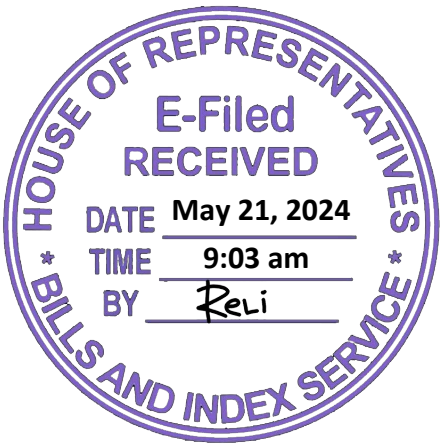
Republic of the Philippines

House of Representatives

Quezon City, Metro Manila



Nineteenth Congress
Second Regular Session

HOUSE BILL NO. **10460**

Introduced by Representative Lordan G. Suan

EXPLANATORY NOTE

This bill seeks to protect employees from termination or layoff due to automation by artificial intelligence, amending for the purpose Presidential Decree No. 442, as amended and renumbered, otherwise known as the "*Labor Code of the Philippines.*"

In 2023, major technology companies in the United States, including Google and Microsoft, laid off approximately 191,000 employees. These layoffs were largely attributed to the increasing adoption of artificial intelligence (AI) in their operations. According to business tracker Crunchbase, these trends will likely persist as the tech industry explores further AI applications in their operations, potentially affecting Filipino employees in the telecommunications sector.

As AI technology increasingly permeates various sectors, it has the potential to revolutionize the workforce landscape. While AI can enhance productivity and reduce business costs, it also poses the risk of making certain jobs obsolete. This proposed legislation seeks to strike a balance between harnessing the benefits of AI and mitigating its negative impacts on Filipino employees.

The bill draws attention to commendable practices within the telecommunications sector. For instance, companies like Globe Telecom Inc. and Converge ICT Solutions Inc. have implemented strategies to avoid layoffs. These strategies include reassigning customer service agents to other roles or departments, providing retraining programs to equip employees with AI-related skills, and fostering innovation and adaptability to meet new demands brought

about by AI. Furthermore, PLDT Inc., the country's largest telecommunications employer, champions the responsible use of AI, advocating a balance between leveraging AI's benefits and maintaining corporate values and ethics.

The bill introduces provisions to protect employees affected by AI-related automation. These include fair compensation in the event of termination or layoffs, opportunities for retraining for different organizational roles, and the requirement for advance notice and consultation before any job terminations. These provisions are designed to ensure the smooth transition of employees in the face of AI-driven automation.

The proposed amendments are not just a set of rules, but a call to action for all of us to make the integration of AI in the Philippines a collective endeavor and reaffirm the significance of Filipino employees well-being. This bill invites the legislative body, labor organizations, and stakeholders in the telecommunications industry to join hands and foster a shared commitment to the welfare of the Filipino workforce.

This bill would mark a significant step towards a future where technological advancement and the preservation of labor rights advance hand in hand, guaranteeing that no Filipino employee is overlooked in the age of automation. This bill holds the promise of not only safeguarding jobs but also fostering more resilient and adaptable workforce, ready to embrace the opportunities presented by AI.

In view of the foregoing, the immediate passage of this bill is earnestly sought.

LORDAN G. SUAN

Republic of the Philippines

House of Representatives

Quezon City, Metro Manila

Nineteenth Congress
Second Regular Session

HOUSE BILL NO. **10460**

Introduced by Representative Lordan G. Suan

AN ACT
PROTECTING EMPLOYEES FROM TERMINATION OR LAYOFF DUE TO AUTOMATION BY ARTIFICIAL INTELLIGENCE, AMENDING FOR THE PURPOSE PRESIDENTIAL DECREE NO. 442, AS AMENDED AND RENUMBERED, OTHERWISE KNOWN AS THE "*LABOR CODE OF THE PHILIPPINES*"

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

SECTION 1. A new article denominated as Article 298-A is inserted after Article 298 of Presidential Decree (PD) No. 442, as amended and renumbered, to read as follows:

