

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

**TWENTIETH CONGRESS**  
*Second Regular Session*

House Bill No. 10423



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Introduced by Representative **JEFFREY SORIANO**

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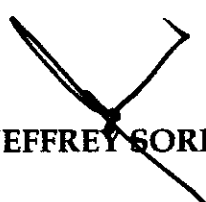
### EXPLANATORY NOTE

This bill seeks to institute a comprehensive legal and institutional framework for addressing the causes and consequences of climate change in the Philippines. It establishes the Climate Accountability (CLIMA) Act to: (1) adopt the precautionary and polluter-pays principles in environmental adjudication; (2) create the Climate Change Actions Welfare and Support Board, an independent quasi-judicial body attached to the Commission on Human Rights, to receive, evaluate, and resolve claims for climate-related loss and damage; (3) impose due diligence, disclosure, and decarbonization obligations on large businesses and carbon majors operating in the country; and (4) establish the Climate Change Actions Welfare and Support (CLAWS) Fund to finance compensation, relocation, and rehabilitation for climate change victims and survivors.

The Philippines is consistently ranked among the countries most vulnerable to the adverse effects of climate change, notwithstanding its comparatively minimal historical contribution to global greenhouse gas emissions. The Commission on Human Rights' National Inquiry on Climate Change found that a limited number of carbon majors bear a significant share of responsibility for the climate crisis, yet existing Philippine law does not provide climate change victims and survivors with a clear, accessible, and adequately funded mechanism for redress.

This bill codifies attribution science as a basis for adjudication, applying the doctrine of last clear chance to carbon majors' documented knowledge of their contribution to climate change, and creating a dedicated fund and adjudicatory body for climate-related claims, while imposing due diligence and disclosure obligations that give businesses a clear and predictable standard of care.

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

  
**HON. JEFFREY SORIANO**

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**AN ACT**  
**TO INSTITUTE POLICIES AND SYSTEMS TO ADDRESS CLIMATE**  
**CHANGE, ESTABLISHING THE NECESSARY INSTITUTIONAL**  
**MECHANISMS FOR THE PROTECTION OF MOST VULNERABLE**  
**COMMUNITIES FROM LOSS AND DAMAGE IN THE COUNTRY,**  
**PROVIDING FOR CORPORATE AND STATE ACCOUNTABILITIES AND**  
**REPARATIONS FOR VIOLATION THEREOF, AND OTHER PURPOSES**

*Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:*

**CHAPTER I**  
**GENERAL PROVISIONS**

Section 1. *Short Title.* – This Act shall be known as the “*The Climate Accountability (CLIMA) Act*”.

SEC. 2. *Declaration of Policy.* – It is hereby the declared policy of the State to protect and advance the right of the people to a balanced and healthful ecology in accord with the rhythm and harmony of nature, promote the right to health and a dignified life, and safeguard the present and future generations from the adverse impacts of climate change.

The State recognizes the importance of informed and effective responses to climate change by promoting accurate and science-based information and discouraging the dissemination of false information, intentional misrepresentation of facts, or the dismissal of anthropogenic climate change contrary to scientific consensus.

Towards this end, the State shall enact measures that protect and enhance human dignity, reduce the social and economic inequalities arising from the adverse impacts of climate change, and regulate the acquisition, ownership, use, and disposition of property and its increments to protect the environment.

SEC. 3. *Definition of Terms.* - As used in this Act:

a. Adaptation refers to the adjustment in natural or human systems in response to actual or expected climatic stimuli or their effects, which moderates harm and/ or exploits beneficial opportunities;

b. Attribution science refers to the process of evaluating the relative contributions of GHG and multiple causal factors to the observed change or event in the climate system with an assessment of confidence. This is done through a systematic analysis, using physical understanding, observational data, statistical analysis and climate models by climate experts;

c. Business refers to a for-profit enterprise, State-owned enterprises, transnational corporations and business enterprises of transnational character, other business enterprises, and joint ventures, whether individual or aggregate entities, undertaken by a natural person or a juridical person duly incorporated under Republic Act (RA) No. 11232, otherwise known as the "*Revised Corporation Code of the Philippines*", or the corresponding relevant corporate establishment legislation in other countries. For the purposes of this Act, "business" shall mean businesses that reported a revenue of more than Fifteen billion pesos (Php 15,000,000,000.00) in the previous tax year, or carbon majors, regardless of amount of gross income;

d. Business relationship refers to any relationship between businesses to conduct business activities, including those activities conducted through affiliates, subsidiaries, agents, suppliers, partnerships, joint venture, beneficial ownership, or any other structure or contractual relationship as provided under the domestic law of the State, including activities undertaken by electronic means;

e. Carbon majors refer to juridical entity producing crude oil, natural gas, coal, or cement with a substantial share of cumulative greenhouse gas emissions and with operations or a legal presence in the Philippines;

