

Fair Labor Association -  
Independent Investigation on  
Alleged Freedom of Association  
and Collective Bargaining Rights  
Violations of the Workers in  
Charter Link Clark, Inc.  
Garments Factory, Philippines

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## Abbreviations

CAP	Corrective Action Plan
CBA	Collective Bargaining Agreement
CLCI	Charter Link Clark, Inc.
CLCFWU	Charter Link Clark Free Workers Union
CLEU	Charter Link Clark, Inc. Employees Union
CLEU-FFW	Charter Link Employees Union-Federation of Free Workers
DOLE	Department of Labor and Employment
FFW	Federation of Free Workers
FLA	Fair Labor Association
HR	Human Resources
KMM - Katipunan	Kilusan ng Manggagawang Makabayan
LMC	Labor-Management Council
NCMB	National Conciliation and Mediation Board
NLRC	National Labor Relations Commission
SEBA	Sole and exclusive bargaining agent

## Part I. Overview and Background of the Investigation

### A. Overview

This is a brand-commissioned independent investigation, which is one of the Fair Labor Association (FLA) safeguards tools for addressing “instances of significant and persistent noncompliance with the FLA Workplace Code of Conduct and Compliance Benchmarks in production facilities used by FLA affiliated companies, suppliers or university licensees.”<sup>1</sup> The investigation was commissioned in October 2020 by a FLA-affiliated company, lululemon Athletica (lululemon).

Although there are several working conditions issues covered in this investigation, the primary focus is the **alleged violation of workers’ freedom of association and collective bargaining rights**, which reportedly occurred at the Charter Link Clark Inc. (CLCI) factory in the Clark Special Economic Zone, Pampanga, Philippines.

CLCI is a Philippine-registered company and a subsidiary of Hong-Kong-registered Charter Link Ltd. CLCI is engaged in garments manufacture, especially athletic wear, and has 695 employees as of December 2020.

Through a communication dated 2 December 2019, IndustriAll Global Union asked CLCI to stop its alleged anti-union actions, including (i) its failure to bargain collectively with Charter Link, Inc. Employees Union-Federation of Free Workers (CLIEU-FFW), and (ii) the dismissal of CLIEU-FFW members and officials. CLIEU-FFW is an affiliate/chapter of the Federation of Free Workers (FFW), a labor federation, which is an affiliate of IndustriAll Global Union.<sup>2</sup>

In March 2020, upon lululemon’s request, Verité,<sup>3</sup> a non-government organization that checks workplaces’ compliance with international labor standards, conducted a comprehensive factory evaluation at this factory. The assessment report found some evidence of union interference by management through some managerial staff,<sup>4</sup> mandatory overtime work,<sup>5</sup> problems with the company’s existing grievance mechanisms<sup>6</sup> and uneven/improper implementation of existing disciplinary policies.<sup>7</sup>

After receiving Verité’s assessment report and proposed Corrective Action Plan (CAP), lululemon started to follow up the implementation of the CAP by the factory management. Since lululemon did not have a local staff in Philippines, and to ensure a timely and swift CAP implementation, it worked with an experienced social compliance expert based in Manila, Philippines.

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<sup>1</sup> <https://www.fairlabor.org/transparency/safeguards>

<sup>2</sup> See: <http://www.industrialall-union.org/affiliates/philippines>

<sup>3</sup> See: [www.verite.org](http://www.verite.org)

<sup>4</sup> Verité Comprehensive Factory Evaluation Report (March 2020), pp. 13-14.

<sup>5</sup> Verité Comprehensive Factory Evaluation Report (March 2020), pp. 6-7.

<sup>6</sup> Verité Comprehensive Factory Evaluation Report (March 2020), pp. 7-10.

<sup>7</sup> Verité Comprehensive Factory Evaluation Report (March 2020), pp. 8-10.

Following all those developments that took place after March 2020, lululemon approached FLA and asked this safeguard investigation to check the status of the allegations over violation of freedom of association and CBA rights of the workers, along with implementation of CAP. lululemon also expected the safeguard investigation to provide a clear picture of the factory environment and to identify additional corrective action measures, which can be implemented to improve working conditions in the factory.

## B. Investigation Plan and Methodology

To gather information about the reported union interference and related labor issues, the investigator employed various tools including direct interviews with management, unions, supervisors, and rank-and-file workers. The investigator also conducted a survey of all rank-and-file workers and reviewed relevant documentation/records of government proceedings (e.g., labor cases), internal company documents and data, and reports provided by the CLIEU-FFW. Some information was collected from the internet sources, especially official government websites and online databases.

### 1. Interviews

The investigator interviewed management, union members and officials, rank-and-file employees and supervisors as follows:

Interviewees	Date of Interview	Mode of interview
1. CLIEU-FFW members and officials	9 December 2020	Via online meeting platform
2. Charter Link Clark, Inc. management (top management, finance, and human resource managers)	29 December 2020	Via online meeting platform
3. CLCI Group Director	5 February 2021	Follow-up interview, face-to-face interview at Charter Link factory
4. Five supervisors and line leaders in CLCI	5 February 2021	Face-to-face group interview at the Charter Link factory

Interviewees	Date of Interview	Mode of interview
5. Ten rank-and-file workers in CLCI	6 February 2021	Face-to-face interview at the Charter Link factory – 7 workers interviewed individually; 3 were interviewed as a group.
6. CLIEU-FFW members and officials	6 February 2021	Follow-up interview, face-to-face interview at the Charter Link factory
7. Members of the Charter Link, Inc. Employees Union or CLEU (Note: This union is different from CLIEU-FFW)	6 February 2021	Face-to-face group interview at Charter Link factory

The rank-and-file workers and supervisors were randomly selected from a master list of employees provided by Charter Link Clark, Inc. human resource (HR) department. The investigator used a randomizer formula in Excel<sup>®</sup> for the selection of interviewees.

The management had to be informed of the names of the interviewees to facilitate the conduct of the interviews. However, no member of management was present while the interviews were conducted. This report is also written in a way that the responses cannot be attributed to a specific worker.

The independent investigator acknowledges the cooperation of the relevant unions and the CLCI management in the conduct of these interviews. The investigator would like to commend the CLCI management for its high level of cooperation in facilitating the workers’ interviews and the workers’ survey.

**2. Workers’ Survey**

On 5 February 2021, the investigator surveyed 525 rank-and-file employees, which made up all the rank-and-file workers who had shifts on the said day. The survey was conducted in the factory premises, without the presence of any members of management.

The workers answered a 6-page questionnaire with 21 questions, covering union issues, disciplinary policies and investigation procedures, grievance mechanism, the issue of forced leaves and overtime, and payment of salaries and benefits, among others. The questionnaire was in *English* and *Filipino*. (The questionnaire can be found in [Annex B.](#)) Before the workers answered the questionnaire, the investigator gave them a brief background of the investigation, explained some parts of the questionnaire, and answered questions from the respondents, if any. The results of the survey are found in [Annex A.](#)

### 3. Documents and Data Review

The investigator reviewed relevant case documents and official government records, internal company policies and documents, including minutes of CBA negotiation meetings. The investigator also received human resource records (e.g., hiring and attrition data, and overtime data). This investigation benefited greatly from the openness of the CLCI management in sharing such vital documents and data.

### 4. Online research

Some information had been collected from internet sources, especially official government websites and online data bases. These include online databases on registered unions, pending and resolved labor cases, and government policies and regulations.

## C. Reported Issues, their History and Context

For a clearer understanding of the issues which were covered in this investigation, we need some historical background and context going back to the formation of CLIEU-FFW in 2019, as well as events prior to and after its formation. This narration presents the views of the unions and factory management. The independent investigator's findings about the opposing claims will be discussed in the [findings](#).

### 1. Formation of CLIEU-FFW and alleged union interference by management

According to the CLIEU-FFW, they started organizing the factory sometime in November 2018 due to mandatory overtime, occupational health and safety issues, and unpaid benefits.<sup>8</sup> Union members also complained of mistreatment (e.g., public shaming, use of indecorous language) by some supervisors.<sup>9</sup>

The CLIEU-FFW was registered with the Department of Labor and Employment (DOLE) on March 5, 2019. The union claimed that even prior to its official registration, the factory management had harassed the union and its leaders by suspending Mr. A and Mr. B, the interim union president and vice president, in January 2019, and firing them in April 2019.<sup>10</sup> In response, the 2 union officials filed a case for illegal dismissal and unfair labor practice (i.e., union busting) against the factory. (This case will be further discussed in the investigator's findings.)

Factory management claimed that the 2 union representatives were not fired for their union activities within the workplace, but because they were forcing other employees to sign certain

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<sup>8</sup> CLIEU-FFW Response to Request for Information by the Independent Investigator, pp. 1-2.

<sup>9</sup> Interview of 9 December 2020.

<sup>10</sup> CLIEU-FFW Response to Request for Information by the Independent Investigator, p. 2.

documents during work hours.<sup>11</sup> Factory management also said that the 2 union representatives have tried to intimidate and extort money from one of the factory's manager Mr. C.<sup>12</sup> According to the factory, the 2 union officials committed these serious offenses when they met with Mr. C to try to settle a case, which the two filed (along with two other employees) with the Labor Department. Mr. C had even filed related criminal cases against the two union officials.<sup>13</sup> However, the criminal complaints had been dismissed by the Prosecutor's Office for lack of probable cause. Also, the labor arbiter has ordered the reinstatement of two union officials after finding that their termination was illegal. The factory has implemented payroll reinstatement only (i.e., they receive their salaries even though they are not required to report to work), while it is appealing the labor arbiter's decision.

## **2. Recognition of CLIEU-FFW as collective bargaining agent and protracted CBA negotiations**

On 3 July 2019, a government-monitored certification election was conducted to determine whether the workers in CLCI wanted to organize, and if they did, to select their exclusive bargaining agent. The CLIEU-FFW and Charter Link Clark Free Workers Union (CLCFWU) contested this election.

CLIEU-FFW alleges that CLCFWU was a management-organized and supported union meant to derail legitimate unionizing in the factory. CLIEU-FFW said that a leader of CLCFWU admitted that the one of the factory's managers, Mr. D, instigated the organization of the second union,<sup>14</sup> while factory management denied such union interference.

CLIEU-FFW won the certification election and was recognized as the sole and exclusive bargaining agent (SEBA) by the Labor Department on 11 July 2019. On 12 July 2019, CLIEU-FFW sent a letter to CLCI management expressing its intent to start CBA negotiations and its CBA proposal.

On 26 March 2021, while this report was being finalized, CLIEU-FFW and the factory signed the CBA. On 12 April 2021, the management and CLIEU-FFW informed the investigator that the rank-and-file workers have ratified the signed CBA. The next step would be the registration of the CBA with the Labor Department.

The CBA negotiations took about 20 months from the time CLIEU-FFW submitted its CBA proposal. The prolonged CBA negotiations had been a major irritant in the relationship between the factory management and union.

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<sup>11</sup> *Decision in Charter Link Employees Union-Federation of Free Workers Union, Eric E. Nalam and Arman Caparanga v. Charter Link Clark, Inc. Man Sum Sammuel Wai and Eng Huat Nah* (NLRC Case No. RAB III-07-299935-19, (hereafter "NLRC Decision") p. 5.

