

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Constitution Hills, Quezon City

TWENTIETH CONGRESS
Second Regular Session

HOUSE BILL NO. 10313



Introduced by REP. YSABEL MARIA J. ZAMORA

EXPLANATORY NOTE

One of the most significant and successful consequences of economic globalization is the relocation of business operations to developing economies through outsourcing. Foremost among these is the Business Process Outsourcing (BPO) sector, which enables global enterprises to delegate critical tasks such as customer relations, information technology (IT) support, and administrative functions to countries with highly cost-efficient and competent labor markets¹.

The Philippines has positioned itself as a premier global hub for the BPO industry, leveraging its highly skilled, adaptable, and English-proficient workforce. The economic impact of this sector is profound; according to a report by the World Trade Organization (WTO), the BPO industry contributed 7.3% to the country's Gross Domestic Product (GDP)². As the sector projects sustained growth, it remains a primary pillar of the Philippine economy and a vital source of employment for millions of Filipinos.

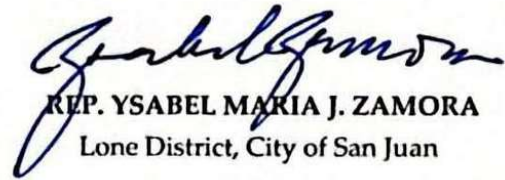
However, the rapid expansion of the industry has exposed BPO workers to severe and systemic challenges. Due to the nature of global operations, workers frequently endure irregular night-shift schedules, inadequate rest periods, high-stress environments, and substandard occupational health and safety conditions. These demanding circumstances compromise their physical health, mental well-being, and overall quality of life.

Consistent with the constitutional mandate to protect workers' rights and promote their welfare, this bill seeks to establish the "Magna Carta for BPO Workers." This legislative measure aims to institutionalize critical safeguards, mandate humane working conditions, enforce fair labor standards, and protect BPO professionals from exploitation and unsafe work practices.

¹ Ladaran, H. (November 2023). Globalization and Innovation: Driving Forces in BPO Evolution. Splace. <https://splacebpo.com/blog/globalization-and-innovation-driving-forces-in-bpo-evolution/>

² Gallimore, D. (January 2023). BPO and the Philippine economy. Outsource Accelerator. <https://www.outsourceaccelerator.com/articles/bpo-and-the-philippine-economy/>

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



REP. YSABEL MARIA J. ZAMORA
Lone District, City of San Juan

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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
GENERAL PROVISIONS

SECTION 1. Short Title. — This Act shall be known as the “Magna Carta for BPO Workers.”

SEC. 2. Declaration of Policy. — It is hereby the policy of the State to affirm 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. Further, 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.

Towards this end, the State shall protect the rights and promote the welfare of workers in the Business Process Outsourcing (BPO) industry, and take appropriate steps to recognize such rights and welfare while taking into account the special characteristics of the industry. Further, 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. Finally, 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. Definition of Terms. — For purposes of this Act, the following terms are defined as follows:

- (a) *Authorized Representative* refers 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* refers to the delegation of service-type business processes 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* refers 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* refers 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* refers 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* refers 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* refer to the Occupational Health and Safety Standards and Regulations, as described in Section 26 hereof;
- (i) *Work accident* refers 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* refers to any injury or occupational illness suffered by a worker, which arises out of or in the course of employment; and
- (k) *Workplace* refers 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.

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

SEC. 5. 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.

SEC. 6. 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 II

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. — No employee may be terminated except for just causes as may be provided by the Labor Code and other existing laws, and after due process in an administrative proceeding as provided for under the law.

CHAPTER III

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 debases the dignity of a person shall not be used against the employee.

SEC. 13. Regularization. — All BPO workers shall be considered regular employees upon the completion of their sixth month of employment as trainee or apprentice, or upon the completion of a maximum probationary training period of six months.

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 Collective Bargaining Agreement (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. A Health Maintenance Organization (HMO), or Medical and Health Insurance benefits upon employment with minimum coverage of Two Hundred Fifty Thousand Pesos (P250,000.00) which 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 a 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 and 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 twenty (20) minutes of restroom breaks throughout the work shift. These restroom breaks shall be added on top of the two (2) fifteen (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 CBAs 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 CBA, or other applicable employment contract stipulates the payment of a higher premium pay than that prescribed under this Article, the employer shall pay such a 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 Republic Act No. 11313, otherwise known as the "Safe Spaces Act".

SEC. 24. Better Working Conditions. — To improve the working conditions of the BPO workers, the company shall:

- (a) 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) 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) 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) 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 Department of Labor and Employment (DOLE) is tasked to establish Occupational Safety and Health Standards, herein referred to as 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 IV

GENERAL EMPLOYMENT STANDARDS

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, CBA, 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 the 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 V

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 (P100,000.00) 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 DOH, the DICT, 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. — If any provision of this Act is declared unconstitutional, the remaining provisions not affected thereby shall remain in full force and effect.

SEC. 38. Repealing Clause. — All laws, decrees, executive orders, proclamations, rules and regulations contrary to or inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

SEC. 39. Effectivity. — This Act shall take effect fifteen (15) days following its publication in the Official Gazette or in at least one (1) newspaper of general circulation.

Approved,