreover, the report should presents the principles and values of the company, furthermore,explain the relationship between the company's strategy and obligations towards the community in which it operates.

In preparing this report, the company should ensure its transparency, accuracy, completeness, inclusiveness and neutrality. The report's data and figures must be comparable, besides the information contained therein should be relevant to the needs of stakeholders, and in a timely manner that allows timely provision of information to users to assist them in decision-making.

Sustainability disclosure brings a range of benefits to the company's reputation, continuous improvement in performance,

(1) 24 Abbott, W., Monsen, R., On the Measurement of Corporate Social Responsibility: Self-reported Disclosures as a Method of Measuring Corporate Social Involvement, 22(3) Academy of Management Journal (1979), p260

compliance with environmental and social legislations and regulations, as well as how to manage the company's risks, and how to motivate its employees and attract capital. ((1))

The Guidelinesconcerning the environment regulations issued by the Financial Regulatory Authority of 2019 stated that the key objective of the task force is to ensure better disclosure of the organization's financial implications resulting from climate-related risks and opportunities.Such disclosure will make it easier for investors, lenders and insurance companies to make their own financial decisions. In addition, they must understand how the organization's future financial position as described in the income statement, statement of cash flows and balance sheet, could be affected by the climate-related risks and opportunities. While climate change affects nearly all sectors of the economy, the level and type of exposure and the impact of climate-related risks differ by sector, industry, location and regulation.

Companies may refer to TCFD recommendations for guidance to identify the points that must be disclosed, in order todetermine the possible financial implications (positive or negative) resulting from climate changes. In particular, one of the key disclosures recommended by TCFD focuses on the flexibility of the corporate strategy, putting into accountall climate variability scenarios, including a 2 ° C or less scenario.((2))

The corporate's disclosure of the way in which its strategies may change in order to deal with potential climate risks and

(1) 24 Abbott, W., Monsen, R., On the Measurement of Corporate Social Responsibility: Self-reported Disclosures as a Method of Measuring Corporate Social Involvement, 22(3) Academy of Management Journal (1979), p260

(2) 25 Task Force on Climate-related Financial Disclosures: Status Report June (2019)

opportunities is considered a critical step tounderstand better the potential impacts of climate changes on the company's performance. This analysis is vital to enhance the disclosures of climate-friendly financial information.

Companies must manage and control their operationsethically by enhancing the accountability and transparency as follows:

1. Companies must maintain a managerialpractice, structure, and procedure in order to achieve ethical conduct at all the levels of the activity[1]. Moreover, the company must adopt this principle across its value chain.

2. Companies should communicate transparently and ensure that their decisions that affect relevant stakeholders are available to the public.

3. Companies should not be involved in any abusive, corrupt or anti-competitive practices.

4. Companies must honestly execute their obligationsas declared in their financial disclosures and other disclosers as well.

5. Companies should submit reportsshowing whether or not it adopted these guidelines as shown in the reporting framework of this document.

6. Companies must avoid participating with any third party in actions that violates any of the principles enclosed in Guidelines.

Companies must support economy's growth and development:

(1) Anna Hiironen, Adoption of codes of ethics by business organizations- the underlying reasons and aims, Helsinki School Of Economics, Faculty of International Business (2004), p265

1. Companies must understand how they impact the socio-economic aspects of development[1] andmust learn how to respond by applying the necessary actions to decrease the negative impacts.

2. Companies must invest in technologies andproducts and innovate to participate in increasing the welfare of thecommunity.

3. Companies should make efforts to support andcomplement developmental priorities at all levels of the society- local and national levels- and ensure resettlement and rehabilitation of communities displaced by their commercial operations.

4. Businesses conducting operations in underdeveloped areas should be specially related to the local concerns.

Corporates must deal with customers, consumers in a professional manner and provide them with value added.

1. Business, in the course of providing the needs of its clients, should put into consideration the welfare of customers and community.

2. Companies shall ensure that they do not exercise any monopoly that could restrict freedom of the customer's choice and enhance free competition in all stages of the product operations starting from the design, promotion to sale of its products.