f. Climate accountability refers to the responsibility of and corresponding need for remedial action from businesses and carbon majors significantly responsible for climate change. A climate accountability regime establishes a governance mechanism for ensuring that climate targets are met through formal climate governance structures and processes for setting meeting and monitoring progress against the countries' long term emission targets and/or pollution reduction and biodiversity protection and conservation targets. The accountability of carbon majors as defined in this Act shall range from negligence to

causation based on emissions thresholds upon the promulgation of this Act;

g. Climate change refers to a change in climate that can be identified by changes in the mean and/or variability of its properties and that persists for an extended period typically decades or longer, whether due to natural variability or as a result of human activity;

h. Climate change impact refers to the effects on natural and human systems of extreme weather and climate events and in general, climate change. Impacts generally refer to effects on lives, livelihoods, health, ecosystems, economies, societies, cultures, services, and infrastructure due to the interaction of climate changes or hazardous climate events occurring within a specific time period and the vulnerability of an exposed society or system;

i. Climate Change Victims/Survivors refer to (a) vulnerable groups of people or communities who suffered harm, including physical or mental injury, emotional suffering, or economic or property loss, or impairment of their human rights as a result of climate-related loss and damage; or (b) those communities affected by slow or extreme climatic events of such magnitude, that cannot be avoided either by mitigation (avoiding and reducing greenhouse gas emissions) or adaptation (adjusting to current and future climate change impacts); or (c) who have been, or are likely to be, severely affected by climate change, while at the same time having inadequate human, social, and economic capital for climate change adaptation, including relocation;

j. Climate-related financial disclosures refer to the information about an entity's climate-related risks and opportunities that could reasonably be expected to affect the entity's cash flows, its access to finance, or cost of capital over short, medium, or long term;

k. Climate justice refers to justice that links development and human rights to achieve a human-centered approach to addressing climate change, safeguarding the rights of the most vulnerable people and sharing the burdens and benefits of climate change and its impacts equitably and fairly;

l. Climate risk refers to the potential for adverse consequences for human or ecological systems, recognizing the diversity of values and objectives associated with such systems;

m. Climate systems refer to the global system consisting of five (5) major components: the atmosphere, the hydrosphere, the cryosphere, the lithosphere, and the biosphere; and the interactions between them. The

climate system changes in time under the influence of its own internal dynamics and because of external forcings such as volcanic eruptions, solar variations, orbital forcing, and anthropogenic forcings such as the changing composition of the atmosphere and land-use change;

n. Extreme weather event refers to a single, discrete event with a clearly identifiable beginning or end and that occur or reoccur in a matter of days or even hours at a local, national, or regional scale;

o. Greenhouse gases (GHG) refer to gaseous elements of the atmosphere both natural and man-made that absorb and emit radiation from the earth's surface leading to global warming that contribute to the greenhouse effect including, but not limited to, those identified in the latest Intergovernmental Panel on Climate Change (IPCC) Report, such as water vapour (H<sub>2</sub>O), carbon dioxide (CO<sub>2</sub>), nitrous oxide (NO), methane (CH<sub>4</sub>) and ozone (O<sub>3</sub>), Sulphur Hexafluoride (SF<sub>6</sub>), Hydrofluorocarbons (HFCs), chlorofluorocarbons (CFCs), and perfluorocarbons (PFCs);

p. Intergovernmental Panel on Climate Change refers to the intergovernmental body of the United Nations (UN) responsible for assessing the science related to climate change and for providing internationally coordinated scientific assessments of the magnitude, timing; and potential environmental and socio-economic impact of climate change and realistic response strategies;

q. Just transition refers to maximizing the social and economic opportunities of climate action, while minimizing and carefully managing any social disruption, political and social risks - through effective social dialogue among all groups impacted, and respect for fundamental labor principles and rights;

r. Loss and damage refers to the political debate under the United Nations Framework Convention on Climate Change (UNFCCC) following the establishment of the Warsaw Mechanism on Loss and Damage in 2013, which is to address loss and damage associated with impacts of climate change, including extreme events and slow onset events, in developing countries that are particularly vulnerable to the adverse effects of climate change. Broadly, losses and damages refer to the harm from observed impacts and projected risks and can be economic or non-economic;

s. Mitigation, in the context of climate change, refers to human intervention to reduce GHG emissions or enhance their removal by natural sinks, nature-based solutions, or through GHG capture by manmade mechanisms;

t. Nationally determined contribution refers to the Philippines' climate action plan, undertaken and communicated pursuant to Article 3 of the Paris Agreement, which outlines the country's commitments to reduce GHG emissions and adapt to the impacts of climate change. For purposes of this Act, the NDC shall include the National Adaptation Plan (NAP) and the Nationally Determined Contribution Implementation Plan (NDCIP);

u. Paris Agreement refers to the international treaty on climate change adopted under the United Nations Framework Convention on Climate Change (UNFCCC) at the twenty-first session of the Conference of the Parties (COP21) in 2015, to which the Philippines is a Party, that seeks to strengthen the global response to climate change through mitigation, adaptation, and climate resilience;