<sup>12</sup> NLRC Decision, p. 6.

<sup>13</sup> NLRC Decision, pp. 4-7.

<sup>14</sup> Interview dated 9 December 2020.

The CLIEU-FFW had criticized the factory for not negotiating in good faith evidenced by the intermittent and unproductive negotiation meetings. Moreover, while CBA negotiations were ongoing, the factory allegedly committed union busting and illegally terminated CLIEU-FFW members.<sup>15</sup> (For a discussion of the alleged union-busting, see [Section 3](#) and [Section 4](#).)

Factory management countered that the prolonged negotiations were due to legitimate disagreements on the economic terms of the CBA. The CLCI group director, stated that the factory could not afford the CLIEU-FFW demands for higher wages (factory could only pay the government-set minimum wage) and higher overtime rate (i.e., higher than the 25% government-mandated overtime premium).<sup>16</sup>

Although this investigation still looked at the alleged delay in CBA negotiations (see [Findings](#)), the investigator acknowledged that the signing and ratification of the CBA was a very positive step towards the resolution of most of the CBA-related issues. The investigator believed that the approval of the CBA would yield dividends for both union and factory management, and most importantly, the workers whose rights and benefits would be enhanced by the CBA's provisions. The CBA and its provisions will be covered in greater detail in the [Findings](#).

### 3. Workers on forced leave and alleged union busting

In November to December 2019, 125 workers were put on forced leave in several batches. The factory management said it implemented the forced leaves due to a production slowdown resulting from lower-than-expected orders from clients and raw material delays.<sup>17</sup> This was undertaken in line with the Labor Department's *Guidelines on the Adoption of Flexible Work Arrangements*, which allows workers to be put on forced leave to allow a factory to cope with economic difficulties.<sup>18</sup> This *temporary* leave from work is allowed for a maximum period of six months, thus it should have lasted from November 5, 2019 to May 5, 2020.<sup>19</sup>

The CLIEU-FFW claimed that the management targeted its members and officials for forced leave, including the workplace union representatives who were involved in CBA negotiations. They claimed that non-regular employees (i.e., trainees and those on short-term contracts) were not put on forced leave. Instead, regular employees, who were union members were targeted.<sup>20</sup> On

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<sup>15</sup> In re: Complaint for Interpleader (RO3-RO-IN-05-11-16-20), Charter Link Clark, Inc. v. CLIEU-FFW and CLEU, p. 2; Interview dated 9 December 2020.

<sup>16</sup> Interview dated 29 December 2020.

<sup>17</sup> Interview dated 29 December 2020.

<sup>18</sup> Department of Labor and Employment Advisory No. 2, series of 2009.

[http://ncr.dole.gov.ph/fndr/mis/files/DA\\_02\\_09\\_2.pdf](http://ncr.dole.gov.ph/fndr/mis/files/DA_02_09_2.pdf).

<sup>19</sup> Labor Code, Implementing Rules and Regulations, Book VI, Rule 1, Section 12. In *CLIEU-F Estrella Rebodos et al. v. Charter Link, Inc., et al.*, NLRC Case No. RAB-III-01-31094-20, the labor arbiter said that the forced leave should have ended on 5 May 2020; however, in another case, *Charter Link, Inc. Employees Union-FFW et al. v. Charter Link Inc., et al.* NLRC RAB III Case No. 01-31108-20, the labor arbiter said that it should have ended on 4 May 2020.

<sup>20</sup> Interview dated 9 December 2020.

the other hand, the factory said that entire sewing lines were selected for forced leave based on productivity levels and other objective criteria.<sup>21</sup>

Out of the 125 workers put on forced leave, 118 agreed to sever their employment relationship with CLCI and received their separation (severance) pay,<sup>22</sup> as follows: 86 workers (February 2020), 5 workers (April 2020), 21 workers (May 2020), and 6 workers (June 2020).<sup>23</sup>

The remaining 7 workers were part of two groups of employees that filed complaints with the DOLE in January 2020 and questioned the force leave arrangement.<sup>24</sup> Originally, there were 26 complainants, but 19 workers agreed to a settlement and became part of the 118 workers mentioned earlier. The labor arbiters ordered the reinstatement of the 7 remaining complainants in November 2020. (The decisions in the two cases will be discussed in the investigator's [findings](#).)

#### **4. Allegations on the factory management's union interference and promotion of a new union (i.e., CLIEU), which resulted in the disaffiliation of several CLIEU-FFW members.**

The CLIEU-FFW also reported the creation of another union, the Charter Link, Inc. Employees Union (CLIEU), which it claimed was supported by management.<sup>25</sup> CLIEU was registered with the DOLE on 13 August 2020.<sup>26</sup>

According to the CLIEU-FFW members, a former CLCI human resource manager, Mr. E, allegedly showed preference for the CLIEU based on his public pronouncements. Mr. E also included CLIEU members and officials in the Labor-Management Council (LMC) and excluded CLIEU-FFW members, even though CLIEU-FFW was the certified SEBA. Under Philippine law, a LMC may be formed in an organized establishment (i.e., there is a SEBA) or unorganized workplace (where it is called a labor-management committee).<sup>27</sup> Through the LMC, employers and workers can discuss policies and decision-making processes directly affecting workers' rights, benefits, and welfare.<sup>28</sup> In an organized establishment, matters covered by the CBA or traditional areas of bargaining shall not be discussed in the LMCs.<sup>29</sup>

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<sup>21</sup> Interview dated 29 December 2020.

<sup>22</sup> Interview dated 29 December 2020.

<sup>23</sup> Based on worker attrition data provided by CLCI.

<sup>24</sup> *CLIEU-F Estrella Rebodos et al. v. Charter Link, Inc., et al.*, NLRC Case No. RAB-III-01-31094-20 and *Charter Link, Inc. Employees Union-FFW et al. v. Charter Link Inc., et al.* NLRC RAB III Case No. 01-31108-20.

<sup>25</sup> Interview dated 9 December 2020.

<sup>26</sup> In re: Complaint for Interpleader (RO3-RO-IN-05-11-16-20), *Charter Link Clark, Inc. v. CLIEU-FFW and CLEU*, p. 1.

<sup>27</sup> Labor Code, Article 292 [277], subsection h.

<sup>28</sup> Labor Code, Article 267 [255].

<sup>29</sup> Labor Code, Implementing Rules and Regulations, Book V, Rule XXI, Section 1.

CLIEU-FFW believed that with the blessing of the factory management, CLIEU launched a campaign to convince CLIEU-FFW members to disaffiliate from their union and join CLIEU. There was also pressure allegedly coming from management to stop workers from supporting CLIEU-FFW. For instance, some supervisors allegedly told workers that the factory would shut down in case CLIEU-FFW continued with its demands for higher wages and benefits. <sup>30</sup> According to CLIEU-FFW, this campaign was so successful that it caused CLIEU-FFW's membership to dwindle from 317 when the union was registered in March 2019 to less than 100 members in 2020. CLIEU-FFW said that its leadership could not counter this disaffiliation campaign because its leaders were already either dismissed or put on forced leave at that time. <sup>31</sup>

However, these claims were disputed CLIEU members, some of whom were former CLIEU-FFW members. They said that they became dissatisfied with CLIEU-FFW and decided to join the new union because more than a year had passed since CLIEU-FFW was recognized as the SEBA, but it had been unable to successfully conclude CBA negotiations. They said that they started organizing the union in February 2020, with the assistance of Mr. F, an organizer from *Kilusan ng Manggagawang Makabayan* (KMM-Katipunan), which is another labor federation. They acknowledged that its members and 2 of their officials, Mr. G and Mr. H, were part of the LMC organized by Mr. E. However, they said that their participation was legitimate, and they intended to use the LMC to address overtime issues, and unpaid night shift differentials. <sup>32</sup>

Management stated that they were not aware of the organization of CLIEU, but later became aware that Mr. E, formed a LMC primarily made up of CLIEU members, which acted as if it were the factory's grievance mechanism and management's go-to entity. The factory's group director admitted that the way the LMC was organized was improper, but top management only belatedly became aware of this. Factory management said that Mr. E supported the second union not only to challenge the CLIEU-FFW's position as SEBA, but also to undermine top management.

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<sup>30</sup> Interview dated 9 December 2020.

<sup>31</sup> CLIEU-FFW Response to Request for Information by the Independent Investigator, p. 3.

<sup>32</sup> Interview dated 6 February 2021.

## Part II. Issues for Investigation and Applicable Rules and Standards

### A. Summary of Issues Investigated

The independent investigation covered a total of 9 interrelated issues.

As mentioned earlier, the focus of the investigation was on the reported anti-union actions of the CLCI management. However, the independent investigator also deemed it essential to check the reported forced overtime as well as the alleged verbal abuses by some managers. These were some of the issues that workers wanted to address when they started forming the CLIEU-FFW in 2019. The reported uneven implementation of disciplinary policies also created some tension between the union members and the factory, especially when the CLIEU-FFW officials were dismissed in April 2019 for supposedly violating factory policies. Assuming the investigation confirmed that these issues occurred, it was important to find out how they could be addressed and prevent their recurrence.

The 9 issues are as follows:

- i. Alleged management interference during the July 2019 certification election to determine the SEBA.
- ii. Alleged union busting through the dismissal of 2 CLIEU-FFW officials.
- iii. Alleged union busting through the forced leave of CLIEU-FFW members.
- iv. Alleged refusal of the management to negotiate in good faith.
- v. Alleged union interference by management when it supported the organization of CLIEU and pitted it against CLIEU-FFW.
- vi. Alleged overtime work without workers' consent.
- vii. Alleged mistreatment of workers by certain members of the management.
- viii. Alleged uneven factory disciplinary policies and proceedings.
- ix. Problems with the organization of the LMC.

### B. Applicable Rules and Standards

In the interest of fairness, it is proper to lay out the applicable rules and standards, which the investigator applied in arriving at this report's findings. These are discussed in the next sections, which are based on the FLA Workplace Code of Conduct, and relevant Philippine statutory and case law. The report also referenced US case law, which has "persuasive effect" in Philippine court decisions.

#### 1. The right to organize and collectively bargain

The FLA Workplace Code of Conduct provides that "[e]mployers shall recognize and respect the right of employees to freedom of association and collective bargaining."<sup>33</sup> These rights are well-

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<sup>33</sup> <https://www.fairlabor.org/our-work/labor-standards> <Accessed on 13 March 2021>.

established under both international and domestic legal regimes. The Philippines is party to the International Labor Association Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87) and Right to Organise and Collective Bargaining Convention, 1949 (No. 98).<sup>34</sup> The right to self-organize is also found in the Philippine Labor Code.<sup>35</sup>

To ensure that this right is protected, the Philippine Labor Code prohibits actions that will weaken or thwart workers organizing work and collective bargaining rights. Thus, restraints on workers in the exercise of their right to organize, interference with union formation and internal affairs, and violation of duty to bargain are considered unfair labor practices under the Labor Code.<sup>36</sup>

#### a. Restraints on freedom to organize

Philippine case law provides some examples of acts that can undermine the right of workers to organize. The dismissal of union members on the pretext of retrenchment supposedly caused by limited raw materials,<sup>37</sup> dismissal of all union officials without clear valid basis just as the CBA was about to be renegotiated,<sup>38</sup> and mass lay-off of workers, especially union members, due to unsupported claim of business downturn<sup>39</sup> are a few examples.

