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**SENATE**  
S.B. No. 1719

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Introduced by **SENATOR IMEE R. MARCOS**

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**AN ACT**  
**AMENDING REPUBLIC ACT NO. 11232 OTHERWISE KNOWN AS, "AN ACT**  
**PROVIDING FOR THE REVISED CORPORATION CODE OF THE**  
**PHILIPPINES," AND FOR OTHER PURPOSES**

EXPLANATORY NOTE

Article II Section 23 of the 1987 Constitution provides that, *"the State shall encourage non-governmental, community based, or sectoral organizations that promote the welfare of the nation."* Section 20 of the same article further states that, "the State recognizes the indispensable role of the private sector, encourages private enterprise, and provides incentives to needed investments.

According to the Family Income and Expenditure Survey (FIES) 2021, 18.1 percent of Filipinos live below the poverty line. This translates to 19.9 million Filipinos. These values represent an increase from the poverty statistics of 2018, which recorded a poverty rate of 16.6 percent or 17.6 million Filipinos living in poverty. As such, much work needs to be done to meet one of our 2030 Sustainable Development Goals, which is ending poverty.

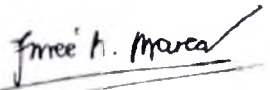
One of the ways in which the problem of poverty can be addressed is through the promotion of social enterprises. Social enterprises are social mission-driven organizations that conduct economic activities directly related to the improvement of the economic well-being of the poor and marginalized sectors.

The primary problem faced by social enterprises is lack of access to capital. This is due to the antiquated division of corporations as either non-profit or profit. Social enterprises share characteristics of both corporations, with the ability to generate profit crucial to the sustainability of social enterprises. The ability to retain profit is also important for investors and lenders to extend funding to social enterprises.

This bill seeks to address the funding gap of social enterprises by creating a special entity to be known as "Social Benefit Corporation" under R.A. No. 11232, otherwise known as "An Act Providing for The Revised Corporation Code of The Philippines." It facilitates qualification and approval of entities as social benefit

corporations by providing a precise definition and simplifying the application procedure to the Securities and Exchange Commission (SEC). It also provides benefits, including access to capital and other forms of financing, among others.

For the abovementioned reasons, the passage of this bill is earnestly sought.

  
**IMEE R. MARCOS**

NINETEENTH CONGRESS OF THE )  
REPUBLIC OF THE PHILIPPINES )  
*First Regular Session* )

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**AN ACT  
AMENDING REPUBLIC ACT NO. 11232 OTHERWISE KNOWN AS, "AN ACT  
PROVIDING FOR THE REVISED CORPORATION CODE OF THE  
PHILIPPINES," AND FOR OTHER PURPOSES**

*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 "*Social Benefit*  
2       *Corporation Act of 2023.*"

3  
4       **SEC. 2.** *Social Benefit Corporation.* – A new Chapter in Title XIII of Republic Act  
5       No. 11232 otherwise known as "*An Act Providing for The Revised Corporation Code of*  
6       *the Philippines*" is inserted as Chapter III, to read as follows:

7  
8   **"CHAPTER III**  
9   **SOCIAL BENEFIT CORPORATION**

10  
11       **"SEC. 115. SOCIAL BENEFIT CORPORATION. - A SOCIAL**  
12       **BENEFIT CORPORATION IS A CORPORATION THAT CONDUCTS**  
13       **ECONOMIC ACTIVITIES AND PROVIDE GOODS OR SERVICES**  
14       **DIRECTLY RELATED TO ITS PRIMARY PURPOSE OF**  
15       **IMPROVING THE WELLBEING OF THE UNSKILLED AND**  
16       **MINIMUM WAGED WORKERS, CHILDREN, POOR, AND**  
17       **MARGINALIZED, INCLUDING THE PROMOTION AND**  
18       **DEVELOPMENT OF THE FOLLOWING SECTORS: HEALTH,**  
19       **EDUCATION, ENVIRONMENT, AGRICULTURE, CLIMATE**  
20       **CHANGE, NATURAL AND MAN-MADE DISASTER RECOVERY,**  
21       **PEACE PROCESS OR NEGOTIATION, AND OTHER SIMILAR**

1 PURPOSES. PROVIDED THAT, BANKS AND QUASI-BANKS,  
2 PRENEED, TRUST, INSURANCE, PUBLIC AND PUBLICLY-  
3 LISTED COMPANIES, AND NON- CHARTERED GOVERNMENT-  
4 OWNED AND -CONTROLLED CORPORATIONS MAY NOT BE  
5 INCORPORATED AS SOCIAL BENEFIT CORPORATIONS.  
6 PROVIDED FURTHER THAT, AT LEAST SIXTY PERCENT (60%)  
7 OF THE SOCIAL ENTERPRISE'S TOTAL EXPENDITURES AND  
8 PROFITS SHALL BE USED EXCLUSIVELY FOR THE  
9 CORPORATION THAT WILL OPTIMIZE THE BENEFITS TO  
10 WHICH THE CORPORATION WAS ESTABLISHED.