"ARTICLE 298-A. *AUTOMATION BY ARTIFICIAL INTELLIGENCE*. – THE EMPLOYER MAY, LIKEWISE, TERMINATE OR LAY-OFF THE EMPLOYMENT OF ANY EMPLOYEE DUE TO THE INSTALLATION OR IMPLEMENTATION OF ARTIFICIAL INTELLIGENCE (AI) TECHNOLOGIES OR SYSTEMS, RENDERING THE EMPLOYEE'S POSITION REDUNDANT, AND AFTER COMPLYING WITH THE FOLLOWING STANDARDS:

(A) THERE MUST BE A *BONA FIDE* INTRODUCTION OR IMPLEMENTATION OF AI TECHNOLOGIES OR SYSTEMS;

(B) THE INTRODUCTION OR IMPLEMENTATION MUST BE UNDERTAKEN IN GOOD FAITH;

(C) THE PURPOSE FOR SUCH INTRODUCTION OR IMPLEMENTATION MUST BE VALID SUCH AS TO SAVE ON COST, ENHANCE EFFICIENCY AND OTHER JUSTIFIABLE ECONOMIC REASONS;

(D) THERE IS NO OTHER OPTION AVAILABLE TO THE EMPLOYER THAN THE INTRODUCTION OR IMPLEMENTATION OF AI TECHNOLOGIES OR SYSTEMS AND THE CONSEQUENT TERMINATION OF EMPLOYMENT OF THOSE AFFECTED THEREBY; AND

(E) THERE MUST BE FAIR AND REASONABLE CRITERIA IN SELECTING EMPLOYEES TO BE TERMINATED.

THE EMPLOYEE AFFECTED SHALL BE ENTITLED TO SEPARATION PAY EQUIVALENT TO AT LEAST TWO (2) MONTHS PAY OR TO AT LEAST TWO (2) MONTHS PAY FOR EVERY YEAR OF SERVICE, WHICHEVER IS HIGHER. A FRACTION OF AT LEAST SIX (6) MONTHS SHALL BE CONSIDERED ONE (1) WHOLE YEAR. THIS IS WITHOUT PREJUDICE TO ANY HIGHER BENEFITS THAT MAY BE PROVIDED BY ANY EXISTING LAW, COMPANY POLICY,

COLLECTIVE BARGAINING AGREEMENT, OR ANY OTHER APPLICABLE RULE OR REGULATION."

"FOR PURPOSES OF THIS ACT, THE TERM *ARTIFICIAL INTELLIGENCE* REFERS TO TECHNOLOGIES OR SYSTEMS THAT ENABLE COMPUTERS AND MACHINES TO EMULATE HUMAN INTELLIGENCE AND PROBLEM-SOLVING CAPABILITIES."

SEC. 2. A new article denominated as Article 298-B is inserted after the new Article 298-A of the same Presidential Decree to read as follows:

"ARTICLE 298-B. *RESKILLING AND TRANSITION PROGRAM.* – THE EMPLOYERS, AFTER INSTALLING OR IMPLEMENTING AI TECHNOLOGY OR SYSTEMS THAT MAY RESULT IN TERMINATION OR LAYOFF OF EMPLOYEES, SHALL:

A. PROVIDE OR FACILITATE RESKILLING PROGRAMS TO HELP EMPLOYEES TRANSITION TO NEW ROLES WITHIN THE FIELD;

B. OFFER ALTERNATIVE EMPLOYMENT OPPORTUNITIES WITHIN THE ORGANIZATION, WHERE POSSIBLE; OR

C. DEVELOP AND IMPLEMENT A TRANSITION PROGRAM FOR AFFECTED EMPLOYEES, IN COORDINATION WITH THE DEPARTMENT OF LABOR AND EMPLOYMENT (DOLE)."

SEC. 3. A new article denominated as Article 298-C is inserted after the new Article 298-B of the same Presidential Decree to read as follows:

"ARTICLE 298-C. *NOTIFICATION AND CONSULTATION.* – EMPLOYERS SHALL NOTIFY THE DOLE AND THE EMPLOYEES' REPRESENTATIVES AT LEAST SIX (6) MONTHS IN ADVANCE OF ANY INTENDED TERMINATION OR LAYOFFS DUE TO AI AUTOMATION, AND CONSULT WITH THE EMPLOYEES OR THEIR REPRESENTATIVES TO EXPLORE ALL POSSIBLE MEASURES TO AVOID OR MINIMIZE THE TERMINATIONS OR LAYOFFS."

SEC. 4. This Act shall take effect fifteen (15) days after its publication in the *Official Gazette* or in a newspaper of general circulation.

Approved,