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MINISTRY OF FINANCE, PLANNING AND ECONOMIC DEVELOPMENT

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 திகதி } 19.11.2025
 Date }

Public Enterprises Circular No. 01/2025

All Secretaries of Ministries
 Chairmen of Commercial Corporations,
 Statutory Boards, Government Owned Companies, and State Banks

Guidelines for Decision-Making on Sponsorships, Donations, Indirect Business Related Promotional Expenses, and Corporate Social Responsibility (CSR) of State Owned Enterprises (SOEs)

In pursuit of enhanced financial discipline, transparency, equitable treatment of all stakeholders, and improved efficiency in decision-making through the empowerment of Boards of Directors, this circular introduces a revised framework governing sponsorships, donations, indirect business related promotional expenditures, and Corporate Social Responsibility (CSR) activities undertaken by State-Owned Enterprises.

02. The Board of Directors is hereby urged to accord heightened and strategic attention to such expenditure as an integral component in the pursuit of the organization's objectives. In undertaking such expenditure initiatives, it is vital to ensure that they are fully aligned with, and supportive of, the Government's overarching development agenda. This alignment should be achieved while preserving the institution's core mandates, thereby promoting a well-balanced approach that advances both organizational objectives and national priorities. Strengthened coordination in this regard will not only enhance public accountability but also make a meaningful contribution to sustainable, inclusive, and long-term national development.

03. In order to facilitate the implementation of such expenditure and enhance operational efficiency, an approval limit is hereby introduced. This measure aims to facilitate timely decision-making and execution of approved programs within the established strategic framework. Notwithstanding this delegation of authority, it is emphasized that the ultimate oversight and accountability for all activities and related expenditures shall remain vested in the Board of Directors and top management. The Board of Directors is therefore expected to ensure that all delegated actions align with institutional policies, governance standards, and the broader objectives of national development.

04. Approval Limits

Approving Authority	Existing Expenditure limit per Event	Revised Expenditure Limit per Event
Board of Directors of SOE	-	Up to Rs. 100,000
Director General, Department of Public Enterprises (PED)	Up to Rs. 100,000	From Rs. 100,001 to Rs. 200,000
Deputy Secretary to the Treasury	-	From Rs. 200,001 to Rs. 500,000
Secretary to the Treasury	-	From Rs. 500,001 to Rs. 1,000,000
Minister of Finance	Above Rs. 100,000	Above Rs. 1,000,000

05. To ensure coherence, transparency, and effective coordination of across all institutions, it is imperative that all entities strictly adhere to the established specific conditions, general requirements, and reporting obligations as prescribed. Compliance with these provisions will enable the standardization of processes, enhance accountability, and facilitate the monitoring and evaluation of outcomes in alignment with institutional objectives and the national development agenda. Institutions are therefore directed to integrate these requirements into their internal procedures and to ensure timely and accurate reporting as part of their governance responsibilities.

5.1 Specific Conditions

- 5.1.1. Total expenditure for Sponsorships, Donations, CSR, and Indirect Business-Related Promotional Expenses **must not exceed 1% of the actual recurrent expenditure** of the SOE from the **previous financial year**.
- 5.1.2. **Treasury Budgetary Provisions** must **not** be utilized for these expenditures.
- 5.1.3. Board of Directors and top management must ensure all expenditures are **non-personal** and **non-political** in nature.
- 5.1.4. The **scope and relevance of the event must justify** the proposed amount.
- 5.1.5. **No commitments** shall be made **prior to receiving necessary approvals**.
- 5.1.6. The Strategic Plan of the SOE should be updated in accordance with the provisions outlined in Section 2.3 of the Guidelines on Corporate Governance for State-Owned Enterprises, ensuring to identify the road map to achieve the full potential of the entity.
- 5.1.7. Based on the financial performance of the SOE for each and every quarter, as reflected in the board approved financial statements, SOE shall endeavor to declare and remit an interim dividend/levy to the General Treasury within two months for each quarter. Accordingly, Board of Directors are required to ensure to remit a minimum of 30% of profit after tax of the previous financial year to the

Consolidated Fund for each year, while considering the future requirements of the SOE.

5.2. General Requirements

- 5.2.1. Only **Sponsorships, Donations, CSR, and Indirect Business-Related Promotional Expenses** are covered under this framework.
- 5.2.2. **Feedback and documentation** should be reviewed and **satisfy the Board of Directors** and top management.
- 5.2.3. All requests must be supported with Justifications, expected outcomes, target audience, and alignment with SOE objectives along with **Annexure 1** attached to this Circular.

5.3 Reporting Obligations

- 5.3.1. Summary of Expenditure report should be submitted to the Department of Public Enterprises on a quarterly basis indicating Board of Director's approved annual budget, expenditure up to now, balance available, details of such expenditure and approving authority for, information and monitoring purposes.
- 5.3.2. A **dedicated register** must be maintained for all such approved expenditures by respective SOE for audit purpose.
- 5.3.3. Disclose of expenditure in detail of the Annual Report.
- 5.3.4. The updated Strategic Plan of the entity shall be submitted to the General Treasury no later than fifteen (15) days prior to the commencement of the financial year.

06. It is hereby notified that Section 12.1 of PED Circular No. 01/2024 shall stand revoked with effect from 01 January 2026. This circular shall come into effect on 01 January 2026 and will be applicable to all SOE henceforth. All concerned are requested to make the necessary preparations to ensure full compliance with the revised guidelines from the effective date.

07. Clarifications

If any further clarification is required with regard to the Circular, you are kindly informed to contact Director General (011-2484617) of the Department of Public Enterprises.



Dr. Harshana Suriyapperuma
Secretary to the Treasury

- Copies:
- 1. Secretary to the President
 - 2. Secretary to the Prime Minister
 - 3. Secretary to the Cabinet of Ministers
 - 4. Auditor General

**Requesting approval for Sponsorships, Donations, Indirect Business
Related Promotional Expenses and Corporate Social Responsibility (CSR)
Expenses by State Owned Enterprises (SOEs)**

1. Name of the Organization	
2. Name of the Line Ministry	
3. Name of the Program/Activity	
4. Brief Description of Program/Activity	
5. BOD's approved annual budget for this purpose.(Rs.)	
6. Expenditure up to now (Rs.)	
7. Balance available (Rs.)	
8. Expected amount of approval for this event	
9. Purpose and Alignment with SOE Objectives	
10. Prior Similar Engagements (if any)	
11. Expected Benefit to SOE and/or Public	
12. Approval of the Board of Directors (If yes, the decision of Board of Directors should be attached)	☐ Yes ☐ No

Submitted by

Recommended/ Not Recommended

.....
Chairman of SOE.....
Secretary to the Line Ministry