Threatening workers with factory closure to weaken union support and encouraging workers to sign a petition repudiating the union,<sup>40</sup> and interrogation of workers to elicit information about union membership<sup>41</sup> also violate the right to organize. A rule prohibiting solicitation of union membership even during non-working hours can also be deemed an infringement of the right.<sup>42</sup>

There are many other examples, but the common thread is that the infringing acts can directly or indirectly cause workers to falter in their resolve to unionize or remain organized. They can cause a chilling effect on the workers' organizing work. To establish a violation of this right, this investigation needs to be able to discover specific acts, which have such adverse effects.

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<sup>34</sup> [https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:11200:0::NO::P11200\\_COUNTRY\\_ID:102970](https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:11200:0::NO::P11200_COUNTRY_ID:102970) <Accessed on 13 March 2021>.

<sup>35</sup> Labor Code, Article 253 [243].

<sup>36</sup> Labor Code, Article 259 [248].

<sup>37</sup> *Manila Pencil Co., Inc. v. Court of Industrial Relations*, G.R. No. L-16903 (August 31, 1965).

<sup>38</sup> *Dabuet v. Roche Pharmaceuticals, Inc.*, G.R. No. L-45402 (April 30, 1987).

<sup>39</sup> *Madrigal and Co., Inc. v. Zamora*, G.R. No. L-48237 (June 30, 1987).

<sup>40</sup> Azucena, C.A. (2007) *The Labor Code with Comments and Cases Volume II*, p. 282 citing the US case, *NLRB v. Briton*, 52 LC 23, 735.

<sup>41</sup> Azucena, C.A. (2007) *The Labor Code with Comments and Cases Volume II*, p. 283 citing *NLRB vs. Associated Naval Architects*, 355 F2d 788).

<sup>42</sup> Azucena, C.A. (2007) *The Labor Code with Comments and Cases Volume II*, p. 284 citing *Remington Rand Corp.*, 141 *NLRB* 1052).

## b. Union favoritism

To establish a violation under this category, this investigation needs to find evidence that the factory management had a role in the organization of union/s in the Clark factory. The management's initiation of the idea to form a union, financial support to the union, its encouragement and assistance to the union are possible evidence of union favoritism.<sup>43</sup>

However, these rules against the unfair labor practices (under subsections a and b) do not deprive the employer the right to exercise management prerogatives and act in ways which management believes are necessary for the efficiency, productivity, and profitability of operations.<sup>44</sup> It is also the management's right to discipline workers for *bona fide* violations of factory policies. In other words, if the factory can provide evidence that the reported anti-union actions were sound management decisions and in line with legitimate business practices, internal policies, and the applicable law, then the investigation must find in favor of management.

## c. Duty to bargain in good faith

The meaning of duty to bargain collectively is defined under Article 263 [252] of the Philippine Labor Code. It means "the performance of a mutual obligation to meet and convene *promptly and expeditiously* in good faith for the purpose of negotiating an agreement with respect to wages, hours of work and all other terms and conditions of employment including proposals for adjusting any grievances or questions arising under such agreement and executing a contract incorporating such agreements if requested by either party, *but such duty does not compel any party to agree to a proposal or to make any concession.*"

Article 263 [252] essentially means that the parties to a CBA must meet, conduct the negotiations in good faith, and expeditiously to discuss working conditions and other mandatory topics enumerated in Article 263 [252].<sup>45</sup> However, the parties' freedom of choice is not unduly restricted. They are not required to make concessions or agree to the proposals put forward during the negotiations. Thus, a factory will not violate its duty to bargain if it adopts an unyielding bargaining position, especially if it is operating at a loss.<sup>46</sup> A delay caused by such justified, hard bargaining will not be taken against the factory.

On the other hand, *unwarranted* delay in the negotiations may be evidence of bad faith.<sup>47</sup> Employment of dilatory tactics to delay negotiations,<sup>48</sup> failure to vest negotiators with sufficient

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<sup>43</sup> Azucena, C.A. (2007) The Labor Code with Comments and Cases Volume II, p. 299.

<sup>44</sup> Azucena, C.A. (2007) The Labor Code with Comments and Cases Volume II, p. 277.

<sup>45</sup> Azucena, C.A. (2007) The Labor Code with Comments and Cases Volume II, pp. 346

<sup>46</sup> Azucena, C.A. (2007) The Labor Code with Comments and Cases Volume II, pp. 350, citing *NLRB c. Almeida Bus Lines*, 333 F2d 729 and *Amalgamated Association of Street Elec. R. and Motor Coach Employees v. NLRB*, 1000 L ed 850; pp. 354-356, 360-361.

<sup>47</sup> Azucena, C.A. (2007) The Labor Code with Comments and Cases Volume II, p. 366.

<sup>48</sup> Azucena, C.A. (2007) The Labor Code with Comments and Cases Volume II, p. 366.

authority to make agreements or commitments on their own initiatives,<sup>49</sup> failure to make timely reply to proposals by the other party,<sup>50</sup> surface and blue-sky bargaining<sup>51</sup> may also be indications of bad faith.

To determine whether there had been bad faith in the negotiations between CLCI and CLIEU-FFW, the investigator checked whether any of these factors and indicators were present. Minutes of meetings and timeline of the negotiations, among others, were also considered in making this determination. The investigator also checked if the procedures in collective bargaining under Article 261 [251] of the Philippine Labor Code had been followed.<sup>52</sup>

## 2. Rules on workhours and overtime

The FLA Workplace Code of Conduct provides: “Employers shall not require workers to work more than the regular and overtime hours allowed by the law of the country where the workers are employed. The regular work week shall not exceed 48 hours. Employers shall allow workers at least 24 consecutive hours of rest in every seven-day period. All overtime work shall be consensual. Employers shall not request overtime on a regular basis and shall compensate all overtime work at a premium rate. Other than in exceptional circumstances, the sum of regular and overtime hours in a week shall not exceed 60 hours.”<sup>53</sup>

Under Philippine law, the normal daily working hours shall not exceed 8 hours.<sup>54</sup> Work may be performed beyond 8 hours, but the work must be considered as overtime and the worker must be compensated with a premium rate, i.e., the regular wage shall be multiplied by a factor of

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<sup>49</sup> Azucena, C.A. (2007) *The Labor Code with Comments and Cases Volume II*, p. 367.

<sup>50</sup> *Colegio San Juan de Letran vs. Association of Employees and Faculty of Letran*, G.R. No. 141471 (September 18, 2000).

<sup>51</sup> “Surface bargaining” is “sophisticated pretense in the form of apparent bargaining.” “Blue sky bargaining” means making unreasonable or exaggerated demands. Azucena, C.A. (2007) *The Labor Code with Comments and Cases Volume II*, p. 369-371.

<sup>52</sup> *Procedure in collective bargaining*. The following procedures shall be observed in collective bargaining:

(a) When a party desires to negotiate an agreement, it shall serve a written notice upon the other party with a statement of its proposals. The other party shall make a reply thereto not later than ten (10) calendar days from receipt of such notice;

(b) Should differences arise on the basis of such notice and reply, either party may request for a conference which shall begin not later than ten (10) calendar days from the date of request;

(c) If the dispute is not settled, the Board shall intervene upon request of either or both parties or at its own initiative and immediately call the parties to conciliation meetings. The Board shall have the power to issue subpoenas requiring the attendance of the parties to such meetings. It shall be the duty of the parties to participate fully and promptly in the conciliation meetings the Board may call.

(d) During the conciliation proceedings in the Board, the parties are prohibited from doing any act which may disrupt or impede the early settlement of the disputes; and

(e) The Board [National Conciliation and Mediation Board] shall exert all efforts to settle disputes amicably and encourage the parties to submit their case to a voluntary arbitrator.

<sup>53</sup> <https://www.fairlabor.org/our-work/labor-standards> <Accessed on 13 March 2021>.

<sup>54</sup> Labor Code, Article 83.

1.25.<sup>55</sup> There shall be additional factor of 0.10 in case overtime work is done between 10 p.m. and 6 a.m. (i.e., night shift differential).<sup>56</sup>

Unlike the FLA standard, Philippine law does not have a cap of 60 hours of work per week. Under Philippine law, overtime work is generally consensual, however, *compulsory overtime* is allowed in exceptional circumstances like when there is a national or local emergency, when it is necessary to prevent loss or damage to perishable goods, or when the completion or continuation of work started before the 8<sup>th</sup> regular work hour is necessary to prevent serious obstruction or prejudice to the business or operations of the employer.<sup>57</sup>

### 3. Treatment of workers

The FLA Workplace Code of Conduct states that “[e]very employee shall be treated with respect and dignity. No employee shall be subject to any physical, sexual, psychological or verbal harassment or abuse.”

### 4. Factory disciplinary policies and employee discipline

Companies are free to develop their own policies in the workplace, provided, of course, that they are consistent with the applicable law. Labor regulations define authorized and just causes for the termination of an employee.<sup>58</sup> For purposes of employee discipline, the standards on just causes for termination are relevant.

Labor regulations define just grounds for termination, including (a) serious misconduct, (b) willful disobedience or insubordination, (c) gross and habitual neglect of duties, (d) fraud or willful breach of trust, (e) loss of confidence, and (f) commission of a crime or offense, and (g) cases analogous to items a to f.<sup>59</sup> They also provide for due process requirements including notice and hearing before an employee can be dismissed on just grounds.<sup>60</sup>

In evaluating CLCI’s disciplinary policies and procedures, the investigator checked whether they were consistent with the foregoing labor standards. The investigator also checked whether such factory policies and procedures had been communicated properly. It is also essential that workers understood them and found them fair. There also must be records of disciplinary proceedings. These are in line with FLA Workplace Code of Conduct (specifically under “Workplace Conduct and Discipline”).

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<sup>55</sup> Labor Code, Article 87.

<sup>56</sup> Labor Code, Implementing Rules and Regulations, Book III, Rule II, Sections 2-3.

<sup>57</sup> Labor Code, Implementing Rules and Regulations, Book III, Rule I, Section 10.

<sup>58</sup> Labor Code, Implementing Rules and Regulations, Book VI, Rule I-A.

<sup>59</sup> Labor Code, Implementing Rules and Regulations, Book VI, Rule I-A, Section 5.2.

<sup>60</sup> Labor Code, Implementing Rules and Regulations, Book VI, Rule I-A, Section 5.1.

