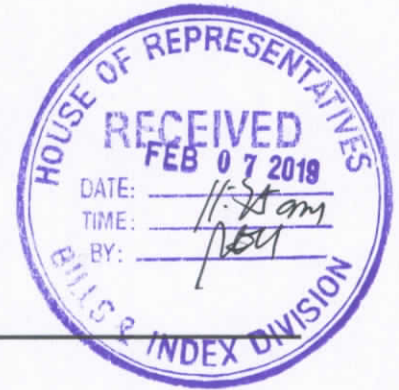


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SEVENTEENTH (17TH) CONGRESS
Third Regular Session



COMMITTEE REPORT NO. 1219

Submitted by the COMMITTEE ON TRADE AND INDUSTRY on
FEB 07 2019

Re : House Bill No. 9061

Recommending its approval in substitution of House Bills Numbered 698 and 2161.

Sponsors : Representatives Biron, Romualdo, Macapagal Arroyo, Pineda and Romero

Madam Speaker:

The COMMITTEE ON TRADE AND INDUSTRY to which were referred House Bill No. 698 introduced by Representative Gloria Macapagal Arroyo, entitled:

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

and House Bill No. 2161, introduced by Reps. Enrico A. Pineda and Michael Odyon L. Romero, entitled:

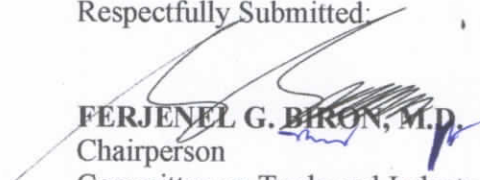
**AN ACT
AN ACT PROMOTING CORPORATE SOCIAL RESPONSIBILITY,
PROVIDING INCENTIVES THEREFOR, AND FOR OTHER PURPOSES**

has considered the same and recommends that the attached House Bill No. 9061,
entitled:

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

be approved in substitution of House Bills Numbered 698 and 2161, with Representatives Macapagal Arroyo, Pineda, Romero, Biron, Romualdo, Silverio, Vergara, Zubiri, Tan (M.), Sy-Alvarado, Nieto, Bravo (M), Violago, Chipeco, Lazatin, Tambunting, Savellano, Tan (A.), Olivarez, Go (M.) Sagarbarria, Montoro, Rodriguez (M.),Trefias, Alvarez (F.), Tambunting, Relampagos, Daza, Limkaichong, Acosta-Alba, Savellano, Lopez (C.), Uy (J.), Garcia (J.E.), Abaya, Canama, Evardone, Javier, Cagas, Jalosjos, Romualdez, Rodriguez (I.), Durano, Ong (H.), Laogan, Duavit, Dimaporo (A.), Marcoleta, Tupas, Mendoza, Belmonte (R.), Arcillas, Chavez and Eusebio as authors thereof.

Respectfully Submitted:


FERJENEL G. BIRON, M.D.
Chairperson
Committee on Trade and Industry

**THE HONORABLE SPEAKER
HOUSE OF REPRESENTATIVES
Quezon City**

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SEVENTEENTH CONGRESS
Third Regular Session

House Bill No. 9061

Introduced by: Representatives Macapagal Arroyo, Pineda, Romero, Biron, Romualdo, Silverio, Vergara, Zubiri, Tan (M.), Sy-Alvarado, Nieto, Bravo (M), Violago, Chipeco, Lazatin, Tambunting, Savellano, Tan (A.), Olivarez, Go (M.) Sagarbarria, Montoro, Rodriguez (M.), Treñas, Alvarez (F.), Tambunting, Relampagos, Daza, Limkaichong, Acosta-Alba, Savellano, Lopez (C.), Uy (J.), Garcia (J.E.), Abaya, Canama, Evardone, Javier, Cagas, Jalosjos, Romualdez, Rodriguez (I.), Durano, Ong (H.), Laogan, Duavit, Dimaporo (A.), Marcoleta, Tupas, Mendoza, Belmonte (R.), Arcillas, Chavez and Eusebio

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
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 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
17 that are good for business, sustainable development agenda and society at large.
18 CSR-related activities shall include the following:

- 19 a) Charitable programs and projects;
20 b) Scientific research;
21 c) Youth and sports development;

