

REPUBLIC OF THE PHILIPPINES  
**HOUSE OF REPRESENTATIVES**  
Quezon City

**EIGHTEENTH CONGRESS**  
First Regular Session

HOUSE BILL NO. 3853



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Introduced by Representative **TYRONE D AGABAS**

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**EXPLANATORY NOTE**

This bill seeks to encourage corporate social responsibility among corporations, domestic or foreign, partnerships, and other establishments doing business in the country. This bill has already been approved by the House of Representatives on its 3<sup>rd</sup> and final reading in the 17<sup>th</sup> Congress. Considering however the significance of this bill recognizing the indubitable role of the private sector in nation building it is imperative that this bill be filed.

The State recognizes the indispensable role of the private sector, encourages private enterprise, and provides incentives to needed investments (Section 20, Article II, 1987 Constitution). The State shall encourage non-governmental, community-based, or sectoral organizations that promote the welfare of the nation. To this end, the State shall encourage the participation of the private sector through the concept of corporate responsibility with the end in view of achieving sustainable economic and environmental protections. It is high time for corporations to take full responsibility of the effects of their actions in the community where they operate. It is high time for corporate managers to take care of the environment free from abuse and corporate neglect, and at the same time incentivize the same for their corporate expense and contributions.

In view of the bill's importance as an institutionalized mechanism in integrating the involvement of private corporations and partnerships in the delivery of socio-economic and social services beneficial to the people, it is earnestly sought that this bill be approved.



ATTY. TYRONE D. AGABAS  
Representative  
6<sup>th</sup> District, Pangasinan

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**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:*

1                    *SECTION 1. Short Title.* – This Act shall be known as  
2                    “Corporate Social Responsibility Act”.

3                    *SEC. 2. Declaration of Policy.* – The state recognizes the vital role of the  
4                    private sector in nation building and shall encourage its active  
5                    participation in fostering sustainable economic development and  
6                    environment protection in the Philippines. Towards this end, the  
7                    government shall mobilize its various agencies, in coordination with non-  
8                    government and people’s organizations, to work hand-in-hand for the  
9                    integration, promotion, and strengthening of corporate social responsibility  
10                    in all business organizations.

11                    *SEC. 3. Corporate Social Responsibility.* – All business organizations  
12                    established and operating under Philippine laws, whether domestic or  
13                    foreign, are hereby encouraged to observe corporate social responsibility in  
14                    the operation of their businesses in the country.

15                    As used in this Act, corporate social responsibility (CSR) refers to the  
16                    commitment of business to contribute on a voluntary basis to sustainable  
17                    economic development by working with relevant stakeholders to improve  
18                    their lives in ways that are good for business, sustainable development  
19                    agenda and society at large.

20                    CSR-related activities shall include the following:



- (a) Charitable programs and projects;
- (b) Scientific research;
- (c) Youth and sports development;
- (d) Cultural and educational promoting;
- (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.

SEC. 4. *Deduction from Unrestricted Retained Earnings.*- To encourage companies to engage in CSR, Section 43 of Batas Pambansa Blg. otherwise known as the "Corporation Code of the Philippines" is hereby amended to read as follows:

*"Sec. 43. Power to Declare Dividends. –*

*"xxx*

*"Stock corporations are prohibited from retaining surplus profits in excess of one hundred percent (100%) of their paid-in capital stock, except: (1) when justified by definite corporate expansion OR FOR CORPORATE SOCIAL RESPONSIBILITY projects or programs approved by the board of directors; or (2) when the corporation is prohibited under any loan agreement with any financial institutions or creditors, whether local or foreign, from declaring dividends without its/his consent, and such consent has not yet been secured; or (3) 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.

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

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

62        *SEC. 8. Implementing Rules and Regulations.* – Within sixty (60) days, the  
63 Secretary of Finance shall, in coordination with the DTI and the SEC,  
64 promulgate rules and regulations for the effective implementation of this Act  
65 and shall monitor strict compliance therewith.

66        *SEC. 9. Separability Clause.* – If any provision of this Act is declared invalid  
67 or unconstitutional, the remaining provisions not affected thereby shall  
68 continue to be in full force and effect.

69        *SEC. 10. Repealing Clause.* – Section 43 of Batas Pambansa Blg. 68 is  
70 hereby amended. All laws, decrees, orders, rules and regulations, and other  
71 issuances, or parts of thereof, inconsistent with this Act are hereby repealed  
72 or modified accordingly.

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

75        Approved,