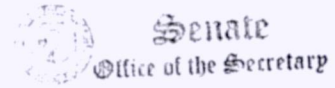


EIGHTEENTH CONGRESS OF THE )  
REPUBLIC OF THE PHILIPPINES )  
*First Regular Session* )

**SENATE**  
S. No. 656

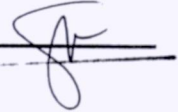


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**Introduced by SENATOR RAMON BONG REVILLA, JR.**

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**AN ACT**

**ENCOURAGING CORPORATE SOCIAL RESPONSIBILITY, PROVIDING  
INCENTIVES THEREFORE, AND FOR OTHER PURPOSES**

**EXPLANATORY NOTE**


Business organizations now take in new roles in carrying out programs that promote greater social responsibility. A number of huge corporations not just in the Philippines, but also worldwide, are now practicing Corporate Social Responsibility (CSR), creating impact in deprived communities and environments.

As defined by the World Bank Institute, CSR is a "commitment of business to contribute to sustainable economic development, working with employees, their families, the local community and society at large to improve quality of life, in ways that are both good for business and good for development."

CSR may be a cost-effective measure to promote and enhance development strategies of the government. It is seen, however, that although the concept of CSR has widely covered a range of programs of businesses, CSR initiatives have not yet taken a hold in a lot of corporations and other business organizations in the country.

This bill institutionalizes the conduct of corporate social responsibility in companies, defining its scope and incentivizing its practice. Through 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. It is hoped that through this bill, sustainable economic and environment development and protection be fostered.

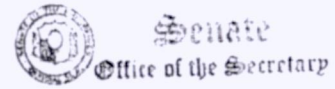
In view of the foregoing, passage of this important measure is earnestly sought.



**RAMON BONG REVILLA, JR.**

EIGHTEENTH CONGRESS OF THE )  
REPUBLIC OF THE PHILIPPINES )  
*First Regular Session* )

SENATE  
S. No. 656



~~19 JUL 22 P2 03~~

Introduced by **SENATOR RAMON BONG REVILLA, JR.**

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A handwritten signature in black ink, appearing to be "SF", written over a horizontal line.

AN ACT

**ENCOURAGING CORPORATE SOCIAL RESPONSIBILITY, PROVIDING INCENTIVES THEREFORE, AND FOR OTHER PURPOSES**

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

1 Section 1. *Short Title.* – This Act shall be known as the “Corporate Social  
2 Responsibility Act of 2019.”

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 participation in  
5 fostering sustainable economic development and environment protection in the  
6 Philippines. Towards this end, the government shall mobilize its various agencies, in  
7 coordination with non-government and people’s organizations, to work hand in hand  
8 for the integration, promotion, and strengthening of corporate social responsibility in  
9 all business organizations.

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

14 For purposes of this Act, “*corporate social responsibility*” refers to the  
15 commitment of business to contribute on a voluntary basis to sustainable economic  
16 development by working with relevant stakeholders to improve their lives in ways

1 that are good for business, sustainable development agenda and society at large.  
2 CSR-related activities shall include, but not be limited to, the following:

- 3 a. Charitable programs and projects;
- 4 b. Scientific research;
- 5 c. Youth and sports development;
- 6 d. Cultural or educational promotion;
- 7 e. Services to veterans and senior citizens;
- 8 f. Social welfare;
- 9 g. Environmental sustainability;
- 10 h. Health development;
- 11 i. Disaster relief and assistance; and
- 12 j. Employee and worker welfare related CSR activities

13 Sec. 4. *Deduction from Unrestricted Retained Earnings.* – To encourage  
14 companies to engage in CSR, Section 43 of Batas Pambansa Blg. 68, otherwise  
15 known as the Corporation Code of the Philippines” is hereby amended to read as  
16 follows:

17 “Sec. 43 Power to declare dividends. –

18 xxx xxx xxx

19 Stock corporations are prohibited from retaining surplus profits in  
20 excess of one hundred (100%) percent of their paid-in capital  
21 stock, except: (1) when justified by definite corporate expansion  
22 **OR CORPORATE SOCIAL RESPONSIBILITY** projects and  
23 programs approved by the board of directors; or (2) when the  
24 corporation is prohibited under any loan agreement with any  
25 financial institution or creditor, whether local or foreign, from  
26 declaring dividends without its/his consent, and such consent has  
27 not yet been secured; or (3) when it can clearly show that such  
28 retention is necessary under special circumstances obtaining in the  
29 corporation, such as when there is need for special reserve for  
30 probable contingencies.

31

32 Sec. 5. *Full Deductibility from Gross Income.* – Nothing herein shall be  
33 deemed to amend or modify Section 34 (H) of Republic Act No. 8424 otherwise

1 known as the "Tax Reform Act of 1997" relative to the full deductibility of  
2 contributions or gifts actually paid or made to accredited donee institutions in  
3 computing taxable income which shall continue to be in force and effect.

4           *Sec. 6. Awards and Recognition.* – The State, through the Department of  
5 Trade and Industry shall give national recognition and rewards to all business  
6 organizations for outstanding, innovative and world-class CSR-related activities,  
7 projects and programs. It shall likewise extend endorsements and encouragement to  
8 domestic and foreign corporations doing business in the Philippines who are  
9 candidates for recognition in international award-giving bodies for their CSR-related  
10 activities.

11           *Sec. 7. Local Government Units.* – All local government units where CSR-  
12 related activities are conducted shall extend whatever assistance is necessary for  
13 business organizations to perform their CSR.

14           *Sec. 8. Periodic Report.* – All business organizations shall submit the list of  
15 their CSR activities as part of their annual or regular report to the Securities and  
16 Exchange Commission, the Department of Trade and Industry, or the Department of  
17 Finance, as the case may be.

18           *Sec. 9. Implementing Rules and Regulations.* – The Secretary of Finance  
19 shall, in coordination with the Department of Trade and Industry and Securities and  
20 Exchange Commission, promulgate rules and regulations for the effective  
21 implementation of this Act and shall monitor strict compliance therewith.

22           *Sec. 10. Separability Clause.* – If any provision of this Act is declared invalid  
23 or unconstitutional, the remaining provisions not affected thereby shall continue in  
24 full force and effect.

25           *Sec. 11. Repealing Clause.* – Section 43 of Batas Pambansa Blg. 68 is  
26 hereby amended. All laws, decrees, orders, rules and regulations, and other  
27 issuances, or parts thereof, inconsistent with this Act are hereby repealed or  
28 modified accordingly.

1                    *Sec. 12. Effectivity Clause.* – This Act shall take effect fifteen (15) days afte  
2 publication in the Official Gazette or in two (2) national newspapers of general  
3 circulation.

4

5                    *Approved,*