3. Companies must disclose the information honestly and realistically, through labeling or by using any other tool.The information should include any potential riskon the individual,

(1) KitrhonaCerri,Measuring the socio-economic impact of business: The what, why and how, online at:https://businessfightspoverty.org/articles/measuring-the-socio-economic-impact-of-business-the-what-why-and-how/, accessed 1 Oct. 2019.

society and the globe from using the company's products, so as the customers could freely exercise their rights in responsible consumption. Companies must also provideillustrations for their customers to educate them on the terms of use, in order for the customers tosafely and responsibly use of the products and services.

4. Companies must promote and advertise for their products in a way that do not mislead customers or violate any of the principles included in the Guidelines.

5- Companies must exercise caution and due diligence while providing goods, services that lead to excessive exploitation of natural resources or lead to excessive over-consumption.[1]

The Sustainability Report must include at least the following aspects: corporate governance and employee behavior control; company'sstrategy towards the environmental concerns in which it operates and its impact; government relations and the political participation of the company, andcorporate policy regarding its employees, human rights, non-discrimination policies; the quality of products and services provided by the company; the complaints handling system; business continuity assurance, risk management, crisis and information protection; anti-fraud and corruption policies; Chapter (4), entitled 'Corporate Governance Charters', regulations and Policies stipulated a set of policies that companies must adapt within the its already applied governance framework.Perhaps the most important policy is the social and environmental responsibility, where the company is obliged to

(1) KitrhonaCerri, Measuring the socio-economic impact of business: The what, why and how, online at: https://businessfightspoverty.org/articles/measuring-the-socio-economic-impact-of-business-the-what-why-and-how/, accessed 1 Oct 2019.

develop a clear policy of its social and environmental responsibility and its continued commitment[1] to contribute to economic and social development.

This policy contains the corporate's responsibility to the stakeholders (employees, suppliers, customers, competitors, etc.); corporate responsibility towards community; corporate responsibility for the environment; and initiatives that the company participates in, within the field of social and environmental responsibility.

The Egyptian Center for Corporate Responsibility:

Egypt started to focus on the issue of "corporate social responsibility" by establishing the national network of the GlobalCompact in Egypt on 9 February 2004. In order to ensure further development and expansion in the fields of "corporate social responsibility",the Ministry of Investment, in cooperation with the Egyptian Institute of Directors established "The Egyptian Center for Corporate Responsibility" in 2008.The main objective of this center is to build the capacity of the private sector to make a tool that could have a positive impact on the developingthe economy in Egypt. This could be done by working on modifying the structure of "corporate social responsibility".

The Egyptian Center for Corporate Responsibility formulatesthe competitive corporate social responsibility practices that will

(1) Katsoulakos, P. &Katsoulakos, Y. The value, responsiveness and responsibility dimensions of strategic management, Athens University of Economics and Business, 4CR Working Papers (Parts A, B, C and D) (2006).CRS strategy management involves four main activities: 1. CRS policies, strategies and performance/ risk indicators 2. Strategies should clarify corporate responsibility 3. Governance structures, transparency standards. 4. A CSR capability development programme should be specified to support the implementation of the strategies in the context of the specified governance design

have sustainable impacts on businesses, communities and the environment. Besides, promoting the effective development of companiesin light of adherence to the ten principles developed by the United Nations Global Compact.[(1)]

The "Egyptian Center for Corporate Responsibility" is an information center that covers all areas of corporate social responsibility in Egypt through managing information, and consequently providing it professionally, at the required level, and therefore, raise awareness among businessmen about the importance of "corporate social responsibility" and enhance their abilities in the light of sharing all the good and responsible practices. This will lead to drafting "sustainable corporate responsibility" strategies that will impact positively the long-term investments.

