

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

NINETEENTH CONGRESS
Third Regular Session

HOUSE BILL NO. 11446



Introduced by Rep. Ray T. Reyes

EXPLANATORY NOTE

The Business Process Outsourcing (BPO) industry has long been recognized as a pillar of economic growth in the Philippines. Since its emergence, this sector has significantly contributed to the country's GDP and solidified its reputation as a global leader in outsourcing services. According to the Information Technology and Business Process Association of the Philippines, (IBPAP), the BPO sector generated an estimated \$32.5 billion in revenue in 2022, accounting for over 7% of the nation's GDP. Furthermore, it provides employment to approximately 1.6 million Filipinos, with indirect jobs benefitting millions more. Such figures underscore the strategic importance of the BPO industry not only as an enabler of economic progress, but also as a source of stable livelihood for a substantial portion of the population.

However, beneath this economic success lies a workforce contending with conditions that often fail to safeguard their welfare and safety. The 24/7 operational nature of BPO companies, necessitated by global time zone differences, imposes irregular and prolonged working hours on employees. Studies by occupational health experts have consistently shown that night shifts and disrupted sleep cycles are linked to a higher risk of cardiovascular disorders, chronic fatigue, and mental health issues, including anxiety and depression. A survey conducted by the Philippine Statistics Authority in recent years indicated that most BPO workers experience sleep deprivation and work-related stress – factors known to compromise both health and productivity. These concerns make it imperative to legislate measures that ensure the well-being and protection of this vital workforce.

At present, while labor laws extend general protections to employees, they fail to account fully for the unique challenges faced by BPO workers. Many are exposed to ergonomic risks from sedentary jobs, while others report inadequate health coverage despite the industry's demanding environment. Additionally, concerns regarding job security, wage parity for night shifts, and access to mental health support remain inadequately addressed for a sector that thrives on operational efficiency.

These gaps leave BPO workers vulnerable to both immediate and long-term risks, underlining the necessity for tailored legislative measures.

This bill seeks to establish a Magna Carta for BPO employees, focusing on their rights, welfare, and safety. Mandatory health and wellness programs, provisions for ergonomic and safe workstations, fair compensation for unconventional hours, and mechanisms to tackle the mental health challenges endemic to this industry are some of the challenges this bill seeks to resolve. Addressing these issues is not merely a matter of protecting workers; it is a strategy to future-proof the BPO industry by fostering a healthy, motivated, and resilient workforce.

The continued success of the BPO sector depends on the recognition of its employees not only as contributors to economic development, but also as individuals deserving protection and care. Honoring their rights and the occupational hazards they face will not only enhance their quality of life but will also sustain the industry's global competitiveness. The enactment of this bill is necessary to strike a balance between the nation's economic ambitions and the rights of the workforce that drives them.

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


RAY REYES
Representative, Anakalusugan Party-List

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

NINETEENTH CONGRESS
Third Regular Session

HOUSE BILL NO. 11446

Introduced by Rep. Ray T. Reyes

AN ACT
ENSURING THE RIGHTS, WELFARE, AND SAFETY OF BUSINESS PROCESS
OUTSOURCING (BPO) WORKERS IN THE PHILIPPINES

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

CHAPTER ONE:
GENERAL PROVISIONS

SECTION 1. *Short Title.* – This Act shall be known as the “***Magna Carta of BPO Workers Act***”.

SECTION 2. *Declaration of Policy.* – It is the policy of the State to protect the rights and promote the welfare of workers in the Business Process Outsourcing (BPO) industry and to take appropriate steps to recognize such rights and welfare while taking into account the special characteristics of the industry. Towards this end, the State shall strive to improve and promote their social and economic status, living and working conditions, terms of employment, professional growth, and career development.

SECTION 3. *Coverage.* – This Act shall cover all employees and workers in the Business Process Outsourcing industry.

