

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

FIFTEENTH CONGRESS
First Regular Session

House Bill No. 1224

Introduced by Representatives
DIOSDADO MACAPAGAL ARROYO and GLORIA MACAPAGAL ARROYO

AN ACT
INSTITUTIONALIZING CORPORATE SOCIAL RESPONSIBILITY, PROVIDING
INCENTIVES THEREFOR, AND FOR OTHER PURPOSES

EXPLANATORY NOTE

Corporate Social Responsibility or CSR is defined by the World Bank as "the commitment of business to behave ethically and to contribute to sustainable economic development by working with all relevant stakeholders to improve their lives in ways that are good for business, the sustainable development agenda, and society at large". Companies, be it big or small, have come up with their own CSR programs and have used it as an effective tool in improving their public relations with concerned stakeholders.

It is observed, however, that despite this, many corporations and other business organizations have shown very little care for the welfare of society, community where they operate and the natural environment around them. Their sole purpose is to maximize their respective returns on investment totally disregarding the impact of their activities on customers, employees, shareholders, communities and environment.

This bill, therefore, seeks to foster sustainable economic and environment development and environment protection, among other things, by institutionalizing corporate social responsibility in corporations, whether domestic or foreign, partnership and other establishment performing business in the country. Under this bill, all business organizations are mandated to take into

consideration the interest of society by taking responsibility for the impact of their activities on customers, employees, shareholders communities and environment. In return, businesses which shall comply with the mandate of this proposed measure shall be entitled to full deductions of the expenses incurred in connection thereto.

In view of the foregoing, the enactment of this piece of legislation is earnestly recommended.



DIOSDADO MACAPAGAL ARROYO
Second District, Camarines Sur



GLORIA MACAPAGAL ARROYO
Second District, Pampanga

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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 of 2010.”

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 coordinate its various agencies and non-government organization to work hand in hand for the integration, promotion, and strengthening of corporate social responsibility in all business organization.

SECTION 3. *Corporate Social Responsibility.* – Any corporation, whether domestic or foreign, partnerships and other establishments performing business in the country are hereby mandated to observe its corporate social responsibility or the obligation to consider the interests of society by taking responsibility for the impact of their activities on customers, employees, shareholders, communities and the environment in all aspects of their operations.

SECTION 4. *Deductibility.* – All expenses incurred by any corporation in the exercise of its corporate social responsibility shall be fully deducted from its gross income.

SECTION 5. *Periodic Report.* – All corporations and other business organizations shall submit their annual report of activities relative to their corporate social responsibility not later than January 31 of each year.

SECTION 6. *Implementing Rules and Regulations.* – The Department of Trade and Industry shall, in coordination with the Securities and Exchange Commission, the Department of Environment and Natural Resources and the Department of Labor and Employment shall promulgate rules and regulates for the effective implementation of this Act and shall regularly monitor strict compliance therewith.

SECTION 7. *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 8. *Repealing Clause.* – All laws, decrees, executive issuances, rules and regulations inconsistent with this Act are hereby repealed or modified accordingly.

SECTION 9. *Effectivity Clause.* – This Act shall take effect after fifteen (15) days following its publication in two (2) newspapers of general circulation.

Approved,