v. Reparations refer to the remedies provided under this Act for climate-related loss and damage, which shall include compensation, relocation, rehabilitation, recovery, and other appropriate forms of pecuniary and non-pecuniary relief for climate change victims or survivors;

w. Slow onset event refers to risks and impacts associated with increasing temperatures, desertification, loss of biodiversity, land and forest degradation, glacial retreat and related impacts, ocean acidification, sea level rise, and salination;

x. Stakeholder refers to an individual or a group who holds an interest in how an organization operates as it can be the source of benefit or harm a stakeholder;

y. Source attribution refers to the process of identifying and assigning climate change impacts to specific sources of GHG emissions to allocate accountability for climate change. A source can be a particular sector, entity or activity;

z. Scope 1 emissions refer to GHGs released directly by a company or organization in manufacturing a product or delivering a service. The emissions are owned or controlled by the company;

aa. Scope 2 emissions refer to GHGs generated from electricity, heating, cooling, steam, or gas purchased by the company for its operation. Thus, the level of the emissions is indirectly influenced by the demand by the company even as they are generated outside the company;

bb. Scope 3 emissions refer to GHGs generated from activities throughout the upstream and downstream value chain of a business that

are not owned or directly controlled by the business. Thus, the business indirectly influences these emissions through its value chain even as they are generated by other entities; and

cc. Scope 4 emissions refer to GHGs reduced or avoided by a company or organization that happen outside a product's or a service's life cycle or value chain. It is a result of the use by customers of the product or service developed by the company.

## **CHAPTER II POLICIES AND SYSTEMS**

SEC. 4. *Adoption of the Precautionary Principle.* – In cases where there is a threat or risk of serious damage and the need for environmental protection, the courts shall be guided by Rule 20 of A.M. No. 09-6-8-SC, entitled the “*Rules of Procedure for Environmental Cases*”, modified as follows:

a. *Applicability:* When there is a lack of full scientific certainty in establishing a causal link between human activity and environmental effect and when human activities may lead to threats of serious and irreversible damage to the environment that is scientifically plausible, actions shall be taken to avoid or diminish that threat. In these cases, the court shall apply the precautionary principle in resolving the case before it, with the proponent of an activity, rather than the public, bearing the burden of proof.

The constitutional right of the people to a balanced and healthful ecology shall be given the benefit of the doubt.

b. *Standards for application:* In applying the precautionary principle, the following factors, among others, may be considered: (1) serious threats to human life or health; (2) inequity to present or future generations; and (3) prejudice to the environment.

The business and the Securities and Exchange Commission (SEC) assisted by the Climate Change Commission (CCC), academe, and research institutions which assists SEC on the analysis of the GHG emissions, shall also be obliged to disclose whether or not the cause and effect have not yet been scientifically established.

SEC. 5. *Adoption of the Polluter Pays Principle.* – Carbon majors or polluters shall pay for the damage they caused to the environment, as may be provided under relevant environmental and natural resource management laws such as, but not limited to:

- a. Presidential Decree (PD) No. 705, otherwise known as the *"Revised Forestry Code of the Philippines"*;
- b. PD No. 856, otherwise known as the *"Code on Sanitation of the Philippines"*;
- c. PD No. 979, otherwise known as the *"Marine Pollution Decree of 1976"*;
- d. PD No. 1152, entitled the *"Philippine Environmental Code"*;
- e. PD No. 1219, otherwise known as the *"The Coral Resources Development and Conservation Decree"*;
- f. PD No. 1586, entitled *"Establishing an Environmental Impact Statement System, Including Other Environmental Management Related Measures and for Other Purposes"*;
- g. RA No. 6969, otherwise known as the *"Toxic Substances and Hazardous and Nuclear Wastes Control Act of 1990"*;
- h. RA No. 7076, otherwise known as the *"People's Small-scale Mining Act of 1991"*;
- i. RA No. 7586, otherwise known as the *"National Integrated Protected Areas Systems Act of 1992,"* as amended by RA No. 11038, otherwise known as the *"Expanded National Integrated Protected Areas System Act of 2018"*;
- j. RA No. 7942, otherwise known as the *"Philippine Mining Act of 1995"*;
- k. RA No. 8048, otherwise known as the *"Coconut Preservation Act of 1995"*;
- l. RA No. 8041, otherwise known as the *"National Water Crisis Act of 1995"*;
- m. RA No. 8371, otherwise known as the *"The Indigenous Peoples' Rights Act of 1997"*;
- n. RA No. 8435, otherwise known as the *"Agriculture and Fisheries Modernization Act of 1997"*;
- o. RA No. 8550, otherwise known as the *"The Philippine Fisheries Code of 1998"*;

p. RA No. 8749, otherwise known as the *"Philippine Clean Air Act of 1999"*;

q. RA No. 9136, otherwise known as the *"Electric Power Industry Reform Act of 2001"*;

r. RA No. 9147, otherwise known as the *"Wildlife Resources Conservation and Protection Act"*;