SECTION 4. *Definition of Terms.* – As used in this Act:

- a) *Agencies* shall refer to government agencies mandated to monitor, administer, promote, and ensure health and safety regulations and standards. These agencies are the Department of Labor and Employment (DOLE), Bureau of Working Conditions, Employees Compensation Commission, and Occupational Safety and Health Center;

- b) *Approved* shall mean acceptable to the Secretary of Labor and Employment, as indicated in writing, after a proper examination showing compliance with prescribed standards;
- c) *Authorized representative* shall refer to and include any employees or official of other government agencies empowered by the Secretary of Labor and Employment to enforce the provisions of the Standards;
- d) *Bureau* shall refer to the Bureau of Working Conditions;
- e) *Business Process Outsourcing* shall refer to the whole outsourcing industry in the Philippines. It is the delegation of information and service-type business processes to a third-party or external provider. Sectors include, but are not limited to, call centers, back-office services, data transcription, animation, software development, engineering development, game development, and other businesses of a similar nature;
- f) *Code* shall refer to Presidential Decree 442, the Labor Code, as amended;
- g) *Department* shall refer to the Department of Labor and Employment;
- h) *Director* shall refer to the Director of the Bureau of Working Conditions;
- i) *Employer* shall include any person or enterprise acting directly or indirectly in the interest of an employer, in relation to an employee, and shall include government-owned or controlled corporations, as well as non-profit private institutions or organizations. Indirect employers or contractors shall also be considered "employers" in this Act;
- j) *Employee* shall refer to any person employed by an employer in a temporary/probationary or permanent capacity;
- k) *Enforcement officer* shall refer to the industrial safety engineer, the labor regulation officer, or any duly authorized representatives of the Secretary to enforce the Standards;
- l) *Health* shall refer to a sound state of the body and mind of the employee, which enables them to perform their job normally, in a state of well-being;
- m) *Occupational illness* shall refer to any illness caused by environmental factors, the exposure to which is characterized or peculiar to a particular process, trade or occupation, and to which an employee or worker is not ordinarily subjected to, or exposed to, outside of or away from such employment;
- n) *Registered party* shall refer to any duly registered non-stock non-profit organization advocating occupational health and safety;
- o) *Safe or safety* shall refer to the physical or environmental conditions of work or employment, which substantially comply with the prescribed Standards, as defined in this Act;
- p) *Secretary* shall refer to the Secretary of Labor and Employment;
- q) *Shift work* shall refer to the employment practice designed to make use of the 24 hours of the day. Employees are given schedules that correspond to a 24-hour work cycle. The term shift work includes both long-term night shifts and work schedules in which employees change or rotate shifts;
- r) *Standards* shall mean the Occupational Safety and Health Standards and regulations, as described in Section 26;

- s) *Work accident* shall refer to an unplanned or unexpected occurrence that may or may not result in personal injury, property damage, work stoppage or interference, or any combination thereof: which arises out of and in the course of employment;
- t) *Work injury* shall refer to any injury or occupational illness suffered by a person, which arises out of or in the course of employment;
- u) *Workplace* shall refer to the office, premises, or work site, where employees are habitually employed and shall include the office or place where the employees, who have no fixed or definite work site, regularly report for assignment in the course of their employment.

SECTION 5. *Construction in Favor of Labor.* – All doubts in the implementation and interpretation of the provisions of this Act, including its implementing rules and regulations, shall be resolved in favor of labor.

CHAPTER TWO: GENERAL EMPLOYMENT STANDARDS

SECTION 6. *Standard of Treatment.* – The State shall ensure that the employer and the supervisors must, at all times, treat the BPO worker in a just and humane manner and ensure that all the rights and benefits of BPO workers are provided for and accorded to them as mandated by the Labor Code. Abusive language, physical violence or any act which debases the dignity of a person shall not be used against the employee.