## 5. Labor-Management Council

As discussed earlier, a labor-management council (LMC) (in organized establishment) or labor management committees (in unorganized establishment) *may* be formed to provide a venue for employers and workers to discuss policies and decision-making processes directly affecting workers' rights, benefits and welfare.<sup>61</sup> In an organized establishment, matters covered by the CBA or traditional areas of bargaining shall not be discussed in the LMCs.<sup>62</sup>

The Bureau of Labor Relations under DOLE provides the following guidance on the organization and implementation of an LMC:<sup>63</sup>

- a) The LMC is composed of an adequate number of representatives from labor and management.
- b) Labor representatives are elected by at least the *majority of* the workers in the establishment. (However, in organized establishments, the workers' representatives shall be nominated by the SEBA.<sup>64</sup>)
- c) Management is represented by top level officials, the personnel or industrial relations manager, the production manager and other officials including supervisors.
- d) There are two co-chairmen -- one from labor and one from management -- who serve concurrently or on a rotating basis. A secretary is also appointed.
- e) A third-party facilitator acceptable to labor and management may assist the LMC particularly in the early stages of its operation.
- f) Sub-committees may be formed to address specific concerns.

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<sup>61</sup> Labor Code, Article 267 [255] and Article 292 [277], subsection h.

<sup>62</sup> Labor Code, Implementing Rules and Regulations, Book V, Rule XXI, Section 1.

<sup>63</sup> Bureau of Labor Relations (2018), *Labor Relations Overview* <<https://blr.dole.gov.ph/wp-content/uploads/2019/10/LR-Overview-2018-Revised.pdf>> Accessed on 13 March 2021.

<sup>64</sup> Labor Code, Implementing Rules and Regulations, Book VI, Rule 21, Section 2.

## Part III. Findings

### A. Workers' overall perception on the workplace

In general, the workers have a very positive perception of the workplace. Based on the February 2021 Workers' Survey conducted by the independent investigator, 403 workers, who make up about 77% of workers were satisfied or very satisfied with their work in the factory. Only 2.2% (14 workers) were either not satisfied or very unsatisfied. The remaining 21% were either undecided or gave no response.

### B. Findings on specific issues covered by the investigation

#### 1. Alleged factory interference in certification election and restraints on the right to organize.

As discussed [earlier](#), CLIEU-FFW alleges that CLCFWU, the other union that contested the July 2019 certification election for SEBA, was a management-organized and supported union. CLIEU-FFW said that even a leader of CLCFWU admitted that the factory's production manager, Mr.D, instigated the organization and support of the second union.<sup>65</sup> The factory denied such union interference and said that it remained neutral in union affairs.

**Findings:** Some members of factory management interfered in the July 2019 certification election. Some members of management also issued statements, which could be construed as restraints on the workers' right to organize.

This issue of factory interference in union activities was reported to the Verité audit team during March 2020 investigation and found its way to the team's report. Some management representatives even told the Verité audit team that management conducted an informal survey of workers regarding their interest in union membership. Based on the informal survey, factory management claimed that most workers were not in favor of unionizing.<sup>66</sup>

Workers also told the Verité audit team that the management, including HR officers, supervisors, and line leaders, told the workers that unionizing can lead to the factory's closure or to clients like lululemon pulling out their orders.<sup>67</sup> This was confirmed in the February 2021 Workers' Survey. One hundred fourteen (114) workers reported that factory officials or line leaders made

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<sup>65</sup> Interview dated 9 December 2020.

<sup>66</sup> Verité Comprehensive Factory Evaluation Report (March 2020), p. 13.

<sup>67</sup> Verité Comprehensive Factory Evaluation Report (March 2020), p. 13.

statements against unions. They made up about 22% of the 525 respondents and consisted of both union and non-union workers.

Six workers also told this independent investigator that during the certification election they were aware that CLCFWU was supported by management or that they voted for the “management’s union.” Several workers reported that Mr. I, a line leader/supervisor, who was among the leaders of CLCFWU, informed them that CLCFWU had management’s support.<sup>68</sup> A worker also said that he/she participated in the formation of CLCFWU and that a certain Mr. J from the administration pushed them to organize the union.<sup>69</sup> After further inquiries, the latter turned out to be a finance and administrative officer in 2019. The fact that CLCFWU had become inactive after the certification elections was also evidence that it was not a legitimate labor organization but was merely used as a tool to defeat CLIEU-FFW.

The above actions by some members of factory management fall among the examples of restraints on the right to organize, and evidence of union favoritism, which were listed under [Applicable Rules and Standards](#). Some members of management exerted efforts to prevent CLIEU-FFW from becoming the SEBA, including taking a direct role in the formation of the CLCFWU, the other union that contested the certification. Members of the factory management should also not have conducted the informal survey of workers regarding their perceptions about union membership. It could have been perceived as eliciting information about the workers’ union membership status and dampened union support among the workers, thus possibly amounting to union interference.

## 2. Dismissal of CLIEU-FFW president and vice-president and alleged union busting

**Finding: The dismissal of the president and vice president of CLIEU-FFW appears to have been motivated by anti-union sentiments of some members of the factory management.**

For the allegations and claims of the union and factory management, see the [earlier discussion](#) in Part IC. The independent investigator, arrived at this finding based on the following factors, which in his view constitute sufficient and substantial evidence that Mr. A and Mr. B were dismissed by CLCI due to their union activities and organizing efforts:

- (a) The two union workplace representatives were dismissed during the time when CLIEU-FFW was being organized and the latter was pursuing the conduct of a certification election. The timing of the dismissal and the lack of sufficient basis for their dismissal (as discussed in the next sections) lead the investigator to conclude that the actions against them was due to their leadership in the union. The investigator also notes that the 2018-2020 records of CLCI shows

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<sup>68</sup> Interview dates are withheld to prevent the identification of the workers who gave this information.

<sup>69</sup> Interview dates are withheld to prevent the identification of the workers who gave this information.

that no other worker was dismissed for violation of factory policies, which indicates that the factory took extraordinary measures against the two union officials.

- (b) The factory claimed that the two were not fired for their union activities, but because they were forcing other employees to sign certain documents during work hours.<sup>70</sup> The independent investigator asked for the documentation of these alleged violations and the investigation conducted by the factory; however, the CLCI HR department said that there were no records. Recall also that Mr. A and Mr. B filed an illegal dismissal case against CLCI. The labor arbiter therein found that CLCI failed to substantially define the “non-work related” and the “unlawful activities,” which they committed during work hours.<sup>71</sup>
- (c) The factory also said that the two tried to intimidate and extort money from the factory’s accounting manager, Mr. C.<sup>72</sup> According to the factory, Mr. A and Mr. B committed these serious offenses when they met with Mr. C to try to settle a case, which the two filed (along with two other employees) with the Labor Department. Mr. C even filed related criminal cases against Mr. A and Mr. B.<sup>73</sup> However, the criminal case was twice dismissed by the investigating prosecutor for lack of probable cause.<sup>74</sup> Under Philippine law, probable cause is defined as “such facts as are sufficient to engender a well-founded belief that a crime has been committed and that respondent is probably guilty thereof... [It is] a *prima facie* evidence is required or that which is, on its face, good and sufficient to establish a given fact, or the group or chain of facts constituting the party's claim or defense; and which, if not rebutted or contradicted, will remain sufficient.”<sup>75</sup> This is not a high threshold of evidence compared to what is needed to prove in a criminal trial; hence, a lack of probable cause indicates a serious weakness of evidence in the mind of the investigating prosecutor.

The independent investigator’s findings herein are consistent with the findings of the labor arbiter in the case filed by the two union leaders against CLCI and some of its managers. The labor arbiter found that the factory’s two officials committed an unfair labor practice against Mr. A and Mr. B when they orchestrated criminal charges against the two union officials, which was intended to restrict their right to self-organization.<sup>76</sup> The independent investigator notes that the decision of the labor arbiter is still under appeal. However, the investigator’s findings herein are not based solely on the labor arbiter’s decision.

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<sup>70</sup> *Decision in Charter Link Employees Union-Federation of Free Workers Union, Eric E. Nalam and Arman Caparanga v. Charter Link Clark, Inc. Man Sum Sammuel Wai and Eng Huat Nah* (NLRC Case No. RAB III-07-299935-19, (hereafter “NLRC Decision”) p. 5.

<sup>71</sup> NLRC Decision, p. 11

<sup>72</sup> NLRC Decision, p. 6.

<sup>73</sup> NLRC Decision, pp. 4-7.

<sup>74</sup> As discussed in NLRC Decision, p. 11.

<sup>75</sup> *Orietrans Manufacturing Corp. v. Davidoff Et. Cie SA and Japan Tobacco, Inc.* G.R. No. 197482 (March 6, 2017).

<sup>76</sup> NLRC Decision, pp. 13-16.

### 3. Forced leaves and alleged union busting

**Finding:** The investigation could not establish that the CLIEU-FFW members were specifically targeted by the management when it implemented the forced leave scheme in November-December 2019.

It can be recalled that in November to December 2019, 125 workers were put on forced leave. The CLIEU-FFW claimed that the management targeted its members and officials for forced leave, including officials who were involved in CBA negotiations. The factory said it implemented the forced leaves due a production slowdown resulting from lower-than-expected orders from clients and lack of raw materials.<sup>77</sup> This was undertaken in line with the Labor Department's *Guidelines on the Adoption of Flexible Work Arrangements*, which allows workers to be put on forced leave to allow a factory to cope with economic difficulties.<sup>78</sup> For the allegations and claims of the union and factory, see the [earlier discussion](#) in Part IC.

The investigator gives more weight to the explanation of management due to the following reasons:

- (a) The workers put on forced leave were not entirely made up of CLIEU-FFW members. It appears that 94 out of the 125 put on forced leave were CLIEU-FFW or 75% of the group.<sup>79</sup> The Verité report also determined that some workers, who were put on forced leave were not union members, although most of them were.<sup>80</sup>
- (b) It may be recalled that two groups of workers filed cases against CLCI with the National Labor Relations Commissions questioning the forced leave on the ground of union busting, among others. In both cases, the labor arbiters ruled that the workers should be reinstated because their temporary leave from work should have ended in the first week of May 2020, after the lapse of the maximum 6-month period of forced leave allowed under the DOLE *Guidelines on the Adoption of Flexible Work Arrangements*.<sup>81</sup> However, both labor arbiters found that the 6-month forced leave itself was valid and in line with government regulations.<sup>82</sup> Both labor arbiters also said that the CLIEU-FFW members were not specifically targeted for forced leave;

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<sup>77</sup> Interview dated 29 December 2020.

<sup>78</sup> Department of Labor and Employment Advisory No. 2, series of 2009. [http://ncr.dole.gov.ph/fndr/mis/files/DA\\_02\\_09\\_2.pdf](http://ncr.dole.gov.ph/fndr/mis/files/DA_02_09_2.pdf). In *CLIEU-F Estrella Rebodos et al. v. Charter Link, Inc., et al.*, NLRC Case No. RAB-III-01-31094-20, the labor arbiter said that the forced leave should have ended on 5 May 2020; however, in another case, *Charter Link, Inc. Employees Union-FFW et al. v. Charter Link Inc., et al.* NLRC RAB III Case No. 01-31108-20, the labor arbiter said that it should have ended on 4 May 2020.

<sup>79</sup> The investigator based his count on the list of workers put on forced leave that was provided by CLCI management, which was compared with a separate list given by the CLIEU-FFW.

<sup>80</sup> Verité Comprehensive Factory Evaluation Report (March 2020), p. 11, 13.