Moreover, the Center aims to support the effective participation of companies in socially responsible activities; raise awareness of effective strategies for corporate social responsibility between economic and commercial units; developmanuals and guidelines to facilitate the effective implementation of corporate social responsibility strategies within corporate practices. In addition, it works on developing companies and NGOs through providing training supported by international organizations, and raising awareness of corporate social responsibilitythrough the development of forums, workshops, training programs; assisting companies in meeting the labor and environmental standards; enhancing transparency, credibility; providing models and examples of corporate social responsibility best practices;

(1) ()UN Global Compact, The Ten Principles of the UN Global Compact, online at https://www.unglobalcompact.org/what-is-gc/mission/principles, accessed 1 Nov. 2019

providing support to different business sectors. Besides, it encourages and supports the framework developed by the'United Nations Global Compact'.

The Global Compactwas the inspiration that led to the establishment of the Egyptian Center for Corporate Responsibility. The center is considered as a voluntary initiative to d evelop sustainable development and corporate citizenship. It contains a number of values extracted fromuniversally accepted principles. The center is a forum for learning and exchanging experiences. As a result, it is neither legally binding nor established to monitor the corporate behaviors and enforce a bindingregulation. In addition, it is not considered an administrative systemor a code of conduct or a regulatory body. The Global Compact of the United Nations only encourages companiesto support,enact a set of a values in the areas of labor standards,human rights, , anti-corruption acts and environment protection through developing the following ten principles of the Compact[(1)], namely;

1. Businessinstitutions must respect and support the protection of human rights.

2. It should ensure that it is not involved in human rights violations.

3. Business enterprises should respect freedom of association and effectively recognize their right to collective bargaining.

4. It should eliminate all forms of forced and compulsory labor.

5. It should effectively eliminate child labor.

(1) ()UN Global'Compact, The Ten Principles of the UN Global Compact, online at: https //www. unglobalcompact.org/what-is-gc/mission/principles, accessed 1 Nov. 2019.

6. It should eliminate all types of employmentdiscrimination.

7. Business enterprises should encourage a precautionary approach to challenges.

8. It should undertake initiatives to increase the responsibility for the environment.

9. It should enhance the development and diffusion of environmentally friendly technologies.

10. Business enterprises should combat corruption in all its forms, including extortion and bribery.

10. Results

Egyptian companies operating in Egypt constitute an integral part of the community and therefore, they should be aware of their responsibilitytowards theeconomy and the environment. That is they should operate in a way that helps achieve sustainable development in Egypt by adhering to the following policies:

10.1 On the economic level

- Promoting a culture of green economy and apply environmental standards for energy exploitation.

- Support the Egyptian State in promoting innovation in the field of new and renewable energy.

- Rationalize the use of water and support the state in the development of water resources and improve the quality of water.

- Instilling a culture of innovation within the work environment and support micro, small and medium enterprises in Egypt.

- Increasing the participation of women in the labor force .

- Support the Egyptian State in national projects and infrastructure projects.

10.2 At the social level

-Contributing to raising the efficiency of the community protection systems and subsidizes in Egypt.

-Support the Egyptian State in the development of health services and comprehensive health coverage.

- Contribute to the development of pre-university education; support the outstanding, talented and incapable students.

-Support technical education; improve the quality of facilities and equipment (laboratories and workshops).

-Cooperating with and supporting the research centers of Egyptian higher education institutions.

-Supporting cultural activities and developing archaeological and heritage sites in Egypt.

- Promoting the wellbeing of all employees, respect human rights, provide value to their customers and offer products that are safe and contribute to sustainability throughout their life cycle

10.3At the environmental level

- Increasing awareness of the importance of preserving the Egyptian environment, natural resources and biodiversity.

- Support efforts to reduce air and water pollution and combat climate change in Egypt.

- Activating the solid waste management system and the disposal of hazardous waste.

- Egyptian companies should use alternative modern technology to rationalize the use and protection of natural resources.

- Support the Egyptian state in the implementation of urban development plans and the establishment of projects in new developed areas.

- Destroying slums and unsafe areas in Egypt.

In Egypt, the issue of corporate social responsibility and sustainable development was highlighted by many entities affiliated to the Ministry of Investment, including the Egyptian Center for Corporate Governance and the Egyptian Center for Corporate Responsibility. However, they were not effective until the Financial Regulatory Authority became in charge. No doubt, no achievements were yet attained until now, but hopefully in near future the Egyptians will reap its fruits.