SECTION 7. *Access to Relevant Information.* – The State shall ensure that BPO companies allow their workers and employees access to:

- a) Relevant information that helps them understand their rights, benefits, obligations, conditions and realities attending to their profession. BPO companies shall not restrain their employees from organizing or attending activities, such as but not limited to, workshops and symposia, that seek to equip BPO workers with relevant information with regard to their rights, welfare and conditions; and
- b) Information on service level agreements between client and vendor, especially when it affects working conditions and worker compensation and benefits consistent with Sec. 3, Article XIII of the 1987 Philippine Constitution.

SECTION 8. *Protection from Understaffing or Overloading.* – There shall be no understaffing or overloading of BPO workers. The ratio of BPO worker to client quota or quantitative targets shall be such as to reasonably effect a sustained quality of service at all times without overworking the worker and over-extending their services beyond what is stipulated in the employment contract, or what is allowed as the

worker's regular hours of work. The employer may request the employee to perform tasks beyond the duties stipulated in the employment contract *Provided*, That such tasks are duly compensated by the employer with an additional pay of not less than twenty-five percent (25%) of the regular rate per hour.

SECTION 9. *Regularization.* – All BPO workers allowed to work after the completion of the sixth (6th) month period of employment as trainee or apprentice, or upon the completion of a maximum probationary training of six (6) months, shall be considered as regular employees.

SECTION 10. *Right to Self-Association.* – It shall be unlawful for any person or company to restrict the rights of BPO employees to join, organize, or assist organizations, collective bargaining and negotiations, and participate in policy and decision-making processes affecting their rights and benefits.

SECTION 11. *Freedom from Interference or Coercion.* – It shall be unlawful for any person or company to commit any of the following acts of interference or coercion:

- a) To interfere with, restrain, or coerce employees in the exercise of their right to self-association or organization;
- b) To require as condition of employment that BPO employees shall not join, form or assist in the formation of an organization, or to withdraw from one to which they belong;
- c) To contract out services or functions being performed by BPO employees who are union members when such will interfere with, restrain, or coerce employees in the exercise of their right to self-organization;
- d) To discriminate in order to encourage or discourage membership in an organization;
- e) To initiate, dominate, assist or otherwise interfere with the formation or administration of any labor organization, including the giving of financial or other support to its or its organizers or supporters;
- f) To discriminate in regard, to wages, hours of work, and other terms and conditions of employment in order to encourage or discourage membership in any labor organization;
- g) To prevent a BPO employee from carrying out his duties and functions in his organization to penalize the employee for any unlawful action performed in that capacity; and
- h) To perform acts calculated to diminish the independence and freedom of the union or organization to direct its own affairs.

SECTION 12. *Freedom from Excessive Company Bond.* – It shall be unlawful for any person or company to compel a BPO worker to commit to a company bond, imposing an unreasonable or exorbitant fee to be paid by the employee upon leaving the company before a specified length of time.

SECTION 13. *Right to Money Claims.* – It shall be unlawful for any person or company in any case to prevent a BPO worker from receiving their rightful money claims arising from labor disputes.

SECTION 14. *Protection from Discrimination.* – BPO workers shall be protected from discrimination by reason of ethnicity, gender, sexual orientation, age, race, color, religion, political, or other opinion, national, social or geographical origin, disability, property, birth, civil status, pregnancy, physical characteristics or disability or other status as established by human rights standards.

SECTION 15. *Safeguards in Administrative Proceedings.* – In any administrative proceeding, a BPO worker shall have the:

- a) Right to notice and hearing which includes the right of the party interested or affected to present his own case and submit evidence in support thereof;
- b) Right to be informed of the nature and accusation against them;
- c) Right to full access to evidence presented against them;
- d) Right to cross-examine the witnesses against them;
- e) Right to defend themselves or by a counsel of their choice;
- f) Right to be given adequate time to prepare their case which shall, in no case, be less than one (1) week;
- g) Right to an independent and impartial tribunal;
- h) Right to a decision rendered in such a manner that both parties can know the various issues involved and the reasons for such decisions;
- i) Right to appeal to designated authorities; and
- j) Such other rights as will ensure fairness and impartiality during proceedings.

