

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

TWENTIETH CONGRESS
First Regular Session

House Bill No. 10416



Introduced by Representatives JEFFREY SORIANO, JOCELYN P. TULFO, and
RALPH WENDEL P. TULFO

EXPLANATORY NOTE

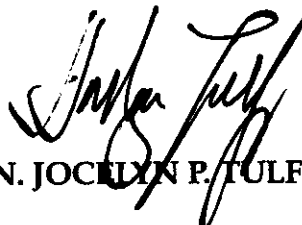
This bill seeks to encourage and strengthen Corporate Social Responsibility (CSR) among business organizations in the Philippines by promoting voluntary initiatives that contribute to sustainable development, social welfare, environmental protection, and community development, while providing incentives and institutional support for CSR-related programs and activities.

The private sector plays a crucial role in nation-building beyond economic growth and job generation. Many corporations already undertake programs involving education, disaster response, environmental sustainability, healthcare, and livelihood development. However, despite these initiatives, there remains no comprehensive policy framework that actively encourages, recognizes, and strengthens CSR practices across all business sectors in the country.

This proposed measure seeks to institutionalize a more supportive environment for CSR by encouraging corporations to invest in socially responsive programs and allowing the retention of earnings for approved CSR projects and activities. The bill likewise promotes partnerships between corporations, local government units, and civil society organizations, while recognizing outstanding CSR initiatives that create meaningful and lasting impact on communities.

Corporate Social Responsibility is not merely an act of charity but a recognition that businesses thrive best in stable, healthy, and empowered communities. This measure advances the principle that economic success must go hand in hand with social responsibility and nation-building.

In view of the foregoing, the immediate approval of this measure is earnestly sought.


HON. JOCELYN P. TULFO


HON. JEFFREY SORIANO


HON. RALPH WENDEL P. TULFO

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AN ACT
ENCOURAGING CORPORATE SOCIAL RESPONSIBILITY, AMENDING FOR
THE PURPOSE SECTION 42 OF REPUBLIC ACT NO. 11232, OTHERWISE
KNOWN AS THE "REVISED CORPORATION CODE OF THE PHILIPPINES",
PROVIDING INCENTIVES THEREFOR, AND FOR OTHER PURPOSES

*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*”.

SEC. 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.

Toward 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.

SEC 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 a 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-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.

SEC. 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 DEFINITE CORPORATE SOCIAL RESPONSIBILITY (CSR)** projects and programs approved by the board of directors; or 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.”

SEC. 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.

SEC. 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 and shall encourage business organizations within their territorial jurisdiction to conduct CSR projects/activities.

SEC. 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.

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

SEC. 9. *Separability Clause.* – If any portion or provision of this Act is declared invalid or unconstitutional, other provisions hereof shall remain in full force and effect.

SEC. 10. *Repealing Clause.* – All laws, presidential decrees, executive orders, rules and regulations which are inconsistent with the provisions of this Act are hereby repealed or amended accordingly.

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

Approved,