s. RA No. 9072, otherwise known as the *"National Caves and Cave Resources Management and Protection Act"*;

t. RA No. 9003, otherwise known as the *"The Ecological Solid Waste Management Act of 2000"*, as amended by RA No. 11898, otherwise known as the *"Extended Producer Responsibility Act of 2022"*;

u. RA No. 9168, otherwise known as the *"Philippine Plant Variety Protection Act of 2002"*;

v. RA No. 9275, otherwise known as the *"The Philippine Clean Water Act of 2004"*;

w. RA No. 9367, otherwise known as the *"Biofuels Act of 2006"*;

x. RA No. 9513, otherwise known as the *"Renewable Energy Act of 2008"*;

y. RA No. 9729, otherwise known as the *"Climate Change Act of 2009"*, as amended by RA No. 10174;

z. RA No. 10121, otherwise known as the *"Philippine Disaster Risk Reduction and Management Act of 2010"*;

aa. RA No. 7611, otherwise known as the *"Strategic Environmental Plan (SEP) for Palawan Act"*;

bb. RA No. 9483, otherwise known as the *"Oil Pollution Compensations Act of 2007"*;

cc. RA No. 11285, otherwise known as the *"Energy Efficiency and Conservation Act"*.

The rights and causes of action that are created under this Act shall be without prejudice to other causes of actions under existing laws. In estimating the amount of and accountability for damage, attribution science can be used as a complementary framework in lieu of proof of actual damage.

SEC. 6. *Application of the Doctrine of Last Clear Chance.* – The Doctrine of Last Clear Chance shall be applied to this Act whereby carbon majors’ knowledge of their significant contribution to climate change as what has been documented by the Report of the Commission on Human Rights’ (CHR) National Inquiry on Climate Change, compels them to substantially reduce GHG emissions to be faithful to their duty of care. Failure to do so implicates them in exacerbating and, thus, makes them accountable for significantly contributing to the climate crisis.

For the doctrine to apply, it must be shown that both parties were negligent but the negligent act of one was appreciably later in time than that of the other. It may also apply when it is impossible to determine who caused the resulting harm; thus, the one who had the last opportunity to avoid the impending harm and who failed to do so will be held liable.

SEC. 7. *Attribution Science.* – Attribution science is a process that seeks to identify the relationship of climate drivers to an affected system (nature, sociocultural, or economic). In attribution science, it is important to establish the causal connection between the defendants’ GHG emissions or activities to the plaintiff’s injuries and that these injuries were a foreseeable result of the emissions.

The first step is the detection of the change which demonstrates that a certain variable has changed in a statistically significant way. The second step is attribution which seeks to analyze causative factors to determine the role of a driver with respect to the detected change. The process looks into three areas: climate change attribution, impact attribution, and source attribution. The use of attribution science shall depend on the maturity of the tool and the readiness and technical capacity of the country.

The adjudication of cases under this Act, therefore, shall make use of attribution science as one of its bases for ruling. The adjudication shall build on existing understandings of the climate-related events most substantially affected by human influence on the climate. Establishing a threshold for GHG emissions beyond which corporations will be found liable shall be the principal basis for prosecuting and penalizing corporations.

### **CHAPTER III INSTITUTIONAL MECHANISMS**

SEC. 8. *National GHG Registry.* – The CCC shall develop a platform for administering GHG compliance by all sectors. The registry shall serve the following purposes:

- a. NDC monitoring of all regulatory activities;
- b. GHG data consolidation for country reporting to the UN;
- c. Calculating GHG reduction from mitigation actions;
- d. Accounting for Internationally Transferrable Mitigation Outcomes (ITMOs);
- e. Tracking carbon credit transactions (compliance and voluntary markets); and
- f. Connection to international carbon markets.

The registry shall have the following features:

- a. It shall cover both government and non-government GHG inventories;
- b. The information has the capability to be disaggregated at the unit level (e.g. LGU, agency, and company); and
- c. It must be inter-operable for cooperation approaches with other countries such as the transfer of ITMOs pursuant to Article 6 of the Paris Agreement.

*SEC. 9. Establishment of the Climate Change Actions Welfare and Support Board.* – There is hereby created an independent quasi-judicial body to be known as the Climate Change Actions Welfare and Support Board, hereinafter referred to as the “Board”, which shall be attached to the CHR. The Board shall prepare and submit reports on the administration of the funds to the Department of Finance (DOF).

The Board shall be composed of nine (9) members, who shall possess the following qualifications:

- a. Must be of known probity, competence, and integrity; and
- b. Must have a deep and thorough understanding and knowledge of climate change, environmental law, and/or ecosystems science.

There shall be four (4) permanent members and five (5) other members. The four (4) permanent members must be members of the Philippine Bar who have been engaged in the practice of environmental law or human rights for at least ten (10) years.

The five (5) other members shall consist of two (2) climate scientists or recognized experts who have a technical proficiency of climate science and the subfield of climate attribution science; two (2) representatives from private sectors; and one (1) representative from a chosen civil society organization engaged in human rights and climate justice issues. The Vice Chairperson or Commissioner of the CCC shall be an *ex officio* member.