SECTION 16. *Regular Hours of Work.* – Regular work hours for BPO employees shall not exceed eight (8) hours a day. Any work done by BPO employees beyond regular hours of work shall be duly compensated by the employer.

SECTION 17. *Overtime Work.* – BPO employees may be required to render services beyond their required working hours in cases provided for in the Code; *Provided, That*, the employee is paid for the overtime work, an additional compensation equivalent to their regular wage plus at least twenty-five percent (25%) thereof.

BPO employees who work beyond eight (8) hours on a holiday or their designated rest day shall be paid an additional compensation equivalent to the rate of the first eight hours of holiday pay in accordance with existing laws, plus at least thirty percent (30%) thereof.

SECTION 18. *Night Shift Differential.* – BPO employees shall be paid a night shift differential of not less than ten percent (10%) of their regular wages for each hour of work performed between ten o'clock in the evening and six o'clock in the morning.

SECTION 19. *Rest and Meal Periods.* – BPO employees shall be entitled to compensable rest periods and meal periods not less than what is provided for in the Code and other existing laws.

SECTION 20. *Regular Working Days.* – All BPO employees shall render work for not more than six (5) consecutive days per week. The employer shall determine and schedule the weekly rest day of the BPO employees subject to collective bargaining agreement and to such rules and regulations as the Secretary of Labor and Employment may provide. However, the employer shall respect the preference of employees as to their weekly rest day when such preference is based on religious grounds.

SECTION 21. *Work on Holidays.* – BPO employees may be required to render services on days designated as non-working holidays in the Philippines given the nature of their profession; *Provided*, That the employer shall duly compensate the employee's work on such days in accordance with existing laws regarding holiday pay.

SECTION 22. *Leave Benefits.* – BPO employees shall be entitled to all leave benefits and privileges in accordance with existing laws, including but not limited to maternity, paternity, vacation, and sick leaves. *Provided*, That upon separation of the employee from service, they shall be entitled to all accumulated leave credits with pay. It shall be unlawful for any person or company to terminate their employees based solely on unapproved leaves without providing the employee due process in an administrative proceeding.

SECTION 23. *Transportation Benefits.* – In the absence or lack of safe and adequate public transportation services in BPO employees' places of work, they shall, at least between 10:00 PM and 6:00 AM, be entitled to safe transportation service, including but not limited to, shuttle services to and from the place of work to designated drop-off points, or to travel allowance which shall be provided by the company in order to facilitate the safe commute of employees at vulnerable times at night or early in the morning.

SECTION 24. *Security of Tenure.* – BPO employees may not be terminated except for just cause as may be provided by the Code and other existing laws and after due process in an administrative proceeding as provided for under the law.

CHAPTER THREE: OCCUPATIONAL HEALTH AND SAFETY STANDARDS AND REGULATIONS

SECTION 25. *Employers' Obligations.* – Article 106 of the Code prohibits "labor only" contracting. Employers engaging independent contractors to perform work on their behalf have a duty to minimize the health and safety risks of the contractor's

employees. For the purposes of the Code, as well as this Act, independent contractors' employees are deemed to be employees of the BPO company. Employers have a duty to protect all employees at or near their workplace. Failure to provide and maintain a safe workplace for all employees, regardless of the nature of their employment, may constitute a contravention of the employer's general duty under the law.

SECTION 26. *Occupational Health and Safety Standards and Regulations for BPO Workers.* – Under its mandate, the Department of Labor and Employment is tasked to establish Occupational Health and Safety Standards (Standards) for BPO work. The Standards shall adhere to the prevailing standards of health and safety for BPO work and other similar employment. The minimum provisions in the Standards must meet the International Labor Organizations' recommendations. The Standards should be reviewed annually by the agencies, Workplace Occupational Health and Safety Officer (WOHSO), and registered interested parties, and must include provisions related to the Enforcement Officers and Authorized Representatives, as well as the WOHSO.