<sup>81</sup> *CLIEU-F Estrella Rebodos et al. v. Charter Link, Inc., et al.*, (NLRC Case No. RAB-III-01-31094-20), pp. 12-14; *Charter Link, Inc. Employees Union-FFW et al. v. Charter Link Inc., et al.* NLRC RAB III Case No. 01-31108-20, pp. 7-9.

<sup>82</sup> *CLIEU-F Estrella Rebodos et al. v. Charter Link, Inc., et al.*, (NLRC Case No. RAB-III-01-31094-20), pp. 9-10; *Charter Link, Inc. Employees Union-FFW et al. v. Charter Link Inc., et al.* NLRC RAB III Case No. 01-31108-20, pp. 6-7, 12.

hence, the factory was not guilty of an unfair labor practice and violation of their right to organize.<sup>83</sup> The labor arbiters said that the workers failed to substantiate their claims against the factory, including the claim that they were immediately replaced by contractual employees.<sup>84</sup> The labor arbiters also said that the allegation that the factory discriminated against union members could not be proven considering that entire sewing departments were put on forced leave due to a downturn in production.<sup>85</sup>

- (c) There were real economic factors that led the factory to implement the forced leaves. The factory management stated that they hired about 300 additional workers in April to May 2019 to meet the orders of Company 1. The production for Company 1 had been delayed due to the time it took to source raw materials and the factory had to ensure that Company 1’s orders were delivered from June to September 2019, which coincided with the bulk of orders from another major client, Company 2. This situation led to the hiring of additional workers. At the end of October, however, the management found out that the orders for the next season were lower than expectations, which meant that the factory had surplus labor. The factory put 125 workers on forced leave because of this expected slowdown in production. The factory also said that it let go of most of the contractual workers at the same time.

The investigator gives weight to the factory’s claims because they are supported by production data. Production for all its clients indeed spiked from June to September 2019 with an average of about 200,000 units per month, which was followed by a sudden drop in production in the next 9 months (October 2019-June 2020) with an average monthly production of only 56,733 units. The average monthly production during the 9-month period was also lower than the average of 91,228 units during the years 2019-2020. It would be unreasonable for a factory to risk the financial health of the factory by purposely slowing production for such a long period of 9 months to remove union members.

Table 1

	Average monthly production
June to September 2019	199,892
October 2019 – June 2020	56,733
January 2019 – December 2020	91,228

- (d) The factory’s explanation is also consistent with its hiring and attrition data from September to December 2019. During this period, the factory allowed the contracts of 127 workers to expire. Recall that the forced leave of the 125 workers was also implemented around the same period (i.e., from November to December 2019). These figures indicated that the factory pursued a reduction of work force during the period to compensate for the lower production

<sup>83</sup> *CLIEU-F Estrella Rebodos et al. v. Charter Link, Inc., et al.*, (NLRC Case No. RAB-III-01-31094-20), pp. 10-11; *Charter Link, Inc. Employees Union-FFW et al. v. Charter Link Inc., et al.* NLRC RAB III Case No. 01-31108-20, pp. 9-11.

<sup>84</sup> *CLIEU-F Estrella Rebodos et al. v. Charter Link, Inc., et al.*, (NLRC Case No. RAB-III-01-31094-20), p.11; *Charter Link, Inc. Employees Union-FFW et al. v. Charter Link Inc., et al.* NLRC RAB III Case No. 01-31108-20, p. 11.

<sup>85</sup> *CLIEU-F Estrella Rebodos et al. v. Charter Link, Inc., et al.*, (NLRC Case No. RAB-III-01-31094-20), p.15; *Charter Link, Inc. Employees Union-FFW et al. v. Charter Link Inc., et al.* NLRC RAB III Case No. 01-31108-20, p. 11.

levels. Moreover, during the 6-month period that the forced leave (November 2019 – May 2020) was allowed in accordance with DOLE *Guidelines on the Adoption of Flexible Work Arrangements*, the factory only hired 17 workers, none of whom were deployed to the sewing department, where the 125 workers on forced leave came from. The new hires during the 6-month period were in the IT, HR, cutting, and accounting departments. In other words, the factory did not try to replace the workers put on forced leave during the 6-month period.

- (e) Finally, most of the rank-and-file workers and all the supervisors interviewed by the independent investigator confirmed that there was a slowdown in production during the period when people were put on forced leave. Based on their recollection, there was little overtime work during this period. They also noticed the lower volume of raw materials in stock. Two workers did state that they felt that the factory targeted CLIEU-FFW members for forced leave, but their view was based on perception/belief, which to the investigator has less weight compared to statistics and numbers.

The investigator did find a couple of data sets, which appear to be inconsistent with the factory's claims. It is only fair to explain why the investigator decided not to give more weight to these other data.

- a) The first is based on the February 2021 Workers' Survey. The workers were asked if they were put on forced leave and if the answer is yes, they were asked if their selection was fair or not. One hundred sixteen workers said that they were put on forced leave. Out of the 116, 78 said that they were selected in a fair manner while 38 said that they were not. The data was perplexing because both management and CLIEU-FFW agreed that only 7 out of the 125 workers who were put on forced leave returned to work. Therefore, it was impossible to have 116 respondents who were previously put on forced leave. Thus, this investigator decided to disregard this data. The confusing data may have been due to problems with this survey question, which may have confused the respondents. At any rate, this is perception data, which has less weight to this investigator compared to the production and hiring and attrition data.
- b) The second is the hiring data for June 2020 to August 2020, which showed that the factory hired 143 workers. Most of these workers were deployed to the sewing department. The investigator found it curious that the factory chose to separate 117 (out of the 125 employees on forced leave) from service during the months of February 2020 and April to June 2020, only to hire 143 workers for the same sewing department in June to August 2020. (See Table 2.) However, the investigator thought that, on balance, the data are not sufficient to stand against all the other findings in favor of the factory management. It is also possible that many of the workers put on forced leave did not really want to return to the factory or found employment elsewhere.

Table 2.

Month	Workers Separated from Service due to Redundancy (i.e., 117 workers out of the 125 put on forced leave)	New hires
January 2020		12
February 2020	86	1
March 2020		1
April 2020	5	0
May 2020	21	1
June 2020	6	35
July 2020		61
August 2020		47
September 2020		20
October 2020		59
November 2020		18
December 2020		22

Note: None of those hired from January 2020 – May 2020 were deployed to the sewing department where the 125 workers on forced leave came from. The new hires during the said period were in the HR, cutting, and accounting departments.

#### 4. Allegations on union favoritism

According to the CLIEU-FFW, Mr. E, a former factor HR manager, was instrumental in the formation of the CLIEU. He also gave preference to CLIEU based on his pronouncements and by including CLIEU members and officials in the LMC. The CLIEU-FFW believed that with blessing from the factory, CLIEU launched a campaign to convince CLIEU-FFW members to disaffiliate and join CLIEU. The Verité audit team received similar reports from workers. They said that there was a signature campaign to disaffiliate from the CLIEU-FFW, which was being facilitated by some line leaders and supervisors.<sup>86</sup>

CLIEU members disputed the allegations saying that they became dissatisfied with CLIEU-FFW and decided to join the new union because CLIEU-FFW had been unable to successfully conclude CBA negotiations. They said that they started organizing the union in February 2020, with the assistance of *KMM-Katipunan*, which is a labor federation. They acknowledged that its members and 2 of their officials, Mr. G and H, were part of the LMC organized by Mr. E. However, they said that their participation was legitimate, and they intended to use the LMC to address overtime issues, and unpaid night differentials, among others.<sup>87</sup>

The factory management admitted that, Mr. E, formed a LMC primarily made up of CLIEU members, which acted as if it were the factory’s grievance mechanism and management’s go-to entity. They also agreed that Mr. E had a bias in favor of CLIEU but that they were initially unaware

<sup>86</sup> Verité Comprehensive Factory Evaluation Report (March 2020), p. 13.

<sup>87</sup> Interview dated 6 February 2021.

of his actions. Management said that they did not participate in organizing CLIEU nor supported the union. They believed that Mr. E acted on his own not just to challenge the CLIEU-FFW's position as SEBA, but also to undermine top management.<sup>88</sup>

**Findings:** CLIEU appears to have been supported by the CLCI's former HR manager, but the independent investigation could not establish a direct link with the top CLCI management. Nevertheless, management was responsible for monitoring and supervising the actions of its HR officer and ensuring that they do not infringe on the workers' right to organize.

- a. There is evidence that Mr. E showed a bias in favor of CLIEU and supported a campaign against the existing SEBA, the CLIEU-FFW.
  - Management admitted Mr. E's actions and even CLIEU members confirmed that Mr. E selected their officials and members to be part of the LMC. This should not have been the case because by law, LMC members should be elected by at least a majority of the workers -and in the case of an organized workplace, they should be nominated by the SEBA. (See [Applicable Rules and Standards.](#))
  - Rank-and-file workers and supervisors also confirmed Mr. E's support for CLIEU to the independent investigator. Some workers reported that Mr. E made public statements against CLIEU-FFW and said that CLIEU would better represent the workers and secure better benefits for them. Another worker observed that Mr. E had more intensive interactions with CLIEU officials compared with CLIEU-FFW members.<sup>89</sup> Supervisors said that Mr. E used the LMC to gain support for CLIEU. They said that the LMC created more discord because the LMC acted as if it had management prerogatives and pitted workers against management.<sup>90</sup>
- b. The investigator could not find any direct connection between CLIEU and the rest of the CLCI top management. However, this is not enough for the factory to escape responsibility for Mr. E's actions. The top management had the responsibility to monitor the actions of all its top personnel, and to guard against actions that may be contrary to law and infringe on the workers' right to organize. In the investigator's view Mr. E's actions were done publicly and were too substantial in scope to escape the factory's attention.
- c. The investigation, however, did not find sufficient evidence to back up the allegation that CLIEU is a yellow union, i.e., that it is supported by the rest of CLCI top management. This is not only because the investigator could not find direct links between the union and top management, but also because CLIEU had acted independently from CLCI management on many occasions. CLIEU also said that *KMM-Katipunan*, a labor federation, and not the factory

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<sup>88</sup> Interview dated 29 December 2020.

<sup>89</sup> Interviews dated 6 February 2021.

<sup>90</sup> Interview dated 5 February 2021.

was advising the union. Upon checking, the said federation appears to be a legitimate labor organization. The following elaborates on these findings:

- As discussed previously, supervisors reported that CLIEU has taken stands against the management, which allegedly led to “discord” and more problems for management.<sup>91</sup> Without necessarily agreeing to this characterization of CLIEU’s actions, these statements from the supervisors indicated that CLIEU took stands, which were not aligned with management’s positions. Such independence indicated that CLIEU was not a yellow union.
- After its formation, the CLIEU on 31 August 2020 submitted its own CBA proposals to the management and even filed a preventive mediation case in the National Conciliation and Mediation Board (NCMB) to start negotiations with the factory.<sup>92</sup> Although CLIEU’s demand for CBA negotiations had no legal basis since the CLIEU-FFW had been certified as the SEBA,<sup>93</sup> these acts again indicated that CLIEU acted independently from CLCI management.
- Aside from filing a mediation case to start CBA negotiations, CLIEU also sought the payment of benefits like night differential and overtime pay<sup>94</sup> and filed an illegal dismissal case against the factory on behalf of one its members.<sup>95</sup> Again, these actions indicated CLIEU’s independence from the factory management.
- CLIEU members also said that Mr. F of *KMM-Katipunan* had been assisting the union since its formation.<sup>96</sup> The investigator also found that Mr. F had been assisting CLIEU in its two mediation cases with the factory.<sup>97</sup> CLIEU members said that they intend to affiliate with *KMM-Katipunan* in the immediate future. (Note that at present, CLIEU is registered as an independent union.) The Bureau of Labor Relations Online Union Verification Portal showed a list of 21 unions that have affiliated with *KMM-Katipunan* from 2005 to 2020.<sup>98</sup> *KMM Katipunan* is also a member of the National Trade Union Center, a broader coalition of labor federations.<sup>99</sup> It thus appears the *KMM-Katipunan* is a legitimate labor organization, which is not associated with the CLCI management.