The Board shall be chaired by a lawyer and shall organize itself within thirty (30) days from the completion of appointment of all nine (9) members and shall, thereafter, organize its Secretariat.

SEC. 10. *Appointment to the Board.* - The President of the Philippines shall appoint the Chairperson and the members of the Board; *Provided*, That human rights organizations, environmental organizations, and indigenous peoples' rights, women's rights, youth's rights, and people with disabilities' rights advocates may submit nominations to the President for the civil society representative; *Provided, further*, That the members of the Board cannot be removed without justifiable cause.

SEC. 11. *Term of Office.* - The members of the Board shall serve for three (3) years: *Provided*, That for the first appointees, the Chairperson and two (2) members, shall hold office for three (3) years and two (2) members shall hold office for two (2) years; *Provided, further*, That appointment to any future vacancy shall only be for the unexpired term of the predecessor: *Provided, finally*, That there shall be no reappointment and in no case shall any member serve for more than seven (7) years.

SEC. 12. *Functions of the Board.* - The Board shall have the following powers and functions:

- a. Receive, evaluate, process, and investigate applications for claims under this Act;
- b. Issue subpoena ad testificandum and subpoena duces tecum;
- c. Enjoin any and all acts involving or arising from any claims pending before it, which, if not restrained forthwith, may cause further or irreparable damage to any of the parties to the claim or seriously affect social and economic stability;
- d. Hold any person in contempt, directly or indirectly, and impose appropriate penalties therefor;
- e. Administer the Climate Change Actions Welfare and Support Fund;

- f. Approve with finality all eligible claims under this Act;
- g. Deputize appropriate government agencies to assist the Board in order for it to effectively perform its functions;
- h. Exercise administrative control over its Secretariat;
- i. Promulgate such rules as may be necessary to carry out the purposes of this Act, including rules of procedure in the conduct of its proceedings, with the Revised Rules of Court of the Philippines having suppletory application; and
- j. Perform such other duties, functions, and responsibilities as may be necessary to effectively attain the objectives of this Act.

In cases where the issue is related to pollution in violation of environmental laws, the Pollution Adjudication Board of the Department of Environment and Natural Resources (DENR) shall be invited as a resource group to improve technical analysis of the complaint.

In any proceeding before the Board, the rules of evidence prevailing in the courts of law or equity shall not be controlling but applied suppletorily, and it is the spirit and intention of this Act that shall govern. The Board shall use every and all reasonable means to ascertain the facts in each case speedily, objectively, and without regard to technicalities of law or procedure, all in the interest of due process and social justice: *Provided*, That any decision, order, award, or ruling of the Board may be brought for review to the Court of Appeals within fifteen (15) days from receipt of a copy thereof.

In any proceeding before the Board, the parties may be represented by a legal counsel. The findings of fact of the Board shall be conclusive and binding on the parties and its decision or order shall be deemed final and executory.

SEC. 13. *Compensation.* – The Chairperson and members of the Board shall be entitled to compensation in accordance with the Salary Standardization Law.

SEC. 14. *Secretariat of the Board.* – The Board shall be assisted by a Secretariat provided by the CHR, without prejudice to the hiring of additional personnel as determined by the Board to accommodate the volume of required work.

The Secretariat shall assist the Board with its functions and perform other duties as may be assigned by the Board.

The Chairperson of the Board shall appoint a Board Secretary who shall head the Secretariat for the duration of the existence of its Board. There shall be a

Technical Staff Head to be assisted by five (5) legal officers and three (3) climate scientists, and an Administrative Staff Head shall be assisted by three (3) administrative support staff.

## **CHAPTER IV FRAMEWORK OF BUSINESS ACCOUNTABILITY**

SEC. 15. *Due Diligence Standard of Care in the Conduct of Business.* - In line with the country's commitment to abide by the global goals of the Paris Agreement, the country shall develop a roadmap or a long-term strategy for the Philippine NDC Implementation Plan per sector (agriculture, transportation, energy, waste, industrial processes, and product and land use). The roadmap shall be co-developed by the respective lead agencies with its stakeholders and consolidated and monitored by the CCC. The accountability of business shall be referenced on its corresponding obligation in the roadmap.

Consistent with the sectoral plans of the NDC Implementation Plan, businesses in the conduct of their activities shall do no harm. To this end, these businesses are mandated to undertake the following throughout their value chain, among others:

- a. Businesses shall identify, assess, and report the GHG emissions throughout their value chain, and undertake measures to prevent and address their climate-related impacts;
- b. Businesses must proactively adopt measures and enact company policies to reduce their climate change impacts, and to uphold human rights, specifically, through the crafting and submission of transition plans, in line with the government's NDC;
- c. Businesses must assess the impact of climate change and other global environmental issues in the sustainability of their operations; and
- d. Businesses should ensure that reports relating to human rights risks and impacts, including their findings and how the human rights impacts were addressed are publicly available and accessible.