SECTION 27. *The Nature of BPO Night-Shift Work.* – Establishments engaged in shift work to complete their 24-hour work cycle expose their employees to health and security risks, as well as unnatural stresses; as such, night-shift work is considered hazardous under this Act.

SECTION 28. *Compliance with the Standards.* – The Standards shall be strictly enforced in all establishments operating in the country. Compliance with the provisions of the Standards shall be mandatory and subject to inspection by enforcement officers and authorized representatives, as outlined in the Standards.

SECTION 29. *Workplace Occupational Health and Safety.* – Each establishment shall formulate their own Workplace Occupational Health and Safety (WOHS) policy, which adheres at minimum to the Standards as defined in Section 26 of this Act. Any additional safety measures deemed appropriate to the nature of the localized workplace and work environment may also be included, pending approval by the Bureau. The policy must be reviewed annually by the Employers, the WOHSO, and by enforcement officers and authorized representatives.

All employees shall be informed of the WOHS policy. Informational materials shall be distributed to employees free of charge.

SECTION 30. *Workplace Occupational Health and Safety Officer.* – From among the employees, a WOHSO shall be elected for the purposes of consultation and in-house monitoring of the Standards. The WOHSO shall review the measures taken to ensure the health, safety, and welfare of the employees, investigate and attempt to resolve any matters that may constitute as a risk to health and safety at the place of work.

The employees may elect more than one WOHSO upon approval of the Department. The powers, functions, and manner of the election of the WOHSO shall be included in the Standards, subject to the following guidelines:

- a) That all employees are entitled to vote in an election of the WOHSO;
- b) That the powers of a WOHSO shall include the powers to inspect any part of the workplace, require the establishment of a health and safety committee, and other relevant tasks as may be necessary.

SECTION 31. *Health Program.* – The company physician, in addition to their duties stated in the Labor Code, shall formulate, develop, and implement a comprehensive occupational health program for the benefit of all employees.

SECTION 32. *Health Insurance.* – All employees are entitled to free full medical examination upon commencement of employment, and annually during the tenure of their employment. The establishment is encouraged to provide full health insurance to the employees, the coverage of which shall be agreed upon by the company and its employees.

SECTION 33. *Work Related Injuries, Sickness, and Death Compensation.* – All employees and their dependents shall be compensated for injuries, medical complications, illness, disability and death arising from, and related to, their work in accordance with existing laws, labor policies, guidelines or circulars, as the case may be. The Employees Compensation Commission shall promptly process any claims for/by injured, disabled, deceased employees or their dependents.

SECTION 34. *Prohibition Against Elimination and Diminution of Benefits.* – Nothing in this Act shall be construed to eliminate or diminish in any way existing benefits being enjoyed by BPO employees at the time of the effectivity of this Act. All other rights of BPO employees provided under existing laws shall remain in full force and effect, and they shall have the right to avail of greater rights offered by existing laws, including those granted under this Act.

CHAPTER FOUR: FINAL PROVISIONS

SECTION 35. *Penal Provision.* – Any person or company who violates any of the provisions of this Act shall be punished with a fine of not less than One hundred thousand pesos (₱100,000.00) and/or imprisonment of not less than one (1) month but not more than two (2), or both, at the discretion of the court.

SECTION 36. *Separability Clause.* – If, for any reason, any provisions of this Act are declared to be unconstitutional or invalid, the other sections or provisions thereof which are not affected thereby shall continue to be in full force and effect.

SECTION 37. *Repealing Clause.* – All laws, decrees, executive orders, rules and regulations, and other issuances or parts thereof which are inconsistent with this Act are hereby repealed, amended or modified accordingly.

SECTION 38. *Effectivity.* – This Act shall take effect fifteen (15) days after its publication in the *Official Gazette* or in a newspaper of general circulation.

Approved,