Therefore, there is a critical need to activate the role of these institutions through their continuous support to establish committeesfrom the Board of Directors of the various business organizations; such as the Committee ofSocial Responsibility, the Committee ofemployment Safety and Health, the Committee for the Protection of the Environment, and others. Moreover, the institutions should consider the possibility of making it mandatory for companies to submit "Sustainability Report", understanding the requirements and materiality of the ESG reporting is extremely important in this phase. In addition,more reports should be available to show the companies achievements in the economic, social and environmental fields.Besides,there must be a clear detailed policy for each company to illustrate its social, environmental responsibility, in addition to, its continued commitment to contribute to the economic and community development. Finally, Information on the companies' sustainability profile should be made available through public sources. Rating agencies should use this data to evaluate sustainability profiles.

Businesses should believe in the opportunities and revenue streams that could be generated by this green environment. The thing that could motivate them to make innovations and spend in RḥD investments to drive the future growth not only for the business itself but for the entire planet.

11. Reference list

Abbott, W., Monsen, R., On the Measurement of Corporate Social Responsibility: Self-reported Disclosures as a Method of Measuring Corporate Social Involvement, 3)22) Academy of Management Journal (1979)

Ahmed AbadaAlArabi, Culture of Corporate Social Responsibility, E-economy Newspaper, (Sept. 2009).

Anna Hiironen, Adoption of codes of ethics by business organizations- the underlying reasons and aims, Helsinki Schoolof Economics, Faculty of International Business (2004)

Carroll, A.B., A Three-dimensional conceptual model of corporate performance, Academy ofManagement Review (1979).

Chery Linthicum et al., Social responsibility and corporate reputation: The case of the Arthur Andersen Enron audit failure, vol. 29 J. Account. Public policy, (2010).

Donald P. Robin & R. Eric Reidenbach, Social responsibility, ethics, and marketing strategy: closing the gap between concept and application, vol. 51 Journal of marketing (Jan,1987).

Geoffrey B. Sprinkle &Laureeen A. Maines, The benefits and costs of corporate social responsibility, vol. 53 Business Horizons, (2010).

Graafland, J and Bert van de ven, Strategic and Moral Motivation for Corporate Social Responsibility, Journal of Corporate Citizenship (2006).

Griffin, J, The Corporate Social Performance and Financial Performance Debat, Business and Society, (1997).

Heledd Jenkins, A business opportunity model of corporate social responsibility for small and medium – sized enterprises, Business Ethics: A European Review, vol. 18, Issue 1(Jan 2009)

Husted, B.W. et al., Governance Choice for Strategic Corporate Social Responsibility: Evidence from Central America, Business & Society (2008).

Jucan Cornel Nicolae &Jucan Mihaela Sabin, Diamensions and challenges of social responsibility, 1)12) Annales Universitatis Apulensis Series Oeconomica, (2010).

Katsoulakos, P. &Katsoulakos, Y, The value, responsiveness and responsibility dimensions of strategic management, Athens University of Economics and Business, 4CR Working Papers (Parts A, B, C and D), (2006).

Kellie McElhaney, A strategic approach to corporate social responsibility, I. leader to leader, Issue 52 (Spring 2009)

KitrhonaCerri, Measuring the socio-economic impact of business: The what, why and how, online at:https://businessfightspoverty.org/articles/measuring-the-socio-economic-impact-of-business-the-what-why-and-how/, accessed 1 Oct. 2019.

Kriman Mohamed Farid, Social Responsibility of Public Relations in Economic Units, A Field Study on a Sample of Public and Private Sector corporates, Unpublished PhD Thesis, Cairo University, Faculty of Mass Communication 1989

Nordberg, Donald, Corporate Governance: Principles and Issues, Sage Publications (2011).

Saleh Al-Suhaibani, Social Responsibility and its Role in the Participation of the Private Sector in Development if it were put into effect for Saudi Arabia, Research Paper presented in the Proceedings of the International Conference on the Private Sector in Development, Evaluation and forecasting, Republic of Lebanon, Beirut (Mar. 2009).