Businesses must undertake measures that are in reasonable proportion to the nature and scope of the business activities, their ability to influence, the severity of the violation that can typically be expected, and the nature of and causal contribution to such harms.

A business shall be held accountable for gross negligence emanating from the businesses role in exacerbating extreme weather events or slow-onset events where they exceed established thresholds for GHG emissions. Thresholds are limits for ambient concentrations of GHGs that are sufficient to protect public

health and welfare. The DENR, CCC, and Department of Science and Technology (DOST) shall provide technology-based emission standards reflecting the best available technology or system for emission reduction.

The thresholds to determine business' climate accountability shall be informed by the government's NDC, national policies and programs as well as their technical, economic, and operational circumstances. It shall take into account direct emissions (Scope 1), indirect emissions from purchased energy (Scope 2), and material value chain emissions (Scope 3), as appropriate to the nature and scale of the business. DENR, CCC, and DOST shall jointly promulgate the initial GHG emission thresholds referred to in this Section within one (1) year from the effectivity of this Act, and shall review and update such thresholds not less than once every three (3) years thereafter.

SEC. 16. *Business Responsibilities.* – Businesses have the responsibility to align their conduct and policies with the United Nations Guiding Principles on Business and Human Rights to respect human rights and to provide a grievance redress mechanism when human rights are transgressed. Moreover, businesses shall have the following duties and responsibilities under the this Act:

a. Disclose to the SEC climate-related financial disclosures and the names of those who authorized the climate-related financial transactions. Such disclosures shall include opportunities and risks from climate impacts, climate policies and new climate measures across the value chain;

b. Measure, analyze, and report their GHG emissions, throughout their value chains, to comply with the standards based on the most recent scientific methodologies and reports of the IPCC;

c. Ensure, throughout their value chains, that the conduct of their operations and activities not only addresses the adverse impacts of climate change but also protects the rights of affected persons, particularly vulnerable individuals and communities. Businesses shall respect, protect, and promote the human rights of stakeholders, including the right to life, liberty and property, freedom of movement, public participation, and the right to self-determination of indigenous cultural communities. In accordance with the United Nations Guiding Principles on Business and Human Rights, businesses shall identify, prevent, mitigate, and address adverse human rights impacts arising from or contributed by their operations;

d. Exercise due diligence to address the adverse climate change-related human rights impacts they may cause, contribute to, or which may be directly linked to its operations, products, services, or business relationships. Such due diligence may include on-the-ground assessments through stakeholder participation;

e. Conduct regular stakeholder consultations, which may take the form of surveys, assemblies, focus group discussion, or other appropriate modalities. Reports from these consultations shall be released semi annually;

f. Ensure compliance with and adherence to the provisions of RA No. 8371, otherwise known as "*The Indigenous People's Rights Act of 1997*", for projects that require the consent of the communities in which infrastructure is to be constructed;

g. Develop mitigation and adaptation strategies that will comprise its decarbonization climate action plan and shall report on the status of this plan on an annual basis to the designated government agency under this Act; and

h. Submit an annual compliance report in accordance with Section 17 of this Act.

SEC. 17. *Annual Compliance Report.* – Businesses covered by this Act shall annually submit their findings, initiatives, and actions undertaken to comply with Chapters IV, V, and VI of this Act. The annual compliance report shall contain the following:

a. A detailed inventory of the current GHG emissions, including any reductions achieved during the reporting period, measured against the enterprise's Decarbonization Pathway;

b. A comprehensive description of specific emissions reduction activities undertaken, their outcomes, and the impact on the enterprise's overall GHG emissions. This shall include, but is not limited to, the following:

- i. Implementation of energy efficiency improvements;
- ii. Transition to renewable energy sources;
- iii. Enhancements in waste management practices;
- iv. Other measures and initiatives undertaken within the value chain to reduce emissions; and
- v. Quantitative and qualitative outcomes of these activities and their contributions to the enterprise's emissions reduction targets;

c. Documentation of the allocated emissions allowance for the year and any excess emissions; and

d. Planned emissions reduction activities and investments for the succeeding year, aligned with the Philippine NDC Implementation Plan per sector.

SEC. 18. *Filing, Submission, and Public Disclosure of Reports.* – The annual compliance report shall be filed with the SEC, with copies furnished to the CCC and the Philippine Atmospheric, Geophysical and Astronomical Services Administration (PAGASA).

The SEC shall receive, store, manage, and maintain an electronic reporting platform for the submission of reports required under this Act. It shall also enforce compliance with the reportorial requirements under this Act and impose appropriate administrative penalties for violations in accordance with this Act, and its implementing rules and regulations.

Upon petition, the CHR may conduct investigations and assist in gathering of evidence to determine compliance with the reporting obligations under this Act.

