



Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

NINETEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 4139



INTRODUCED BY REP. HARRIS CHRISTOPHER M. ONGCHUAN

EXPLANATORY NOTE

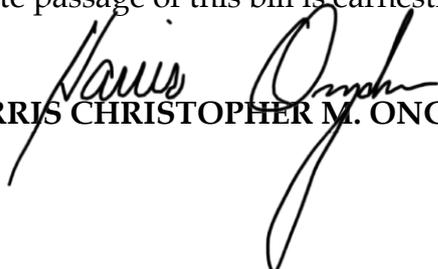
UNIDO defines Corporate Social Responsibility as, “a management concept whereby companies integrate social and environmental concerns in their business operations and interactions with their stakeholders.” In the Philippines, there has been an increasing trend of corporations and other companies engaging more with the ideals of Corporate Social Responsibility.

It is important to mention that the State recognized the importance of the private sector. Their presence, contribution, and collaboration with every Filipino is invaluable as it encourages investments, growth, and the improvement of the lives of the Filipino people. As such, the State continuously engages with the private sector in the hopes of continuously sustaining the momentum of growth that we have for the country; growth that is felt by every Filipino.

The purpose of the bill is to encourage Corporate Social Responsibility, identify possible CSR-related activities, and incentivize those companies that continuously engage in this practice. It is the belief of this representation that by doing so, CSR will be a practice done by every corporation.

This bill was first filed by Rep. Diosdado Arroyo in the 15th Congress, and has been subsequently filed in every Congress thereafter. This version is in line with the Third Reading Copy passed to the Senate in the 18th Congress.

In view of the foregoing, the immediate passage of this bill is earnestly sought.


HARRIS CHRISTOPHER M. ONGCHUAN



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Introduced by Representative
HARRIS CHRISTOPHER M. ONGCHUAN

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:

SECTION 1. Short Title. - This Act shall be known as the "Corporate Social Responsibility Act".

SECTION 2. Declaration of Policy. — The State recognizes the vital role of the private sector in nation-building and shall encourage its active participation in fostering sustainable economic development and environment protection in the Philippines.

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

SECTION 3. Corporate Social Responsibility. — All business organizations established and operating under Philippine laws, whether domestic or foreign, are hereby encouraged to observe corporate social responsibility in the operation of their businesses in the country.

As used in this Act, corporate social responsibility (CSR) refers to the commitment of business to contribute on a voluntary basis to sustainable economic development by

working with relevant stakeholders to improve their lives in ways that are good for business, sustainable development agenda and society at large. CSR -related activities shall include the following:

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

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

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

“**SEC. 42.** Power to Declare Dividends. - x x x

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

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

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

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

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

SECTION 9. Separability Clause. - If any provision of this Act is declared invalid or unconstitutional, the remaining provisions not affected thereby shall continue in full force and effect.

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

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

Approved.