



Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

20th CONGRESS
1st Regular Session

HOUSE BILL NO. 4024

Introduced by **REPRESENTATIVE JENNIFER A. LAGBAS**

EXPLANATORY NOTE

The State affirms labor as a primary social economic force. It shall protect the rights of workers and promote their welfare.¹ The State shall afford full protection to labor, local and overseas, organized and unorganized, and promote full employment and equality of employment opportunities for all. It shall guarantee the rights of all workers to self-organization, collective bargaining and negotiations, and peaceful concerted activities, including the right to strike in accordance with law. They shall be entitled to security of tenure, humane conditions of work, and a living wage.²

The Business Process Outsourcing (BPO) industry is one of the fastest-growing and most significant drivers of the Philippine economy, contributing billions of pesos to the gross domestic product (GDP) and generating millions of direct and indirect jobs for Filipinos. BPO workers, many of whom work in non-traditional hours and under unique operational conditions, play a vital role in sustaining this growth and ensuring the country's competitiveness in the global services market.

Despite the industry's economic contributions, BPO workers face distinct challenges that are not fully addressed by existing labor laws. These include health risks from prolonged night shifts, high-stress work environments, exposure to unrealistic performance quotas, and the lack of standardized benefits and occupational health and safety measures tailored to the industry's demands.

This bill seeks to address these gaps through the enactment of a "Magna Carta for BPO Workers", which will:

- (a) Ensure the recognition and protection of the rights of BPO workers as guaranteed by the Constitution, the Labor Code, and other relevant laws;
- (b) Provide industry-specific standards on employment terms, working conditions, occupational health and safety, and social protection;
- (c) Promote security of tenure, non-discrimination, and equal opportunity;
- (d) Institutionalize rest, meal, and restroom break entitlements in line with occupational health needs;

¹ CONST., art. II, sec. 18.

² CONST., art. XIII, sec. 3.

- (e) Guarantee fair compensation, including overtime pay, night shift differential, and premium pay for work on rest days and holidays;
- (f) Require regular medical, psychological, and psychiatric evaluations, with corresponding health coverage;
- (g) Establish mechanisms for occupational health and safety oversight, including the election of a Workplace Occupational Health and Safety Officer (WOHSO); and
- (h) Protect workers against unjust or retaliatory dismissal, unreasonable quotas, and unfair changes to working conditions.

The bill also provides that the Department of Labor and Employment (DOLE), in coordination with other relevant agencies, formulate industry-specific Occupational Safety and Health Standards for BPO workers and ensures that these standards are reviewed annually to remain responsive to evolving industry practices and technologies.

By passing this measure, the State affirms its commitment to upholding the dignity, rights, and welfare of BPO workers, recognizing them not only as economic contributors but also as partners in national development. The enactment of this bill will not only improve the quality of life of BPO workers but will also strengthen the long-term sustainability of the industry.

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


HON. JENNIFER A. LAGBAS
Representative
First District, Misamis Oriental



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AN ACT
ENSURING THE WELFARE AND PROTECTION OF BUSINESS PROCESS OUTSOURCING
(BPO) WORKERS AND THE RECOGNITION OF THEIR RIGHTS AS PROVIDED FOR IN
THE LABOR CODE OF THE PHILIPPINES

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

CHAPTER I

DECLARATION OF POLICY

SECTION 1. *Short Title.* - This Act shall be known as the "Magna Carta for BPO Workers."

SEC. 2. *Declaration of Policy.* - The State affirms labor as a primary social economic force. It shall protect the rights of workers and promote their welfare. The State shall afford full protection to labor, local and overseas, organized and unorganized, and promote full employment and equality of employment opportunities for all. It shall guarantee the rights of all workers to self-organization, collective bargaining and negotiations, and peaceful concerted activities, including the right to strike in accordance with law. They shall be entitled to security of tenure, humane conditions of work, and a living wage.

It is hereby declared 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. The State recognizes the role of BPO workers in nation-building and that protecting and promoting their rights and welfare form an integral part of national development. 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.

SEC. 3 Objectives. - The Magna Carta of BPO Workers shall have the following objectives:

- (a) Ensure the recognition and protection of the rights of BPO workers as guaranteed by the Constitution, the Labor Code of the Philippines, and other relevant laws;
- (b) Provide standards on employment terms, working conditions, occupational health and safety, and social protection for BPO workers;
- (c) Promote security of tenure, non-discrimination, and equal opportunity within the BPO industry;
- (d) Guarantee the right to organize, to bargain collectively, and to participate in policy-making affecting workers; and
- (e) Institutionalize measures that address the unique work arrangements, schedules, and health impacts associated with the BPO industry.