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<sup>91</sup> Interview dated 5 February 2021.

<sup>92</sup> In re: Complaint for Interpleader (RO3-RO-IN-05-11-16-20), *Charter Link Clark, Inc. v. CLIEU-FFW and CLEU*, p. 2.

<sup>93</sup> In re: Complaint for Interpleader (RO3-RO-IN-05-11-16-20), *Charter Link Clark, Inc. v. CLIEU-FFW and CLEU*, p. 5.

<sup>94</sup> *Charter Link Clark Inc. v. Charter Link Inc. Employees Union*, RCMBIII-CFP-PM-10-007-2020. (Note: This may be the same preventive mediation case referenced in *In re: Complaint for Interpleader (RO3-RO-IN-05-11-16-20), Charter Link Clark, Inc. v. CLIEU-FFW and CLEU*.)

<sup>95</sup> *Charter Link Clark Inc. v. Charter Link Inc. Employees Union*, RCMBIII-CFP-PM-11-009-2020.

<sup>96</sup> Interview of 6 February 2021.

<sup>97</sup> See records of RCMBIII-CFP-PM-10-007-2020 and RCMBIII-CFP-PM-11-009-2020.

<sup>98</sup> See <https://blr.dole.gov.ph/2019/02/12/ouvp/>. The investigator used the search term, “KMM-Katipunan.”

<sup>99</sup> See <http://ntucphl.org/2019/09/about-us/>.

## 5. Alleged failure to bargain in good faith

**Findings:** There were delays in CBA negotiations, which could have been prevented by CLCI management. However, the signing of the CBA on 26 March 2021 is an important step forward to address the CBA-related issues identified by the investigator.

The CLIEU-FFW had criticized the factory for negotiating in bad faith, as shown by the intermittent and unproductive negotiation meetings.<sup>100</sup> The factory countered that they had bargained in good faith and that there were genuine disagreements regarding the economic provisions of the CBA, especially the additional pay and benefits, which the factory could not afford. These caused the impasse and delay in the negotiations.<sup>101</sup>

Negotiations started in August 2019 and continued until 30 June 2020. On 1 July 2020 CLIEU-FFW declared a deadlock and filed a preventive mediation case with the NCMB. From then on, the CBA negotiations were undertaken under the supervision of the NCMB. Finally, on 26 March 2021, CLIEU-FFW and the factory concluded the negotiations and signed the CBA, which would be submitted to the rest of the factory rank-and-file workers for ratification. It had taken about 20 months from the time CLIEU-FFW submitted its CBA proposal to the signing of the CBA.

Table 3. Timeline of CBA negotiations<sup>102</sup>

Date	Key event
3 July 2019	Certification election at the Charter Link factory; CLIEU-FFW won election as sole and exclusive bargaining agent (SEBA)
11 July 2019	DOLE certified CLIEU-FFW as the SEBA.
12 July 2019	CLIEU-FFW expressed its intent to negotiate and submitted its initial CBA proposals to CLCI management.
15 August 2019	1 <sup>st</sup> CBA negotiation meeting. Parties discussed ground rules for negotiations. There was no discussion of the CBA provisions. <sup>103</sup>
18 September 2019	2 <sup>nd</sup> CBA negotiation meeting. There was further discussion of the ground rules of CBA negotiations. There was also a discussion of the pending labor cases involving members of CLIEU-FFW. There

<sup>100</sup> Interview of 9 December 2020.

<sup>101</sup> Interview of 29 December 2020.

<sup>102</sup> CLIEU gave a different timeline, saying that there were only 4 CBA negotiation meetings before they declared a deadlock and filed a preventive mediation case with the National Conciliation and Mediation Board on 1 July 2020. These meetings were held on 26 September 2019, 20 November 2019, 3 March 2020, and 3 June 2020. See CLIEU-FFW Response to Request for Information by the Independent Investigator, pp. 3-4.

<sup>103</sup> Minutes dated 15 August 2019 provided by CLCI HR department.

Date	Key event
	was an informal discussion of benefits and other economic issues. <sup>104</sup>
18 October 2019	<p>3<sup>rd</sup> CBA negotiation meeting.</p> <p>There was a discussion on existing benefits (incentive leave, statutory benefits, free drinking water, use of pantry and kitchen, medical and dental services, and performance incentives). CLIEU-FFW asked for additional paid leaves and private health insurance for workers. The CLCI accounting manager said that these and other basic benefits would be discussed in the next CBA meeting after he consulted top management. <sup>105</sup></p>
3 March 2020	<p>4<sup>th</sup> CBA negotiation meeting. There was a discussion of both economic and non-economic issues. Both parties agreed to a 50-peso meal allowance and agreed to retain the minimum night differential rate mandated by law. Union proposed salary and performance incentive increases, and 30% overtime premium (as opposed to the minimum 25% mandated by law) during the 3<sup>rd</sup> year of CBA implementation. Management said that they would refer these other economic proposals to legal counsel. Union requested management to submit counter proposals in the next meeting.<sup>106</sup></p>
30 June 2020	<p>5<sup>th</sup> CBA negotiation meeting. The factory representatives presented counter proposals prepared by its lawyers, which the union found unacceptable. The union also complained about the quality of the proposals, considering that they had been discussing the CBA for 8 months already.<sup>107</sup></p>
1 July 2020	<p>CLIEU-FFW declared a deadlock in the CBA negotiations and filed a preventive mediation case with the National Conciliation and Mediation Board (NCMB).</p>
28 July 2020 – 26 March 2021	<p>Mediation proceedings in the NCMB</p>
26 March 2021	<p>Factory management and CLIEU-FFW signed the CBA.</p>

<sup>104</sup> Minutes dated 18 September 2019 provided by CLCI HR department.

<sup>105</sup> Minutes dated 18 October 2019 provided by CLCI HR department.

<sup>106</sup> Minutes dated 3 March 2020 provided by CLCI HR department.

<sup>107</sup> Minutes dated 30 June 2020 provided by CLCI HR department.

Date	Key event
12 April 2021	Management and CLIEU-FFW confirm the ratification of the CBA by a majority of the rank-and-file workers.

In coming up with the findings, the independent investigator disregarded the proceedings from July 2020 to 26 March 2021. During this period, the negotiations were already under the supervision of a government agency, the NCMB. It would be improper to assign any fault or delay on any of the parties to CBA negotiations since the negotiations were already being handled by a government intermediary. (The investigator did notice that the pace of negotiations had accelerated especially in the latter part of 2020, after the NCMB’s mediation started.)

However, during the preceding period from July 2019 to June 2020, this investigation finds that factory management caused delays in the negotiations, which could have been avoided.

- On 12 July 2019 CLIEU-FFW expressed its intent to negotiate the CBA and submitted its initial proposals to CLCI management. The CLIEU-FFW submitted a complete CBA draft with 23 articles covering everything from working conditions and benefits to management prerogatives and union security.

Under the Labor Code’s procedure for CBA negotiations, the factory should have sent a reply within 10 calendar days from the receipt of the CLIEU-FFW proposals.<sup>108</sup> It was critical for the factory to respond to the union proposals, because if there were disagreements or differences between the union proposals and the factory’s positions, those could have been immediately identified. In other words, based on the notice and reply, the parties could have been able to enumerate the specific issues that should be discussed as soon as negotiations started.<sup>109</sup> As it happened, there were still no substantive discussions on the CBA provisions after three (3) months of negotiations and 3 meetings in August, September, and October 2020.<sup>110</sup> The factory could have already studied the CLIEU-FFW proposals before and during those three months of negotiations, which would have enabled both parties to zero in on the contentious CBA provisions and perhaps sped up the negotiations.

- There were only 5 CBA meetings over a period of almost 10 months (August 2019 – June 2020). Granted that the COVID19 pandemic struck in March 2020 and could have caused delays in negotiations, there still were 7 months to have substantive discussions on the CBA before the pandemic lockdowns. Instead, there were only 4 meetings during the period before the lockdowns, without substantive discussions on the CBA provisions during the first 3 meetings.
- During the 4<sup>th</sup> meeting, there were discussions on economic provisions of the CBA, but the accounting manager who represented CLCI could not make decisions on those economic points. He said that he needed to further consult management and counsel. As discussed

<sup>108</sup> Labor Code, Article 261 [250] (a).

<sup>109</sup> Labor Code, Article 261 [250] (b).

<sup>110</sup> See Minutes dated 15 August 2019, 18 September 2019, and 18 October 2019.

under [Applicable Rules and Standards](#), a party's representatives in the CBA negotiations should be given sufficient authority to make agreements or commitments on their own initiatives. Otherwise, delay in negotiations would likely occur as it did in this case. The factory did submit written counter proposals during the 5<sup>th</sup> meeting on 30 June 2020, but this was already into the 10<sup>th</sup> month of the negotiations.

As stated in the [Applicable Rules and Standards](#), parties to a CBA are not required to make concessions or agree to the proposals put forward during the negotiations. Thus, any delay due to disagreement on the substance of CBA proposals would not be taken against the factory or the union. However, failure to immediately respond to proposals and other delays with respect to process and procedure like those discussed in the preceding 3 points cannot be countenanced.

On a positive note, the signing of the CBA on 26 March 2021 and its ratification in April 2021 would put to rest the foregoing issues. The investigator recognizes the efforts exerted by both sides to finalize the CBA, which will contribute to industrial peace and strengthen the working relationship between management and the SEBA.

On a further positive note, the factory is now seeking the assistance of the Department of Labor and Employment to address union issues. The factory is also requesting training sessions with the Labor Department, which will cover union matters and guidance on the proper interaction between management and union.<sup>111</sup> This is a very good step to address the gaps, which were identified in this section of the report. Further corrective actions are identified in [Part IV](#) of this report.

## 6. Overtime without workers' consent

**Findings:** The issue of forced overtime has been substantially addressed. The factory had reset its production plans and schedule to avoid the need for excessive overtime. Workers confirmed that the overtime issues that happened in 2018-2019 have largely stopped.

The Verité report noted complaints from workers, who were reportedly forced to stay and work in the factory for two or three straight days with limited breaks. The management reportedly prevented them from going home. These incidents happened during peak seasons in 2019 and previous years.<sup>112</sup> In the February 2021 Workers' Survey, 34% of the 525 respondents said that they worked overtime without their free consent at some point. Thirty-nine percent (39%) also said that they were required to remain and work in the factory without their consent to meet production targets. Rank-and-file and supervisory workers, who were interviewed by the

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<sup>111</sup> Letter of CLCI HR Manager to Mr. Jose Roberto L. Navata (officer-in-charge, DOLE-Clark).