11  
12 "SEC. 116. *INCORPORATION AND REGISTRATION.* –  
13 A GROUP OF PERSONS, NOT LESS THAN THREE (3), DESIRING  
14 TO INCORPORATE AS A "SOCIAL BENEFIT CORPORATION"  
15 SHALL SUBMIT THE INTENDED CORPORATE NAME TO THE  
16 COMMISSION FOR VERIFICATION OF ITS NAME, PURPOSES,  
17 INCORPORATORS, AND DIRECTORS. THE INCORPORATORS  
18 SHALL THEN SUBMIT THEIR ARTICLES OF INCORPORATION,  
19 AS PROVIDED IN SEC. 118, AND BYLAWS TO THE  
20 COMMISSION. PROVIDED THAT, THE REGISTRATION OF  
21 SOCIAL BENEFIT CORPORATIONS SHALL NOT REQUIRE A  
22 MINIMUM CAPITAL STOCK."

23  
24 "SEC. 117. *DISPLAY OF CORPORATE NAME.* – A SOCIAL  
25 BENEFIT CORPORATION SHALL INDICATE THE LETTERS "SBC"  
26 EITHER BELOW OR AT THE END OF ITS CORPORATE NAME."

27  
28 "SEC. 118. *ARTICLES OF INCORPORATION.* – A SOCIAL  
29 BENEFIT CORPORATION SHALL FILE ARTICLES OF  
30 INCORPORATION IN ACCORDANCE WITH THE  
31 REQUIREMENTS UNDER SECTION 14 OF THIS CODE."

32  
33 "SEC. 119. *MINUTES BOOK.* – A SOCIAL BENEFIT  
34 CORPORATION SHALL MAINTAIN A MINUTES BOOK WHICH  
35 SHALL CONTAIN ALL ACTIONS, DECISIONS, AND  
36 RESOLUTIONS TAKEN BY THE CORPORATION."  
37

1           **"SEC. 120. REPORTORIAL REQUIREMENTS. – THE**  
2           **SOCIAL BENEFIT CORPORATION SHALL SUBMIT THE**  
3           **FOLLOWING WITHIN SUCH PERIOD AS THE COMMISSION**  
4           **MAY PRESCRIBE:**

- 5           1. ANNUAL FINANCIAL STATEMENTS;
- 6           2. A DISCLOSURE OF ALL SELF-DEALINGS AND  
7           RELATED PARTY TRANSACTIONS ENTERED INTO  
8           BETWEEN THE CORPORATION AND THE  
9           STOCKHOLDERS; AND
- 10          3. OTHER REPORTS AS THE COMMISSION MAY  
11          REQUIRE."

12  
13           **"SEC. 121. SOCIAL BENEFIT CORPORATION DEVELOPMENT**  
14           **FUND. – THERE SHALL BE INCLUDED IN THE BUDGET OF THE**  
15           **DEPARTMENT OF TRADE AND INDUSTRY (DTI) UNDER THE**  
16           **ANNUAL GENERAL APPROPRIATIONS ACT (GAA) AN INITIAL**  
17           **AMOUNT OF NINE HUNDRED MILLION PESOS (PHP**  
18           **900,000,000.00) FOR THE ESTABLISHMENT OF A SOCIAL**  
19           **BENEFIT CORPORATION DEVELOPMENT FUND (SBCDF) WHICH**  
20           **SHALL BE ALLOCATED FOR THE FOLLOWING:**

- 21          1. SIX HUNDRED MILLION PESOS (PHP 600,000,000.00)  
22          FOR VALUE-CHAIN FINANCING; AND
- 23          2. THREE HUNDRED MILLION PESOS (PHP  
24          300,000,000.00) FOR ENTERPRISE DEVELOPMENT SERVICES.