SEC. 19. *Reporting Facility and Emissions Threshold.* – There is hereby established a reporting facility for GHG emissions to facilitate compliance with the reportorial requirements under this Act. It shall be lodged with the SEC, which shall establish, maintain, and administer an electronic reporting platform for the submission, storage, and management of reports required under this Act. The SEC, in coordination with the CCC, shall prescribe the GHG emissions reporting thresholds for business covered under this Act.

SEC. 20. *Coverage.* – All publicly listed companies and unlisted companies with revenues equal to or exceeding Fifteen billion pesos (Php 15,000,000,000.00), consistent with the definition of “Business” under Section 3(c) of this Act, shall be covered by this Act. All publicly listed companies shall be covered regardless of revenue

SEC. 21. *Greenwashing.* – Greenwashing refers to the conveyance of false information or misleading information regarding the environmental soundness of a business’s products, operations, services, or climate related claims.

Acts of greenwashing include, but are not limited to outright false statements, understatement of environmental impacts, omission of material trade-offs, absence of substantiating evidence, vague or overbroad environmental claims, false third-party certifications, and other similar deceptive practices. More detailed guidelines shall be provided in the implementing rules and regulations of the Act. Any act of greenwashing shall be restrained and the

culpable business engaged in greenwashing fined under RA No. 386, otherwise known as the "*Civil Code of the Philippines*", and existing environmental statutes.

SEC. 22. *Liability of Parent and Affiliate Entities.* – Where a carbon major or business subject to this Act conducts operations in the Philippines through a subsidiary, affiliate, or other juridical entity with a legal presence in the country, the parent company exercising control over such subsidiary or affiliate, whether domestic or foreign, shall be solidarily liable with its Philippine subsidiary or affiliate for the obligations, penalties, and reparations arising under this Act, without prejudice to the application of the doctrine of piercing the corporate veil under existing jurisprudence.

SEC. 23. *Incentives.* – Businesses that demonstrate compliance with the due diligence standards and decarbonization obligations under this Act, consistent with the Philippines' NDC, the NAP, and other mechanisms and roadmaps, shall be eligible for discal and non-fiscal incentives. The qualifications, criteria, and incentives shall be prescribed in the implementing rules and regulations, consistent with RA No. 11534 or the "*Corporate Recovery and Tax Incentives for Enterprises Act (CREATE)*"; and RA No. 10771, otherwise known as the "*Green Jobs Act*".

Scope 4 or avoided emissions may be considered in determining eligibility for incentives under this Act but shall not be used to compensate for a bussiness's Scope 1, Scope 2, or Scope 3 GHG emissions or its compliance obligations under this Act.

Notwithstanding the grant of such incentives, there shall be imposed a three percent (3%) windfall tax on the gross profits of carbon majors operating in the country, the proceeds of which shall accrue to the funds of the People's Survival Fund, as amended by this Act. In addition, fossil fuel-based assets of carbon majors shall be subject to a transition levy equivalent to one percent (1%) of their current net present value until such assets are transitioned away from fossil fuel-based operations.

## **CHAPTER V**

### **LOSS AND DAMAGE MECHANISM**

SEC. 24. *Establishment of the Climate Change Actions Welfare and Support Fund.* – There is hereby established the Climate Change Actions Welfare and Support (CLAWS) Fund as a special fund in the Bureau of the Treasury for the financing of the claims approved by the Board. The CLAWS Fund shall be used to respond to claims made by climate change victims/ survivors. Claims may take the form of the following, among others:

- a. Compensation for economic and non-economic harms;

- b. Technology transfers;
- c. Capacity building;
- d. Financial support
- e. Relocation; and
- f. Recovery and rehabilitation measures.

The amount of Fifty million pesos (Php 50,000,000.00) shall be initially allotted as the opening balance of the CLAWS Fund under the General Appropriations Act (GAA); *Provided*, That the balance of the CLAWS Fund may be increased as the need arises; *Provided, further*, That the CLAWS Fund shall not be used to fund personal services and other operational services of the Board; *Provided, finally*, That the Board shall submit to the Congress and the Department of Budget and Management (DBM) an annual narrative and financial report on the utilization of the CLAWS Fund.

The CLAWS Fund may be augmented by donations, endowments, grants, and contributions, which shall be exempted from donor's tax and be considered as allowable deductions from the gross income of the donor, in accordance with the provisions of the National Internal Revenue Code of 1997, as amended. The CLAWS Fund shall also serve as the repository for funds generated by international and other mechanisms created for loss and damage finance, such as the funding arrangements responding to loss and damage associated with the adverse effects of climate change established under Decision 2/CP.27 and Decision 2/ CMA.4.

SEC. 25. *Complaints on Climate-related Violations.* - Any real party in interest, or climate change victim or survivor, may file the appropriate civil, criminal, and administrative suits against:

- a. Any person who violates or fails to comply with the provisions of this Act or its implementing rules and regulations; or
- b. Any public officer who issues or implements any order, rule, or regulation inconsistent with this Act.