- 1 d) Cultural or educational promotion;
- 2 e) Services to veterans and senior citizens;
- 3 f) Social welfare;
- 4 g) Environmental sustainability;
- 5 h) Health development;
- 6 i) Disaster relief and assistance;
- 7 j) Socialized and low-cost housing; and
- 8 k) Employee and worker welfare related CSR activities

9
10 Sec. 4. *Deduction from Unrestricted Retained Earnings.* – To encourage
11 companies to engage in CSR, Section 43 of Batas Pambansa Blg. 68, otherwise
12 known as the “Corporation Code of the Philippines” is hereby amended to read as
13 follows:

14 “Sec. 43 **Power to declare dividends.** –

15 xxx xxx xxx

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

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

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

35 Sec. 7. *Periodic Report.* – All business organizations shall submit the list of
36 their CSR activities as part of their annual or regular report to the Securities and
37 Exchange Commission, the DTI, or the Department of Finance, as the case may be.

38 Sec. 8. *Implementing Rules and Regulations.* –Within sixty (60) days, the
39 Secretary of Finance shall, in coordination with the Department of Trade and
40 Industry and Securities and Exchange Commission, promulgate rules and
41 regulations for the effective implementation of this Act and shall monitor strict
42 compliance therewith.

43 Sec. 9. *Separability Clause.* – If any provision of this Act is declared invalid or
44 unconstitutional, the remaining provisions not affected thereby shall continue in full
45 force and effect.

1 Sec. 10. *Repealing Clause.* – Section 43 of Batas Pambansa Blg. 68 is
2 hereby amended. All laws, decrees, orders, rules and regulations, and other
3 issuances, or parts thereof, inconsistent with this Act are hereby repealed or
4 modified accordingly.

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

7 Approved.

FACT SHEET

HOUSE BILL NO. 9061
(In substitution of House Bill No.698 and 2161)

AN ACT ENCOURAGING CORPORATE SOCIAL RESPONSIBILITY, PROVIDING INCENTIVES THEREFOR

Introduced by: Representatives Macapagal Arroyo, Pineda, Romero, Biron, Romualdo, Silverio, Vergara, Zubiri, Tan (M.), Sy-Alvarado, Nieto, Bravo (M), Violago, Chipeco, Lazatin, Tambunting, Savellano, Tan (A.), Olivarez, Go (M.) Sagarbarria, Montoro, Rodriguez (M.),Trefias, Alvarez (F.), Tambunting, Relampagos, Daza, Limkaichong, Acosta-Alba, Savellano, Lopez (C.), Uy (J.), Garcia (J.E.), Abaya, Canama, Evardone, Javier, Cagas, Jalosjos, Romualdez, Rodriguez (I.), Durano, Ong (H.), Laogan, Duavit, Dimaporo (A.), Marcoleta, Tupas, Mendoza, Belmonte (R.), Arcillas, Chavez and Eusebio

Committee Referral: **COMMITTEE ON TRADE AND INDUSTRY** (Primary)

Committee Chairperson: **REP. FERJENEL G. BIRON, M. D.**

OBJECTIVES:

- To foster sustainable economic development and environmental protection by encouraging corporations to inculcate the value of social responsibility in community development in their organization's operations and activities whether they be single proprietorships, partnerships or corporations.

KEY PROVISIONS:

- Mandates business organizations established and operating under Philippine laws, whether domestic or foreign, 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 towards a, sustainable development agenda
- Defines CSR-related activities as, among others, charitable programs and projects; scientific research; youth and sports development; cultural and educational promotion; services to veterans and senior citizens; social welfare; environmental sustainability; health development; disaster relief and assistance; socialized and low cost housing and employee and worker related CSR activities
- Allows stock corporations to retain profits in excess of 100% of paid-in capital stock to be used for expansion or corporate social responsibility projects and programs
- Mandates the Department of Trade and Industry to recognize and rewards business establishments for outstanding, innovative and world-class CSR-related services, projects and programs. It shall likewise extend endorsements and recommendations to domestic and foreign corporations doing business in the Philippines who are candidates for recognition in international award-giving bodies for their CSR-related activities.

- Mandates local government units to extend whatever assistance is necessary for business establishments to accomplish CSR programs and projects
- Mandates the Secretary of Finance, in coordination with the Department of Trade and Industry and the Securities and Exchange Commission to promulgate rules and regulations of this Act.

RELATED LAWS:

- Section 43 of Batas Pambansa Blg. 68.
- Section 34 (h) of Republic Act No. 8424