25  
26           **AFTER THE FIRST YEAR OF IMPLEMENTATION, SUCH SUMS**  
27           **AS MAY BE NECESSARY TO FUND THE SBCDF SHALL BE**  
28           **INCLUDED IN THE BUDGET OF THE DTI UNDER THE ANNUAL**  
29           **GAA."**

30  
31           **"SEC. 122. SPECIAL CREDIT WINDOWS. – THE**  
32           **DEVELOPMENT BANK OF THE PHILIPPINES AND OTHER**  
33           **GOVERNMENT FINANCIAL INSTITUTIONS SHALL ESTABLISH**  
34           **SPECIAL CREDIT WINDOWS FOR THE FOLLOWING PURPOSES:**

- 35          1. CREDIT LINE FOR BUSINESS DEVELOPMENT LOAN OR  
36          WORKING CAPITAL LOAN TO COVER THE OPERATIONAL AND  
37          MANAGEMENT EXPENSES OF AN EXISTING BUSINESS OR  
38          INCOME GENERATING PROJECT, INCLUDING RECEIVABLE

1 FINANCING OR PURCHASE OF ADDITIONAL INVENTORY, SOFT,  
2 OR INTANGIBLE INVESTMENTS SUCH AS TRADE FAIR  
3 PARTICIPATION OR ACQUISITION OF SOFTWARE OR  
4 FRANCHISE DEVELOPMENT PACKAGES;

5 2. FIXED ASSETS FINANCING TO COVER ACQUISITION OF  
6 FIXED ASSETS LIKE MACHINERIES AND EQUIPMENT, MOTOR  
7 VEHICLE, OR ACQUISITION OF LOT FOR PROJECT SITE OR  
8 CONSTRUCTION OF A PLANT AND BUILDING AND THE  
9 IMPROVEMENT THEREOF;

10 3. VALUE CHAIN FINANCING TO COVER ANY OF THE VALUE  
11 CHAIN ACTIVITIES SUCH AS PRODUCTION, PROCESSING, AND  
12 MARKETING;

13 4. DOMESTIC LETTER OF CREDIT OR TRUST RECEIPT TO  
14 PROVIDE A STAND-BY-CREDIT FACILITY FOR THE SOCIAL  
15 ENTERPRISE BORROWER FOR THE PURCHASE OF PRODUCT  
16 INPUTS, EQUIPMENT, MACHINERY, IMPLEMENTS, AND SPARE  
17 PARTS, WHEREBY PAYMENT OF WHICH IS GUARANTEED AND TO  
18 BE MADE TO THE SELLER BY THE LENDING INSTITUTION,  
19 PROVIDED ALL DOCUMENTS CONFORM WITH THE TERMS AND  
20 CONDITIONS OF THE CREDIT; AND

21 5. REVOLVING CREDIT LINE FOR RE-LENDING TO FINANCE  
22 THE LIVELIHOOD PROJECT REQUIREMENTS OF END-  
23 BORROWERS.”

24  
25 “SEC. 123. ROLE OF LOCAL GOVERNMENT UNITS (LGUS) IN  
26 SOCIAL BENEFIT CORPORATION DEVELOPMENT. - LGUS SHALL  
27 BE ENCOURAGED TO INCORPORATE VIABLE SOCIAL BENEFIT  
28 CORPORATION DEVELOPMENT PROGRAMS IN THEIR LOCAL  
29 PLANS AND COLLABORATE WITH SOCIAL BENEFIT  
30 CORPORATIONS.”

31  
32 **SEC. 3.** The chapters and sections in R.A. No. 11232 shall be renumbered  
33 accordingly.

34  
35 **SEC. 4.** *Implementing Rules and Regulations.* – Within ninety (90) days from  
36 the effectivity of this Act, the DTI and the Securities and Exchange Commission (SEC)  
37 shall promulgate the necessary rules and regulations for the effective implementation  
38 of this Act.

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**SEC. 5. *Repealing Clause.*** – All laws, decrees, orders, rules and regulations or other issuances or parts thereof inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

**SEC. 6. *Separability Clause.*** – If any portion or provision of this Act is declared unconstitutional, the remainder of this Act or any provision not affected thereby shall remain in force and effect.

**SEC. 7. *Effectivity.*** – This Act shall take effect fifteen (15) days after its publication in the *Official Gazette* or in any two (2) newspapers of general circulation in the Philippines.

*Approved,*