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Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

First Regular Session
TWENTIETH CONGRESS

House Bill No. 847



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Introduced by REP. JESUS MANUEL “BONG” C. SUNTAY

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EXPLANATORY NOTE

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Corporate Social Responsibility (CSR) has emerged as a key pillar of sustainable development and inclusive economic growth. Recognizing the vital role of businesses in addressing social, economic, and environmental challenges, this bill seeks to encourage and operationalize CSR across all business organizations.

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While Philippine corporations have increasingly engaged in CSR, there remain gaps in accountability, standards, and clarity on how resources, including retained earnings, should be allocated to ensure projects truly benefit communities. This measure strengthens existing legal frameworks by requiring clear plans, board approvals, timelines, and reporting mechanisms for CSR-related retained earnings. It also provides guidance on eligible CSR activities, encourages best practices, and enforces transparency.

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With these improvements, CSR becomes a meaningful tool for nation-building rather than a loophole for avoiding dividends. It aligns corporate actions with national development goals and global standards, advancing social welfare, environmental protection, and sustainable growth.

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Immediate passage of this measure is earnestly sought.

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**AN ACT ENCOURAGING CORPORATE SOCIAL RESPONSIBILITY,
PROVIDING INCENTIVES, AND ESTABLISHING GUIDELINES FOR THE
JUSTIFIED RETENTION OF EARNINGS FOR CSR PROJECTS, AND FOR
OTHER PURPOSES**

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

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21 SECTION 1. Short Title.

22 This Act shall be known as the “Corporate Social Responsibility Act.”

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24 SEC. 2. Declaration of Policy.

25 The State recognizes the vital role of the private sector in nation-building and shall
26 encourage active participation in fostering sustainable economic development, social
27 welfare, and environmental protection through meaningful corporate social
28 responsibility (CSR).

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30 SEC. 3. Corporate Social Responsibility.

31 All business organizations established and operating under Philippine laws, whether
32 domestic or foreign, are hereby encouraged to observe CSR in their operations.

33
34 For purposes of this Act, CSR refers to the voluntary commitment of businesses to
35 contribute to sustainable economic development by working with stakeholders to
36 improve lives in ways that benefit business, advance the national sustainable
37 development agenda, and promote social good.

38
39 CSR-related activities may include but are not limited to:

- 40 a) Charitable programs and projects;
41 b) Scientific research;
42 c) Youth and sports development;
43 d) Cultural or educational promotion;
44 e) Services to veterans and senior citizens;
45 f) Social welfare;
46 g) Environmental sustainability;

- 1 h) Health development;
- 2 i) Disaster relief and assistance;
- 3 j) Socialized and low-cost housing; and
- 4 k) Employee and worker welfare-related activities.

5 Business organizations may donate products and services under their CSR-related
6 activities for disaster relief and assistance, in accordance with regulations issued by the
7 appropriate government agency. Any law or regulation restricting LGUs under a state of
8 calamity or national emergency from accepting such donations is hereby amended.

9

10 SEC. 4. Deduction from Unrestricted Retained Earnings for CSR.

11 To encourage CSR engagement, Section 42 of Republic Act No. 11232, otherwise known
12 as the “Revised Corporation Code of the Philippines,” is amended to read:

13

14 “SEC. 42. Power to Declare Dividends. – xxx

15 Stock corporations are prohibited from retaining surplus profits in excess of one
16 hundred percent (100%) of their paid-in capital stock, except:

17 (a) when justified by definite corporate expansion or for corporate social
18 responsibility (CSR) projects or programs that:

- 19 1) are formally approved by a two-thirds vote of the board of directors;
- 20 2) have a detailed CSR plan specifying budget, timeline, measurable objectives, and
21 identified beneficiaries;
- 22 3) are disclosed in audited financial statements and CSR periodic reports;
- 23 4) will be implemented within two (2) years from retention; and
- 24 5) comply with standards and guidelines set forth in the implementing rules and
25 regulations (IRR) of this Act;

26 (b) when the corporation is prohibited under a loan agreement with financial
27 institutions or creditors from declaring dividends without their consent, and such
28 consent has not yet been secured; or

29 (c) when retention is clearly necessary under special circumstances, such as creating
30 reserves for probable contingencies.”

31

32 CSR funds retained under this provision must be fully utilized within two (2) years of
33 board approval. Any unutilized amount after the period shall be included in the
34 computation of excess retained earnings subject to dividend declaration or appropriate
35 tax adjustments.

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37 SEC. 5. CSR Plan Standards.

38 Corporations retaining earnings for CSR shall prepare and submit a CSR Plan to the
39 Securities and Exchange Commission (SEC) containing:

- 40 a) Description of projects or programs;
- 41 b) Target communities or beneficiaries;
- 42 c) Detailed budget breakdown;
- 43 d) Implementation timeline;
- 44 e) Expected social or environmental outcomes; and
- 45 f) Metrics for measuring impact.

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47 SEC. 6. Verification and Reporting.

1 CSR-related retention of earnings shall be subject to verification by the SEC.
2 Corporations shall submit board resolutions, CSR project documents, audited
3 expenditures, and proof of implementation as part of their annual reports, certified by
4 an independent external auditor and signed by the company's president and CSR officer.

5 SEC. 7. Awards and Recognition.

6 The Department of Trade and Industry (DTI) shall recognize and reward business
7 organizations for outstanding, innovative, and world-class CSR programs. The DTI shall
8 endorse domestic and foreign corporations in the Philippines as candidates for
9 international CSR awards.

10
11 SEC. 8. Local Government Unit Assistance.

12 LGUs where CSR activities are conducted shall provide necessary assistance to business
13 organizations implementing approved CSR programs.

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15 SEC. 9. Penalties for Misrepresentation.

16 Any corporation misrepresenting the use of retained earnings for CSR shall, after due
17 process, be liable to an administrative fine of not less than 100% of the misused amount,
18 suspension of retention privileges, and possible revocation of corporate registration for
19 repeated offenses.

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21 SEC. 10. Implementing Rules and Regulations.

22 Within sixty (60) days from effectivity, the Secretary of Finance, in coordination with
23 the DTI and the SEC, shall promulgate rules and regulations for the effective
24 implementation of this Act.

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26 SEC. 11. Separability Clause.

27 If any provision of this Act is declared invalid or unconstitutional, the remaining
28 provisions shall remain in full force and effect.

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30 SEC. 12. Repealing Clause.

31 Section 42 of Republic Act No. 11232 is hereby amended. All other laws, decrees, orders,
32 rules, regulations, or issuances inconsistent with this Act are repealed or modified
33 accordingly.

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35 SEC. 13. Effectivity.

36 This Act shall take effect fifteen (15) days after its publication in the Official Gazette or a
37 newspaper of general circulation.

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41 Approved.