CHAPTER II

GENERAL PROVISIONS

SEC. 4. Coverage. - This Act shall cover all employees in the Business Process Outsourcing industry.

SEC. 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.

SEC. 6. Definition of Terms. - For purposes of this Act, the following terms are defined as follows:

- (a) *Authorized Representative*—shall refer to and include any employees or officials of other government agencies empowered by the Secretary of Labor and Employment to enforce the provisions of the Standards;
- (b) *Business Process Outsourcing*—the delegation of service-type business processed to a third-party service provider;
- (c) *Call center*—also known as contact center, refers to a central customer service operations where agents - whatever their designation - handle business-related telephone calls, and other IT-related non-voice activities, on behalf of a client;
- (d) *Health*—shall refer to a sound state of the body and mind of the BPO workers which enables them to perform their job normally, in a state of well-being;
- (e) *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;
- (f) *Safe or Safety*—shall refer to the physical or environmental conditions of work or employment, which substantially comply with the prescribed Standards, as described in Section 26 hereof;
- (g) *Shift Work*—shall refer to the employment practice designed to make use of the 24 hours of the day. Employees are given schedules which 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;

- (h) *Standards*—shall refer to the Occupational Health and Safety Standards and Regulations, as described in Section 26 hereof;
- (i) *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;
- (j) *Work injury*—shall refer to any injury or occupational illness suffered by a worker, which arises out of or in the course of employment;
- (k) *Workplace*—shall refer to the office, premises or work site, where the workers are habitually employed and shall include the office or place where the workers, who have no fixed or definite work site, regularly report for assignment in the course of their employment;

CHAPTER III

BPO WORKER'S RIGHTS

SEC. 7. *Right to Just Terms and Conditions of Work.* - Every BPO worker shall have the right to terms and conditions of work that are just, fair, and consistent with the standards set by the Labor Code, other existing laws, and this Act. Such terms and conditions shall include, but not be limited to, adequate compensation, reasonable hours of work, humane working conditions, social protection, and access to health and safety measures appropriate to the nature of the BPO industry.

SEC. 8. *Right to Self-Organization and to Collective Bargaining.* - It shall be unlawful for any person or company to restrict the right of BPO workers to join, organize, or assist organizations and to collective bargaining. In addition, BPO companies should exercise due diligence and actively provide venues for workers to participate in the deliberation of issues and in the formulation of policies that affect them.

SEC. 9. *Right to Information.* - BPO workers shall have access to:

- (a) Relevant information to make 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 are 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 Constitution.

SEC. 10. *Right Against Discrimination.* - BPO workers shall be protected from discrimination because of sex, sexual orientation, age, political or religious belief, civil status, pregnancy, physical characteristics or disability, or ethnicity.

SEC. 11. *Right to Security of Tenure.* - In case of regular employment of BPO workers, their services shall not be terminated except for cause provided by law and after due process: *Provided*, That if a BPO worker is found to be unjustly dismissed from work, he/she shall be entitled to reinstatement without loss

of seniority rights and to his/her back wages with twelve percent (12%) interest computed from the time his/her compensation was withheld from him/her up to the time of reinstatement.

CHAPTER IV

GENERAL EMPLOYMENT STANDARDS

SEC. 12. *Standard of Treatment.* - The employer and the supervisors must, at all times, treat the BPO worker in a just and humane manner and ensure and provide that the rights and benefits of BPO workers be accorded as mandated by the Labor Code. Abusive language, physical violence, or any act which debase the dignity of a person shall not be used against the employee.

SEC. 13. *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 period of six (6) months, shall be considered as regular employees.

SEC. 14. *Regular Hours of Work.* - Normal hours of work for BPO workers shall not exceed eight (8) hours a day. Any work done by BPO employees beyond the regular hours of work shall be duly compensated by the employer regardless if the worker is working on-site or from home.