Administrative complaints under this Act may be filed before the Environment Management Bureau's Pollution Adjudication Board (EMB-PAB), and appealable before the Department of Environment and Natural Resources. The filing of a petition under this Section shall be without prejudice to the availment of other administrative, judicial, or international remedies available under applicable laws.

SEC. 26. *Resolution of Claims.* - The EMB-PAB shall resolve all administrative complaints filed under this Act in accordance with its rules of procedure. A majority of all its members shall constitute a quorum for the transaction of business and the rendition of decisions.

SEC. 27. *Citizen suit.* - Any Filipino citizen, including those acting in representation of minors, generations yet unborn, and biodiversity, pursuant to A.M. No. 09-6-8-SC, entitled the "*Rules of Procedure for Environmental Cases*", may file a citizen suit to enforce the provisions of this Act or its implementing rules and regulations against:

- a. Any person who violates or fails to comply with the provisions of this Act or its implementing rules and regulations; or
- b. Any public officer who issues or implements any order, rule, or regulation inconsistent with this Act.

## **CHAPTER VI FINAL PROVISIONS**

SEC. 28. *Penal Provisions.* - Businesses shall be held liable for any adverse climate-related impacts resulting from their failure to comply with the obligations imposed under this Act. Such liability shall be in addition to any civil, criminal, or administrative liability provided under RA No. 386, otherwise known as the "*Civil Code of the Philippines*", and other applicable laws. The following penalties shall apply:

- a. Based on data collated through the reporting facility for businesses' GHG emissions established under Section 19 of this Act, an emission penalty shall be imposed on businesses that exceed the applicable GHG emissions threshold prescribed pursuant to this Act. Such threshold shall be established by the Board, in consultation with the PAGASA, SEC, DENR, Department of Trade and Industry, Department of Agriculture, Department of Energy, Department of Transportation, and the CCC.

The emission penalty shall be computed at the rate of One thousand pesos (Php 1,000.00) per metric ton of carbon dioxide equivalent (CO<sub>2</sub>e) emitted in excess of the applicable threshold. It shall not preclude the application of higher penalties or other sanctions under the Civil Code, and other applicable environmental laws, and shall be adjusted for inflation every three (3) years as may be determined by the DBM. All penalties collected under this Act shall accrue to the CLAWS Fund.

- b. The filing of a strategic lawsuit against public participation (SLAPP) against any person, institution, government agency, or local government unit, or their officials and employees, for the purpose of harassing,

intimidating, exerting undue pressure, or stifling the enforcement of environmental laws or the assertion of environmental rights is prohibited. Any person found liable for filing a SLAPP suit shall be liable for damages equivalent to fifteen percent (15%) of the gross income of the petitioner and the entity at whose instance and for whose benefit the SLAPP suit was filed.

c. In addition to the fines and penalties imposed under this Act, the proper court may order the suspension or closure of the business until proper environmental safeguards have been implemented and compliance with this Act has been demonstrated: *Provided*, That a business liable for a third offense shall suffer permanent and immediate closure.

Nothing in this Section shall preclude the immediate issuance of an ex parte order for such closure or suspension or cessation of operations during the pendency of the case upon prima facie evidence that there is an imminent threat to life, public health, safety or general welfare, or biodiversity.

If the offender is a juridical person, the president, manager, directors, trustees, or other officers directly responsible to the operations shall suffer the penalty herein provided.

SEC. 29. *Potential Loss of Employment.* – The Secretary of the Department of Labor and Employment is authorized to establish a compensation and reemployment scheme for employees of businesses that will be affected by any suspension or permanent cessation of business activities as a result of the implementation and enforcement of this Act. The Board can help determine the scope of the relief package for the employees.

SEC. 30. *Coordination with Various Sectors.* – In order to fully implement this Act, the SEC, in conjunction with the CCC, shall consult nongovernment organizations, community leaders, indigenous peoples, civic society, the academe, youth organizations, industry associations, professional organizations, the private sectors, vulnerable groups, and other concerned stakeholder groups.

SEC. 31. *Joint Congressional Oversight Committee.* – A Joint Congressional Oversight Committee is created in order to monitor the implementation of this Act. The Committee shall be composed of five (5) Senators and five (5) members of the House of Representatives, selected respectively by the Senate President and the Speaker of the House. The Committee shall be co-chaired by one (1) member from the Senate and the House of Representatives, selected separately by their peers who are also members of the Committee.

SEC. 32. *Appropriations.* – An amount of Fifty million pesos (Php 50,000,000.00) shall be appropriated for the initial implementation of this Act.

Thereafter, the amount necessary to effectively carry out the provisions of this Act shall be included in the General Appropriations Act.

SEC. 33. *Implementing Rules and Regulations.* – The CCC, CHR, DENR, SEC, DOF, DBM, DOST, PAGASA, Board of Investments, and the Department of Economy, Planning, and Development, in consultation with the civil society organizations, academe, and research institutions, shall issue the implementing rules and regulations within ninety (90) days from the effectivity of this Act.

SEC. 34. *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. 35. *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. 36. *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,*