



HOUSE OF REPRESENTATIVES

H. No. 9061

BY REPRESENTATIVES MACAPAGAL-ARROYO, PINEDA, ROMERO, BIRON, ROMUALDO, SILVERIO, VERGARA, ZUBIRI, TAN (M.), SY-ALVARADO, NIETO, BRAVO (M.V.), VIOLAGO, CHIPECO, LAZATIN, TAMBUNTING, SAVELLANO, TAN (A.), OLIVAREZ, GO (M.), SAGARBARRIA, MONTORO, RODRIGUEZ (M.), TREÑAS, ALVAREZ (F.), RELAMPAGOS, DAZA, LIMKAICHONG, ACOSTA-ALBA, LOPEZ (C.), UY (J.), GARCIA (J.E.), ABAYA, CANAMA, EVARDONE, JAVIER, CAGAS, JALOSJOS, ROMUALDEZ, RODRIGUEZ (I.), DURANO, ONG (H.), LAOGAN, DUAVIT, DIMAPORO (A.), MARCOLETA, TUPAS, MENDOZA, BELMONTE (R.), ARCILLAS, CHAVEZ AND EUSEBIO, PER COMMITTEE REPORT NO. 1219

AN ACT ENCOURAGING CORPORATE SOCIAL RESPONSIBILITY, PROVIDING INCENTIVES THEREFOR

Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

1 SECTION 1. *Short Title.* – This Act shall be known as the
2 “Corporate Social Responsibility Act”.

3 SEC. 2. *Declaration of Policy.* – The State recognizes the
4 vital role of the private sector in nation building and shall
5 encourage its active participation in fostering sustainable economic
6 development and environment protection in the Philippines.
7 Towards this end, the government shall mobilize its various

1 agencies, in coordination with nongovernment and people's
2 organizations, to work hand-in-hand for the integration, promotion,
3 and strengthening of corporate social responsibility in all business
4 organizations.

5 SEC. 3. *Corporate Social Responsibility.* – All business
6 organizations established and operating under Philippine laws,
7 whether domestic or foreign, are hereby encouraged to observe
8 corporate social responsibility in the operation of their businesses in
9 the country.

10 As used in this Act, corporate social responsibility (CSR)
11 refers to the commitment of business to contribute on a voluntary
12 basis to sustainable economic development by working with
13 relevant stakeholders to improve their lives in ways that are good
14 for business, sustainable development agenda and society at large.
15 CSR-related activities shall include the following:

- 16 (a) Charitable programs and projects;
- 17 (b) Scientific research;
- 18 (c) Youth and sports development;
- 19 (d) Cultural or educational promotion;
- 20 (e) Services to veterans and senior citizens;
- 21 (f) Social welfare;
- 22 (g) Environmental sustainability;
- 23 (h) Health development;
- 24 (i) Disaster relief and assistance;
- 25 (j) Socialized and low-cost housing; and
- 26 (k) Employee and worker welfare related CSR activities.

1 SEC. 4. *Deduction from Unrestricted Retained Earnings.* – To
2 encourage companies to engage in CSR, Section 43 of Batas
3 Pambansa Blg. 68, otherwise known as the “Corporation Code of the
4 Philippines” is hereby amended to read as follows:

5 “Sec. 43. *Power to Declare Dividends.* –

6 “x x x

7 “Stock corporations are prohibited from retaining
8 surplus profits in excess of one hundred percent (100%)
9 of their paid-in capital stock, except: (1) when justified
10 by definite corporate expansion OR FOR CORPORATE
11 SOCIAL RESPONSIBILITY projects or programs approved
12 by the board of directors; or (2) when the corporation is
13 prohibited under any loan agreement with any financial
14 institutions or creditors, whether local or foreign, from
15 declaring dividends without its/his consent, and such
16 consent has not yet been secured; or (3) when it can be
17 clearly shown that such retention is necessary under
18 special circumstances obtaining in the corporation, such
19 as when there is need for special reserve for probable
20 contingencies.”

21 SEC. 5. *Awards and Recognition.* – The Department of Trade
22 and Industry (DTI) shall recognize and reward all business
23 organizations for outstanding, innovative and world-class CSR-
24 related services, projects and programs. It shall likewise extend
25 endorsement and encouragements to domestic and foreign
26 corporations doing business in the Philippines which are candidates

1 for recognition in international award-giving bodies for their
2 CSR-related activities.

3 SEC. 6. *Local Government Units.* – All local government units
4 where CSR-related activities are conducted shall extend whatever
5 assistance is necessary for business organizations to accomplish
6 their CSR programs and projects.

7 SEC. 7. *Periodic Report.* – All business organizations shall
8 submit the list of their CSR activities as part of their annual or
9 regular report to the Securities and Exchange Commission (SEC),
10 the DTI, or the Department of Finance, as the case may be.

11 SEC. 8. *Implementing Rules and Regulations.* – Within
12 sixty (60) days, the Secretary of Finance shall, in coordination with
13 the DTI and the SEC, promulgate rules and regulations for the
14 effective implementation of this Act and shall monitor strict
15 compliance therewith.

16 SEC. 9. *Separability Clause.* – If any provision of this Act is
17 declared invalid or unconstitutional, the remaining provisions not
18 affected thereby shall continue to be in full force and effect.

19 SEC. 10. *Repealing Clause.* – Section 43 of Batas Pambansa
20 Blg. 68 is hereby amended. All laws, decrees, orders, rules and
21 regulations, and other issuances, or parts thereof, inconsistent with
22 this Act are hereby repealed or modified accordingly.

23 SEC. 11. *Effectivity.* – This Act shall take effect fifteen (15)
24 days after its publication in the *Official Gazette* or in a newspaper of
25 general circulation.

Approved,

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