



HOUSE OF REPRESENTATIVES

H. No. 451

BY REPRESENTATIVES SORIANO, YAP (ERIC), DUTERTE, YAP (EDVIC), TULFO (J.), TULFO (R.W.), ROMUALDO, BORDADO, ROMERO, RIVERA, PRIMICIAS-AGABAS, ROMUALDEZ (Y.M.), ACIDRE, TARRIELA, ONGCHUAN, MASTURA, LUISTRO, MARIÑO, SACDALAN, GARCIA (M.A.), GO (M.), GARCIA (D.), CHAN, CRUZ (R.), MATIBAG, TIENG, ESPARES, ALVAREZ (J.), GUINTU, EUDELA, AUMENTADO, TANJUATCO, SALI, LEE, BASCUG, ESCUDERO, OAMINAL, VILLA, HORIBATA, TAMAYO, SALCEDA, RODRIGUEZ (R.), LIMKAICHONG, CALIXTO, DY (F.M.C.), GO (E.C.), MOMO, UNABIA, VALERIANO, BONDOC, VIOLAGO, GATCHALIAN, GOLEZ, AGARAO, DIONISIO, GULLAS, MERCADO, PANCHO, SOLON, TOLENTINO, VELOSO-TUAZON, BAUTISTA, NOGRALES (M.), ALVAREZ (M.), ENVERGA, COJUANGCO (J.), DUAVIT, ABUNDA, CASTRO (J.), VERGARA, QUIMBO, CHUNGALAO, VELASCO, BIRON, ABALOS, TAN (R.M.), TAMBUNTING, DALIPE, CAGAS AND REVILLA (R.J.)

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 “Corporate Social
2 Responsibility Act”.

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

7
8 Towards this end, the government shall mobilize its various agencies, in
9 coordination with nongovernment and people’s organizations, to work hand-in-hand
10 for the integration, promotion, and strengthening of corporate social responsibility in
11 all business organizations.

12
13 **SEC. 3. Corporate Social Responsibility.** – All business organizations
14 established and operating under Philippine laws, whether domestic or foreign, are
15 hereby encouraged to observe corporate social responsibility in the operation of their
16 businesses in the country.

17
18 As used in this Act, corporate social responsibility (CSR) refers to the
19 commitment of business to contribute on a voluntary basis to sustainable economic
20 development by working with relevant stakeholders to improve their lives in ways
21 that are good for business, sustainable development agenda and society at large. CSR-
22 related activities shall include the following:

- 23
24 a. Charitable programs and projects;
25 b. Scientific research;

- 1 c. Youth and sports development;
- 2 d. Cultural or educational promotion;
- 3 e. Services to veterans and senior citizens;
- 4 f. Social welfare;
- 5 g. Environmental sustainability;
- 6 h. Health development;
- 7 i. Disaster relief and assistance;
- 8 j. Socialized and low-cost housing; and
- 9 k. Employee and worker related CSR activities.

10
11 All business organizations are allowed to donate products and service under
12 their CSR-related activities for disaster relief and assistance, in accordance with the
13 regulations to be issued by the appropriate government agency. All existing laws and
14 regulations restricting or prohibiting the right of local government units under a state
15 of calamity and/or during a national emergency to solicit or accept any donation of
16 products and services under the CSR-related activities for disaster relief and
17 assistance of a business organization are hereby amended.

18
19 **SEC. 4. Deduction from Unrestricted Retained Earnings.** – To encourage
20 companies to engage in CSR, Section 42 of Republic Act No. 11232, otherwise known
21 as the “Revised Corporation Code of the Philippines” is hereby amended to read as
22 follows:

23
24 “SEC. 42. Power to Declare Dividends. – x x x

25
26 “Stock corporations are prohibited from retaining surplus profits in
27 excess of one hundred percent (100%) of their paid-in capital stock,
28 except: (a) when justified by definite corporate expansion **OR FOR**
29 **DEFINITE CORPORATE SOCIAL RESPONSIBILITY (CSR)** projects
30 or programs approved by the board of directors; or (b) when the
31 corporation is prohibited under any loan agreement with financial
32 institutions or creditors, whether local or foreign, from declaring
33 dividends without their consent, and such consent has not yet been
34 secured; or (c) when it can be clearly shown that such retention is
35 necessary under special circumstances obtaining in the corporation, such
36 as when there is need for special reserve for probable contingencies.”

37
38 **SEC. 5. Awards and Recognition.** – The Department of Trade and Industry
39 (DTI) shall recognize and reward all business organizations for outstanding,
40 innovative and world-class CSR-related services, projects and programs. It shall
41 likewise extend endorsement and encouragements to domestic and foreign
42 corporations doing business in the Philippines which are candidates for recognition
43 in international award-giving bodies for their CSR-related activities.

44
45 **SEC. 6. Local Government Units.** – All local government units where CSR-
46 related activities are conducted shall extend whatever assistance is necessary for

1 business organizations to accomplish their CSR programs and projects and shall
2 encourage business organizations within their territorial jurisdiction to conduct CSR
3 projects/activities.
4

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

9 **SEC. 8. *Implementing Rules and Regulations.*** – Within sixty (60) days after the
10 effectivity of the Act, the Secretary of Finance shall, in coordination with DTI and the
11 SEC, promulgate rules and regulations for the effective implementation of this Act.
12

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

17 **SEC. 10. *Repealing Clause.*** – Section 42 of Republic Act No. 11232 is hereby
18 amended. All laws, decrees, orders, rules and regulations, and other issuances, or
19 parts thereof, inconsistent with this Act are hereby repealed or modified accordingly.
20

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

Approved,