



HOUSE OF REPRESENTATIVES

H. No. 6137

BY REPRESENTATIVES MACAPAGAL ARROYO, PINEDA, AGABAS, ROMERO, VERGARA, CRISOLOGO, SAVELLANO, VARGAS, BARBA, GATCHALIAN, SUNTAY, BIRON, ESCUDERO, REYES, BABASA, VIOLAGO, TIANGCO, REVILLA, QUIMBO, UNABIA, LOPEZ, BARBERS, BORDADO, CASTRO (F.L.), PADUANO, CASTELO, TAMBUNTING, VILLAR, ALVAREZ (F.), ZUBIRI, OUANO-DIZON, COLLANTES, TY (A.), DUAVIT, SINGSON-MEEHAN, AUMENTADO, CAMPOS, SAGARBARRIA, BARONDA, CUEVA, CUA, KHO (E.), OLIVAREZ, MARTINEZ, GARCIA (J.E.), MATUGAS, PACQUIAO (R.), PANOTES, ESPINO, GO (M.), GARBIN, VILLA, BAÑAS-NOGRALES, CANAMA, GARIN (S.), CO (E.), ROMUALDEZ (F.M.), REMULLA, BOLILIA, BONDOC, DE VENECLA, HERRERA-DY, ROMUALDO, FARIÑAS (R.C.), SUAREZ (D.), BAUTISTA, TADURAN, DELOS SANTOS, ZARATE, SINGSON, ESTRELLA, GONZALES (A.) ARENAS, OAMINAL, DELOS-MONTALLA, LARA, ARAGONES, SARMIENTO, ACOSTA-ALBA, ROBES, FERRER (J.M.), BRAVO, ACOP AND TUTOR, PER COMMITTEE REPORT NO. 213

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.

1 Towards this end, the government shall mobilize its various
2 agencies, in coordination with nongovernment and people's
3 organizations, to work hand-in-hand for the integration, promotion,
4 and strengthening of corporate social responsibility in all business
5 organizations.

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

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

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

28 All business organizations are allowed to donate products and
29 services under their CSR-related activities for disaster relief and
30 assistance, in accordance with the regulations to be issued by the

1 appropriate government agency. All existing laws and regulations
2 restricting or prohibiting the right of local government units under
3 a state of calamity and/or during a national emergency to solicit
4 or accept any donation of products and services under the
5 CSR-related activities for disaster relief and assistance of a
6 business organization are hereby amended.

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

11 **“SEC. 42. *Power to Declare Dividends.*** – x x x

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

26 **SEC. 5. *Awards and Recognition.*** – The Department of
27 Trade and Industry (DTI) shall recognize and reward all
28 business organizations for outstanding, innovative and world-class
29 CSR-related services, projects and programs. It shall likewise
30 extend endorsement and encouragements to domestic and foreign

1 corporations doing business in the Philippines which are candidates
2 for recognition in international award-giving bodies for their
3 CSR-related activities.

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

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

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

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 in full force and effect.

19 SEC. 10. *Repealing Clause.* – Section 42 of Republic Act
20 No. 11232 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,