SEC. 15. *Wages and Benefits.* - Without prejudice to higher rates provided under a CBA or by company practice or policy, BPO workers shall be entitled to the following wages and benefits:

- (a) BPO workers shall receive an entry-level wage of not less than Thirty Six Thousand Pesos (Php 36,000.00);
- (b) Apart from PhilHealth, BPO workers shall be entitled to other medical and health benefits:
 - (i) Medical examination free of charge upon entry in the BPO company and not merely upon regularization, and every year thereafter during their tenure of employment;
 - (ii) An HMO or Medical and Health Insurance benefits upon employment with minimum coverage of PhP 250,000.00; this shall cover basic laboratory tests, dental procedures, and hospitalization. They shall be compensated for injuries and medical complications arising from and related to their work in accordance with existing laws, labor policies, guidelines, or circulars, as the case may be; and
 - (iii) Annual psychiatric and psychological evaluation, which may be included in the annual physical examination as stipulated in paragraph (b)(i) of this Section. When needed, professional psychological or psychiatric intervention should also be provided for free that may be covered by HMO or Medical and Health Insurance as stipulated in paragraph (b)(ii) of this Section.

SEC. 16. *Overtime Work.* - Work may be performed beyond eight (8) hours a day provided that the BPO worker is paid for the overtime work an additional compensation equivalent to his/her regular wage plus at least twenty-five percent (25%) thereof. Work performed beyond eight hours on a holiday or rest day shall be paid an additional compensation equivalent to the rate of the first eight hours on a holiday or rest day plus at least thirty percent (30%) thereof.

SEC. 17. *Night Shift Differential.* - A BPO worker shall be paid night shift differential of no less than ten percent (10%) of his/her regular wage for each hour of work performed between ten o'clock in the evening and six o'clock in the morning.

SEC. 18. *Rest & Meal Periods.* - BPO workers shall be entitled to compensable rest periods and meal periods not less than what is provided for in the Labor Code and other existing laws. Employees shall have the right to brief restroom breaks, which shall not be shorter than five minutes for each two-hour interval or a cumulative of at least 20 minutes of restroom breaks throughout the work shift. These restroom breaks shall be added on top of the two 15-minute breaks and lunch breaks. To comply with such, the BPO company shall devise a mechanism in order to ensure the implementation of regular restroom breaks among its workers without sacrificing the continuous flow of work among its employees.

SEC. 19. *Right to Weekly Rest Day.* - It shall be the duty of every employer, whether operating for profit or not, to provide each BPO worker a rest period of not less than twenty-four (24) consecutive hours after every six (6) consecutive normal workdays.

The employer shall determine and schedule the weekly rest day of BPO workers, subject to collective bargaining agreements and 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.

SEC. 20. *Compensation for Rest Day, Sunday or Holiday Work.* - Where a BPO worker is made or permitted to work on his/her scheduled rest day, he/she shall be paid an additional compensation of at least thirty percent (30%) of his/her regular wage. A BPO worker shall be entitled to such additional compensation for work performed on Sunday only when it is his/her established rest day.

When the nature of the work of the employee is such that he has no regular workdays and no regular rest days can be scheduled, he/she shall be paid an additional compensation of at least thirty percent (30%) of his/her regular wage for work performed on Sundays and holidays.

Work performed on any special holiday shall be paid an additional compensation of at least thirty percent (30%) of the regular wage of the BPO worker. Where such holiday work falls on the BPO worker's scheduled rest day, he/she shall be entitled to an additional compensation of at least fifty percent (50%) of his/her regular wage.

Where the collective bargaining agreement or other applicable employment contract stipulates the payment of a higher premium pay than that prescribed under this Article, the employer shall pay such higher rate.

SEC. 21. *Leave Benefits.* - BPO workers shall be entitled to all leave benefits and privileges, such as, but not limited to, maternity, paternity, vacation, and sick leaves, as provided for under existing laws: *Provided*, That upon separation of the BPO worker from service, they shall be entitled to all accumulated leave credits with pay. No employee shall be terminated based solely on unapproved leaves without affording the employee due process in an administrative proceeding.

SEC. 22. *Transportation Benefits.* - In the absence of or in the lack of safe and adequate public transportation services in employees' place of work, they shall be entitled to safe transportation service, which may include but is not limited to shuttle services or travel allowance for Transport Network Vehicle Service (TNVS) to and from the place of work to designated drop-off points, to be provided by the company in order to facilitate the safe commute of employees at vulnerable times at night or in the morning.

SEC. 23. *Safe Spaces Act.* - The company shall ensure their compliance and adherence to the provisions and principles of the Safe Spaces Act of Republic Act No. 11313.

SEC. 24. *Better Working Conditions.* - To improve the working conditions of the BPO workers, the company should:

- (a) The company shall ensure an expanded and standardized unemployment insurance plan and benefits, including floating employees and employees with active cases in the NLRC for illegal and constructive dismissal;
- (b) The company shall prohibit any practice of mandatory overtime, delayed breaks, shortened workweeks, multiple job assignments without additional compensation, and other forms of unregulated adjustments to working conditions;
- (c) The company should be held accountable for meeting the logistical and operational needs of work-from-home employees; including but not limited to the internet, basic utilities, tools and equipment. Employees should not be penalized for failing to comply; and
- (d) The company shall maintain the employees' job security in the threat of employment loss due to digitization and automation, and ensure continuous personnel training and upskilling.