Samiha Al-Qalioubi, COMMERCIAL CORPORATES, Dar Al-Nahda Al Arabiya (2018 ed.).

Shallini S. Taneja et.al., Researches in corporate social responsibility: A review of shifting focus, paradigms, and methodologies, Vol. 26 Journal of Business Ethics,(Jan. 2011).

Simon Milton, 'some observations on CRS and strategic management' ,SZÁM / ISSN 0179-0133, XLI. ÉVF. (2010).

UN Global Compact, The Ten Principles of the UN Global Compact, online at:

https://www.unglobalcompact.org/what-is gc/mission/principles, accessed 1 Nov. 2019.

United Nations publication, Corporate Governance in the Wake of the Financial Crisis,Accounting and Corporate Governance Section, Investment and Enterprise Division, Palais des Nations, CH1211- Geneva, Switzerland, UNCTAD/DIAE/ED/2010) 2/2010).

ملخص البحث

المسئولية المجتمعية للشركات

ودورها في تحقيق التنمية المستدامة في مصر ٢٠٣٠

في ضوء أحكام قانون الاستثمار الموحد رقم ٧٢ لسنه ٢٠١٧

في ظل الأزمات والأوبئة التي يمر بها العالم أجمع تفرض تحديات جديدة على المستويين الاقتصادي والاجتماعي، ممَّا يستدعي معها تكاتف بين أفراد الشعب والحكومات ليصبح أمرًا حتميًا عليهم جميعًا لتحقيق التنمية المستدامة -من خلال تفعيل دور المسئولية المجتمعية للشركات والمساهمين والأفراد لتكون مسارًا تنمويًا يجعل مصر بحلول عام ٢٠٣٠ ذات اقتصاد تنافسي متنوع يعتمد على الابتكار والمعرفة، حيث تستهدف هذه الاستراتيجية أن تكون مصر واحدة من أفضل ٣٠ دولة في العالم على المستويين الاقتصادي والاجتماعي.

وجاء المشرع المصري بقانون الاستثمار الموحد رقم ٧٢ لسنه ٢٠١٧ بضمانات وحوافز استثمارية جديدة لتشجيع المستثمرين من الأجانب والمصريين على حد سواء للاستثمار في قطاعات استثمارية جديدة لتحقيق رؤية مصر ٢٠٣٠، وإيمانًا من المشرع المصري بأهمية المسئولية المجتمعية للشركات لتحقيق التنمية المستدامة بحلول ٢٠٣٠ فقد جاء بحوافز إضافية لحث الشركات على تنمية دورها المجتمعي ليس فقط من خلال التزامها بقواعد حوكمة الشركات، بل أيضًا بمنح مزايا استثمارية جديدة بالإضافة إلى الحوافز الممنوحة بالقانون الجديدة وذلك لتحقيق رؤية مصر ٢٠٣٠.

وبرز الاهتمام بمفهوم الإدارة الرشيدة أو حوكمة الشركات في العديد من الاقتصادات المتقدمة والناشئة خلال العقود القليلة الماضية، نتيجة للتداعيات والانهيارات الاقتصادية والأزمات المالية التي تطرأ عالميًا من فترة إلى أخرى، ونظرًا لما تعاني منه الشركات والمؤسسات الوطنية والعالمية من فشل في مواجهة هذه الأزمات والكوارث التي تعصف باقتصاداتها وتنعكس على برامجها التنموية، كان لابد من إنشاء نظام يضمن توجيه جميع الأعمال وإدارتها داخل الشركة وخارجها من أجل التأكد من أن تنفيذ الأعمال والإجراءات تم وفق أسلوب محكم -يحدد مسئوليات أعضاء مجلس الإدارة والإدارة التنفيذية للشركة وواجباتهم، مع الأخذ في الاعتبار

حماية حقوق جميع المساهمين باختلاف أحجامهم وحماية حقوق أصحاب المصالح المختلفة مع الشركة بما في ذلك تنمية المجتمع والبيئة المحيطة.

كلمات البحث: المسئولية المجتمعية للشركات، البعد الاجتماعي لقانون الاستثمار الموحد، التنمية المستدامة، حوكمة الشركات.