

NINETEENTH CONGRESS OF THE )  
REPUBLIC OF THE PHILIPPINES )  
Second Regular Session )



23 JUL 25 P 6 :27

**SENATE**  
S. No. 2355

RECEIVED BY: \_\_\_\_\_

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

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**AN ACT  
ENCOURAGING CORPORATE SOCIAL RESPONSIBILITY, PROVIDING  
INCENTIVES THEREFOR**

**EXPLANATORY NOTE**

It is no less than the Constitution that recognizes the indispensable role of the private sector in nation-building. In fact, as aptly provided therein<sup>1</sup>, the State encourages private enterprise and provides incentives to needed investments.

This is because the private sector can complement the effort of the government for the development of the nation by contributing to its economic, social, and environmental welfare.

This practice, known as Corporate Social Responsibility (CSR), is defined by the World Bank as "the 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."<sup>2</sup>

Therefore, this bill seeks to encourage the practice of CSR among all business organizations and engage into related activities such as charitable programs and projects, scientific research, youth and sports development, cultural or educational promotion, services to veterans and senior citizens, social welfare, environmental

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<sup>1</sup> Article 2, Section 20 of the Philippine 1987 Constitution

<sup>2</sup> Accessed <https://web.worldbank.org/archive/website01006/WEB/IMAGES/PUBLICPO.PDF>

sustainability, health development, disaster relief and assistance, socialized and low-cost housing, and employee and worker welfare related activities.

Moreover, 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.

To encourage stock corporations to engage in CSR, this bill also aims to allow them to retain surplus profit in excess of one hundred percent (100%) of their paid-in capital stock if they execute board-approved CSR programs.

Therefore, in view of the foregoing, the passage of this measure is earnestly sought.

  
**RAMON BONG REVILLA, JR.**

SENATE

S. No. 2355

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

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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 the "*Corporate Social*  
2 *Responsibility Act*".

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

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

14 As used in this Act, corporate social responsibility (CSR) 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 that

1 are good for business, sustainable development agenda and society at large. CSR-  
2 related activities shall include 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;
- 12 (j) Socialized and low-cost housing; and
- 13 (k) Employee and worker welfare related CSR activities.

14 All business organizations are allowed to donate products and services under  
15 their CSR-related activities for disaster relief and assistance, in accordance with the  
16 regulations to be issued by the appropriate government agency. All existing laws and  
17 regulations restricting or prohibiting the right of local government units under a state  
18 of calamity and/or during a national emergency to solicit or accept any donation of  
19 products and services under the CSR-related activities for disaster relief and assistance  
20 of a business organization are hereby amended.

21 *Sec. 4. Deduction from Unrestricted Retained Earnings.* - To encourage  
22 companies to engage in CSR, Section 42 of Republic Act No. 11232, otherwise known  
23 as the "Revised Corporation Code of the Philippines" is hereby amended to read as  
24 follows:

25 "SEC. 42. Power to Declare Dividends. –

26 xxx

27 "Stock corporations are prohibited from retaining surplus  
28 profit in excess of one hundred percent (100%) of their  
29 paid-in capital stock, except: (a) when justified by definite  
30 corporate expansion **OR FOR CORPORATE SOCIAL**  
31 **RESPONSIBILITY (CSR)** projects or programs approved  
32 by the board of directors; or (b) when the corporation is

1 prohibited under any loan agreement with financial  
2 institutions or creditors, whether local or foreign, from  
3 declaring dividends without their consent, and such  
4 consent has not yet been secured; or (c) when it can be  
5 clearly shown that such retention is necessary under  
6 special circumstances obtaining in the corporation, such as  
7 when there is a need for special reserve for probable  
8 contingencies.”

9 *Sec. 5. Awards and Recognition.* - The Department of Trade and Industry (DTI)  
10 shall recognize and reward all business organizations for outstanding, innovative, and  
11 world-class CSR-related services, projects, and programs. It shall likewise extend  
12 endorsement and encouragements to domestic and foreign corporations doing  
13 business in the Philippines which are candidates for recognition in international award-  
14 giving bodies for their CSR-related activities.

15 *Sec. 6. Local Government Units.* - All local government units where CSR-related  
16 activities are conducted shall extend whatever assistance is necessary for business  
17 organizations to accomplish their CSR programs and projects.

18 *Sec. 7. Periodic Report.* - All business organizations shall submit the list of their  
19 CSR activities as part of their annual or regular report to the Securities and Exchange  
20 Commission (SEC), DTI, or the Department of Finance, as the case may be.

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

24 *Sec. 9. Separability Clause.* - If any provision of this Act is declared invalid or  
25 unconstitutional, the remaining provisions not affected thereby shall continue in full  
26 force and effect.

27 *Sec. 10. Repealing Clause.* - Section 42 of Republic Act No. 11232 is hereby  
28 amended. All laws, decrees, orders, rules and regulations, and other issuances, or  
29 parts thereof inconsistent with or contrary to this Act are hereby repealed or modified  
30 accordingly.

1           Sec. 11. *Effectivity.* - This Act shall take effect fifteen (15) days after its  
2 publication in the *Official Gazette* or in a newspaper of general circulation in the  
3 Philippines.

*Approved,*