SEC. 25. *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.

SEC. 26. *Occupational Health and Safety Standards and Regulations for BPO Workers.* - Pursuant to its mandate, the DOLE is tasked to establish Occupational Safety and Health Standards (Standards) for BPO work. It is imperative that the minimum provisions in the Standards meet the International Labor Organization's (ILO) recommendations. The Standards shall be reviewed annually by the DOLE, in coordination with the Department of Health (DOH), the Department of Information and Communications Technology (DICT), and other relevant government agencies, the Workplace Occupational Health and Safety Officer, and registered interested parties and must include provisions related to the Authorized Representatives, as well as the WOHSO as defined below.

SEC. 27. *Workplace Occupational Health and Safety Officer.* - From among the employees, a Workplace Occupational Health and Safety Officer (WOHSO) shall be elected for 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 and investigate and attempt to resolve any matters that may be a risk to health and safety at the place of work. 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; and
- (b) That the powers of a WOHSO shall include, but not limited to, the power to inspect any part of the workplace and to require the establishment of a health and safety committee.

SEC. 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 inspections by Authorized Representatives as shall be outlined in the Standards.

SEC. 29. *Prohibition Against Elimination or Diminution of Benefits.* - Nothing in this Act shall be construed to eliminate or diminish in any way existing benefits being enjoyed by employees at the time of effectivity of this Act, or benefits beyond the minimum standards set forth by this Act.

CHAPTER V

TERMINATION OF EMPLOYMENT OF BPO WORKERS

SEC. 30. *Termination of Employment.* - The termination of employment of BPO workers shall be governed by the provisions of the Labor Code and applicable laws, rules, and regulations. No BPO worker shall be dismissed except for just or authorized causes as defined under the Labor Code and only after observance of due process requirements, which shall include:

- (a) A written notice served on the worker specifying the ground or grounds for termination, and giving said worker reasonable opportunity to explain his or her side; and
- (b) A written notice of termination served on the worker indicating that upon due consideration of all circumstances, grounds have been established to justify termination.

SEC. 31. *Separation Pay.* - A BPO worker whose employment is terminated for authorized causes shall be entitled to separation pay in accordance with the Labor Code and existing laws, without prejudice to payment of benefits provided for in any company policy, collective bargaining agreement, or employment contract, if such benefits are superior.

SEC. 32. *Prohibition Against Unjust Dismissal Due to Performance Quotas.* - No BPO worker shall be dismissed solely for failure to meet unreasonable or arbitrary performance metrics, quotas, or key performance indicators (KPIs) that are not in the employment contract, are not work-related, or that violate occupational health and safety standards.

SEC. 33. *Protection Against Retaliatory Dismissal.* - No BPO worker shall be dismissed, penalized, or discriminated against for filing a complaint, participating in union activities, serving as a Workplace Occupational Health and Safety Officer, or exercising any rights provided under this Act.

CHAPTER VI

FINAL PROVISIONS

SEC. 34. *Penal Provision.* - Any person or company who violates the provisions of this Act shall be punished with a fine of not less than One Hundred Thousand Pesos (P100,000) and/or imprisonment of not less than two (2) months but not more than one (1) year, or both, at the discretion of the Court.

SEC. 35. *Implementing Rules and Regulations.* - The DOLE, in coordination with the Department of Health, the Department of Information and Communications Technology, and other concerned agencies, shall promulgate the implementing rules and regulations in consultation with various relevant stakeholders within sixty (60) days from the approval of this Act

SEC. 36. *Appropriation.* - The amount necessary to implement the provisions of this Act shall be included in the annual General Appropriations Act (GAA).

SEC. 37. *Separability Clause.* - Any portion of or provision of this Act that may be declared unconstitutional or invalid shall not have the effect of nullifying the other portions or provisions hereof as long as such remaining portion or provision can still subsist and be given effect in its entirety.

SEC. 38. *Repealing Clause.* - All laws, decrees, orders, rules, and regulations or other issuances or parts thereof inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

SEC. 39. *Effectivity.* - This Act shall take effect fifteen (15) days after its publication in the Official Gazette or any two (2) newspapers of general circulation in the Philippines.

Approved,