<sup>112</sup> Verité Comprehensive Factory Evaluation Report (March 2020), p. 13.

independent investigator confirmed that these 2- and 3-day straight workdays and forced overtime work did occur.<sup>113</sup>

The management admitted that they imposed compulsory overtime in 2018-2019, because of many factors including the sudden spike in customer orders during peak seasons, unexpected orders from clients, and a high absenteeism rate among workers.<sup>114</sup> Supervisors also said that the port congestion in the Manila harbor in 2018-2019 caused serious delays in the delivery of raw materials. Although these factors could really have caused production delays, they do not fall among the valid grounds for compulsory overtime under Philippine law (see [Applicable Standards](#)).

However, management claimed that it had fixed this issue by ensuring that orders from major clients were made on time to give managers time to plan the production schedule properly. Management also implemented an incentives scheme for complete attendance, which brought the absenteeism rate down from 8-10% to 2-3%. These have resulted in a dramatic decrease in overtime hours in 2020. Overtime hours for that year totaled 209,620.50, down by 48% from 403,419.50 in 2019.

The data from the Workers Survey suggest that the problem of forced overtime has been substantially addressed, however, there may be some areas for further improvement.

- All the rank-and-file workers interviewed by the investigator said that the above-described severe overtime problem was addressed starting 2020.<sup>115</sup> Members of both CLIEU-FFW<sup>116</sup> and CLEU<sup>117</sup> also confirmed that the issue had been addressed. Most interviewees said that they were now usually asked to do 2 hours of overtime work in a day, unlike the extended overtime hours in 2018-2019. Eighty-six (86%) percent of the 525 workers surveyed in February 2021 also said that they rendered *not more than 12 hours of overtime work per week*, which confirmed what the interviewees said. (See Graph 1.) Clearly, the 2 to 3 days of continuous work that occurred in 2018-2019 was no longer happening. The data also showed that the factory was generally compliant with the FLA standard of maximum 60 workhours per week. (See computation in the footnote.)<sup>118</sup>

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<sup>113</sup> The dates of these interviews are withheld to prevent the identification of the workers.

<sup>114</sup> Interview of 29 December 2020.

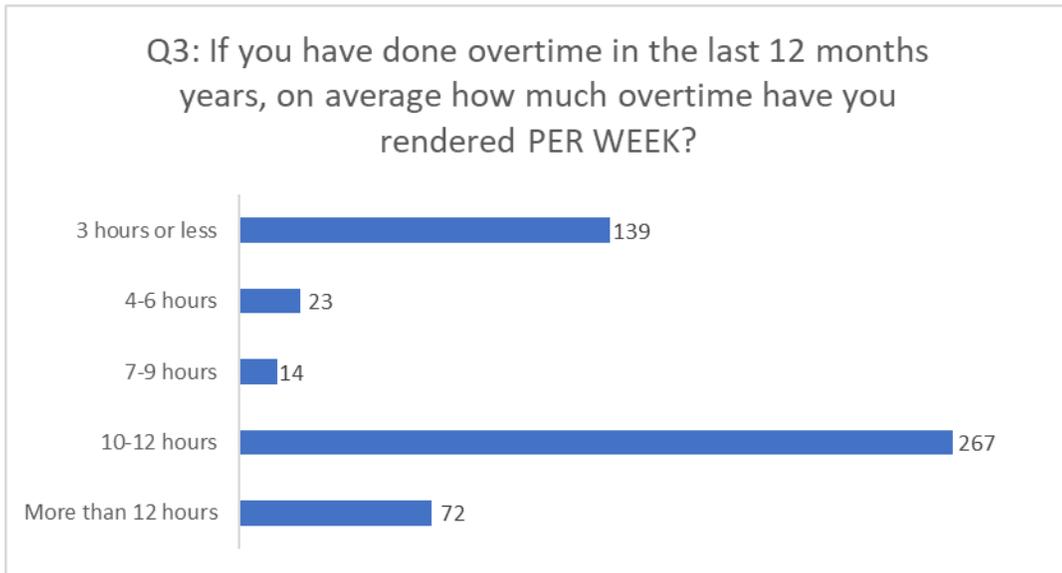
<sup>115</sup> Interview of 6 February 2021.

<sup>116</sup> Interview of 6 February 2021.

<sup>117</sup> Interview of 6 February 2021.

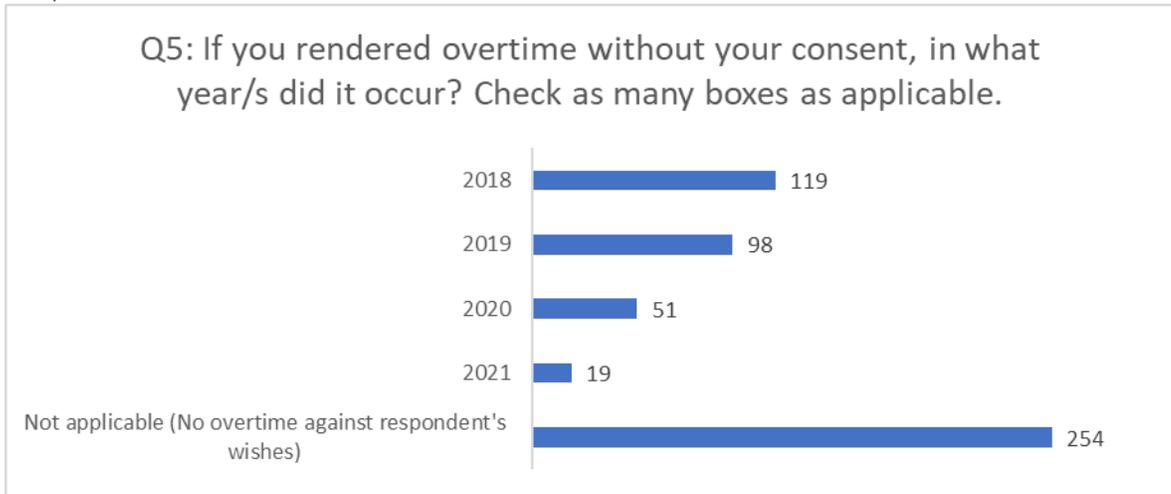
<sup>118</sup> Based on the February 2021 Workers' Survey, fifty-one (51%) of all workers render 10-12 hours of OT per week. Most the remaining workers (33%) said that they rendered less OT (i.e., 9 hours or less). Even if we assume that all workers rendered 12 hours of OT per week, the workers will render at most 60 hours of work per week computed as follows: regular workhours: **48** (6 days x 8 hours) + OT: **12** = **60**.

Graph 1.



- Recall that about 34% of workers said that they often or sometimes rendered overtime without their consent. These workers, who numbered 178, were asked in what year they rendered overtime. Note that they were allowed multiple answers. As Graph 2 shows, there was a clear downward trend in the number of workers who said they did overtime without their consent from 2018-2020. However, at present, there is still a small number of workers who feel that they are being forced to do overtime. The factory needs to take some steps to verify and address this. (See [Recommended Corrective Actions](#).)

Graph 2.



- Only 38 workers or about 7% of the respondents said that they could not refuse overtime work. About 25% of the workers said that they could always refuse to do overtime, but 63% said that they could sometimes refuse overtime work.

Admittedly, these data are perplexing because only 34% of the respondents said that they did overtime without their consent. Yet, 63% said that they can sometimes refuse overtime work. This is also inconsistent with the results of the rank-and-file worker interviews, which showed that workers were satisfied with the amount of overtime work that they were presently doing.

The only explanation that this investigator can think of for this inconsistency in the data is that even though many workers did not voice out their objections, they perhaps felt that they did not have any choice but to acquiesce to overtime. Perhaps, there is a need for a longer notification period on the overtime schedule to address this issue as shown in the next survey result. (See also [Recommended Corrective Actions](#).)

- When asked if they were notified of the overtime work schedule, almost all of the 525 respondents said they received notification. Only 4 workers (0.8%) of the respondents said they did not receive any notice. On the other hand, 32% said that they received notice *more than* 1 day before the scheduled overtime, 14% received notice 1 day before the scheduled overtime, 40% were informed *before* lunchbreak on the day of the overtime, and 3% were informed *after* lunchbreak on the day of the overtime.
- Most of the workers surveyed (about 78%) believed that they received an accurate overtime pay. Only 6% believed that they did not receive the correct overtime pay, while the rest were undecided or gave no answer. It should also be noted that the factory had

recently paid the night differentials for some overtime work, which workers had previously complained of as not being paid.<sup>119</sup>

## 7. Alleged mistreatment of workers by certain supervisors

**Findings:** The factory has taken concrete steps to address the complaints about the mistreatment of workers, especially verbal abuse by supervisors.

The Verité report noted that some workers experienced or saw supervisors insulting (such as calling workers “stupid”), threatening or intimidating workers, especially during peak production seasons. The factory’s HR department acknowledged that they received a few complaints of verbal abuse.<sup>120</sup>

Based on the February 2021 Workers’ Survey, 17% of the respondents (87 out of 525 workers) experienced bad treatment or abuse. When asked to describe the experience, the biggest group of respondents, 11 workers (2% of total respondents) said they experienced verbal abuse (i.e., cursing/shouting). Eight (8) workers (1.5% of respondents) said that they were barred from leaving the premises, which appears to be related to the [forced overtime issue](#), which has been largely resolved. At the end of the survey, respondents were also asked to give any comment regarding the factory and six (6) workers said that they were sometimes publicly humiliated by their superiors. A number of the workers interviewed confirmed the survey findings, saying that they either experienced or witnessed verbal abuse by supervisors.<sup>121</sup>

On a more positive note, some of the workers interviewed also said that the incidents of verbal abuse had decreased since 2020. One interviewee said that he made a complaint with management, which issued a written warning against the erring supervisor, who had since ceased shouting at workers.<sup>122</sup> In November 2020, the factory also organized a training on communication skills for its supervisors, including one supervisor who was identified in the Workers’ Survey and interviews as committing verbal abuse.<sup>123</sup> Provided by a third-party business training company, the training covered effective communication by management and listening skills.<sup>124</sup>

## 8. Factory disciplinary policies and proceedings

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<sup>119</sup> RCMBIII-RTA-006-11-2020; Interview of 6 February 2021.

<sup>120</sup> Verité Comprehensive Factory Evaluation Report (March 2020), p. 8.

<sup>121</sup> Interview dates are withheld to prevent the identification of the workers who gave this information.

<sup>122</sup> Interviews of 6 February 2021.

<sup>123</sup> The name of one supervisor kept coming up in the survey responses and workers’ interview. The name of the supervisor is withheld to give him/her due process as he/she is still with the company. At some point, the name should be revealed to the relevant company officials for appropriate action.

<sup>124</sup> The CLCI HR department provided documentation of the training, including certificates of completion issued to the participating supervisors.

Findings: The factory has written disciplinary policies, which have been communicated to workers. In general, workers found factory's disciplinary policies and proceedings to be fair. There are some areas of improvement, which are identified in this section.

- (a) The factory has written policies enumerating violations and penalties. These are found in Section 12 of the *Employee's Guide on Company Policies and Procedures* (version as of 15 May 2020). However, there appears to be some deficiencies: (i) the investigation and appeals procedures are not laid out and (ii) there are problems with the graduated penalties. For example, smoking anywhere inside the factory premises, losing keys for drawers, stockrooms, warehouses, etc. and failure to report suspicious characters within the premises can be immediate ground for dismissal, which does not appear to be commensurate with the offenses. The factory's HR department provided a document, entitled "*Rules of Conduct*" (version as of November 2016), which is a previous iteration of factory policies and penalties for violation. The *Rules of Conduct* has a more consistent and balanced graduated penalties and has clear guidelines on the investigation of misconduct. In the *Rules of Conduct*, the Labor-Management Council also has an important role in determining the violation and appropriate penalties for an erring employee. It may be a good step to re-use the *Rules of Conduct* and perhaps just incorporate some parts of the *Employee's Guide*. (See [Recommended Corrective Actions](#).)
- (b) The February 2021 Workers' Survey showed that workers were generally informed of the factory policies and penalties for violations. Seventy percent (70%) of the respondents said that the factory's disciplinary policies were clear to them. Seventy-four percent (74%) said that the factory provided a training or orientation on factory policies and investigation procedures.
- (c) In general, the survey respondents also perceived that the factory disciplinary policies and investigation procedures were fair. Fifty-six (56%) agreed or strongly agreed that the penalties for the violations of factory rules were fair, while 23% disagreed or strongly disagreed. The rest were undecided or gave no answer. Sixty-one percent (61%) of the respondents agreed or strongly agreed that the investigation procedure was fair, while 13% disagreed or strongly disagreed. Admittedly the data show that there is room for improvement. Perhaps the inclusion of the LMC in the investigation process, as provided in the CLCI's *Rules of Conduct* can address the less-than-ideal trust in the processes. It may increase workers' confidence in the processes since management as well as fellow workers would be part of the LMC. (See proposed [Recommended Corrective Actions](#).)
- (d) There also appear to be some issues with the documentation of violations. The Verité report stated that in some cases, management failed to show documentation of the violations and

investigation proceedings.<sup>125</sup> Recall that the independent investigator also asked for the documentation pertaining to the [alleged violations of Mr. A and Mr. B](#), which were not available. Thus, there appears to be some inconsistency in documenting violations and investigation proceedings, which may have also contributed to the less-than-ideal fairness perception seen in the February 2021 Workers' Survey.

## 9. The organization of the Labor-Management Council

### [Findings: The factory had taken positive steps towards the reorganization of the Labor-Management Council.](#)

As [discussed previously](#), the LMC became a tool for the former CLCI HR manager to favor a particular union and weaken support for the SEBA. Therefore, the decision of the factory to reorganize the LMC is a critical step to correct those past mistakes and build stronger management-worker relations. Indeed, the LMC can “serve as a forum where management and employees may air their concerns, short of collective bargaining. It is largely a communication mechanism for myriad of purposes including prevention or resolution of dispute. It can even act as a grievance machinery [in a general sense<sup>126</sup>].”<sup>127</sup>

Although a reorganization of the LMC is a step in the right direction, the factory management should ensure that the reorganization is in accordance with existing labor regulations. As discussed under [Applicable Rules and Standards](#), in an organized establishment like the CLCI factory (i.e., there is a recognized SEBA), the workers' representatives to the LMC should be nominated by the exclusive bargaining representative.

The factory provided the structure of the reorganized LMC, which included CLCI group director as chairperson with 5 members from management, and 7 members representing the workers. The factory management selected 2 workers, who were leaders of CLIEU-FFW, to be part of the LMC. The remaining 5 were reportedly elected by the workers from each of the different departments. This is not aligned with the [Applicable Rules and Standards](#), because the CLIEU-FFW (the SEBA) did not nominate the workers' representatives. To ensure that the reorganization of the SEBA will be aligned with existing labor regulations and to get technical assistance on the creation of the LMC's sub-committees, the factory management may benefit from the guidance of some government agencies, especially the NCMB. ([See Recommended Corrective Actions.](#))

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<sup>125</sup> Verité Comprehensive Factory Evaluation Report (March 2020), p. 11.

<sup>126</sup> This refers to grievance machinery in a general sense. It is different from the grievance machinery under Article 273 [260] of the Labor Code, which refers to the “machinery for the adjustment and resolutions of grievances arising from the interpretation or implementation of [the] Collective Bargaining Agreement and enforcement of company personnel policies.

<sup>127</sup> Azucena, C. A. (2018). *Everyone's Labor Code*, Quezon City: Rex, p. 306.

## Part IV. Recommended Corrective Actions

The issues covered in this report should not be interpreted to mean that the situation in the factory is very problematic and oppressive. In fact, according to the February 2021 Workers' Survey, 3 out of 4 rank-and-file workers are satisfied or very satisfied with the working environment and conditions in this factory. But there are important gaps, which need to be addressed, if not already being addressed by management.

The investigator had observed concrete evidence on implementation of several corrective actions which were part of mutually agreed Corrective Action Plan between lululemon and CLCI Management. CLCI management undertook to address the issues of forced overtime, mistreatment of some workers, and the problems arising from the old Labor-Management Council. With respect to the union and CBA issues, the investigator noted that the factory immediately reinstated 7 CLIEU-FFW officials and members who were among the 125 workers sent to forced leave, after they won their case in the NLRB. The decision of the factory not to appeal the case was a good confidence building measure for the factory and the CLIEU-FFW.

In addition to the corrective actions already undertaken, the investigator would like to make the following recommendations for the consideration of CLCI management. There are also recommendations for CLIEU-FFW in 1(d), and for lululemon in item 7.

### 1. On union interference issues and union-management relations:

- (a) The factory should include in its code of conduct a section on impartiality with respect to union matters (hereafter, the "Impartiality Policy"). The Impartiality Policy should ensure the factory's non-interference in union internal matters and certification elections, among others. It should also include guidance on how to ensure that management's communications and actions would not be biased in favor or against a union. There should be corresponding penalties for its violation. The Neutrality Policy should not, however, prejudice the cooperation between union and management, which is allowed under labor law regulations (e.g., Grievance Machinery in the implementation of CBA and factory policies, the processes in the LMC.)
- (b) The factory should pursue its plan to have training sessions with the Labor Department, which will cover union matters and provide guidance on the proper interaction between management and union. This should be a regular part of the training plan for managerial staff and supervisors.
- (c) Although, it is the factory's prerogative to continue to appeal the dismissal case involving the CLIEU-FFW officials, Mr. A and Mr. B, it would be a very good confidence building measure to withdraw the appeal and reinstate the two officials in their positions. (Note: The two have already been reinstated, but on payroll only, while the appeal is ongoing.)

- (d) The Federation of Free Workers should organize training sessions for the officials of its CLIEU-FFW affiliate. These trainings should cover effective communication and negotiation skills and provide a more substantive orientation on key labor regulations. These trainings can enhance the ability of its affiliate to maintain a good and productive working relationship with the management, as well as advocate effectively to ensure the rights of the CLIEU-FFW members.

## 2. On the Collective Bargaining Agreement:

- (a) The factory management and CLIEU-FFW are scheduled to renegotiate the CBA not later than July 2023.<sup>128</sup> The factory management should avoid the [delays that occurred during the CBA negotiations in 2019-2020](#) by reviewing the CBA ahead of July 2023, especially the economic provisions under Article IX (Compensation, Night Differential, and Overtime Premiums), and Article XI (Bonuses and Allowance). As a result of the recently concluded CBA negotiations, the factory management was already aware of the additional benefits that the CLIEU-FFW wanted, which the factory management could not provide and eventually not included in the CBA. The factory management could review the previous CLIEU-FFW proposals and assess the feasibility of adopting some or all of the proposals even *before* negotiations start in July 2023.
- (b) The participation of the top management of the CLCI's parent company's (i.e., Charter Link, Ltd.) in the CBA negotiations had not been substantive, yet they had a key role in the approval of CBA's provisions. Since the parent company has a final say in contentious CBA provisions, especially the articles on wages and benefits, the participation of a representative from the parent company in the next round of CBA negotiations may speed up the process.
- (c) In addition, regular dialogue between the representatives of the parent company and CLIEU-FFW leaders may also contribute to the further improvement labor-management relationship and could hasten the resolution of issues before they become advanced and more difficult to resolve.

## 3. On factory policies and disciplinary procedures:

- (a) As discussed in the [findings](#), it appears that *Rules of Conduct* (version as of November 2016) has more merits than the *Employee's Guide on Company Policies and Procedures* (version as of 15 May 2020) with respect to the section on violations and penalties. This is in terms of the (i) due process and investigation procedure and (ii) reasonableness of the penalties. Perhaps, it may be appropriate to have another iteration of the *Rules of Conduct*, to replace

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<sup>128</sup> CBA Between CLIEU-FFW and CLCI, Article XX, Section 2.

the referenced section of the *Employee's Guide*, while incorporating the beneficial provisions of the latter.

- (b) The participation of workers representatives in the investigation process through the LMC, as provided in the *Rules of Conduct*, is worth pursuing as it can increase confidence in the disciplinary proceedings.
- (c) There needs to be a consistent procedure and documentation when investigating workers for alleged violations of factory policies. Consistency in the procedure as well as in the application of the penalties and clear documentation will not only increase workers' trust in the process, but they will also protect the factory's interest. This is because clear documentation and proper investigating procedure will protect the factory against malicious labor complaints or court cases.

#### 4. On overtime work:

- (a) When feasible, workers should be informed well ahead of time regarding the schedule of overtime work. A one-week notice may be best. A longer notice will give workers more social preparation (e.g., scheduling family time, scheduling non-work activities) and increase their acceptance of reasonable overtime assignments.
- (b) Management should ensure that overtime schedules are announced not just verbally, but through written communications (e.g., posts, SMS). Such written communications also have practical advantages (e.g., people cannot deny lack of information about the schedule). Such advance notice would only be possible if the factory management regularly reviews the factory's production plans and work hour estimates.
- (c) Workers' consent to overtime should always be documented (e.g., sign-up sheets).

#### 5. On the interaction between workers and supervisors and management:

- (a) The training on effective communication, which members of the management team took in November 2020 should become part of the regular training plan for managerial personnel.
- (b) The investigator noted that many members of the management team are not from the Philippines. It is, of course, accurate to say that there are cultural differences between Filipinos and foreigners. It is possible that such cultural differences (e.g., manner of speaking, tone of voice) and unconscious biases may cause misunderstanding or distort

the decision-making process. Cultural sensitivity trainings for both management and workers may provide a means to bridge this gap.

#### 6. On the reorganization of the Labor Management Council:

- (a) The factory should pursue the reorganization of the LMC with guidance and direction, from the NCMB. The NCMB has a Workplace Relations and Enhancement Program, wherein the NCMB conducts plant-level orientation seminars and skills training on LMC and facilitates the setting up, re-activation and strengthening of plant-level LMCs.<sup>129</sup>

#### 7. Additional recommendations:

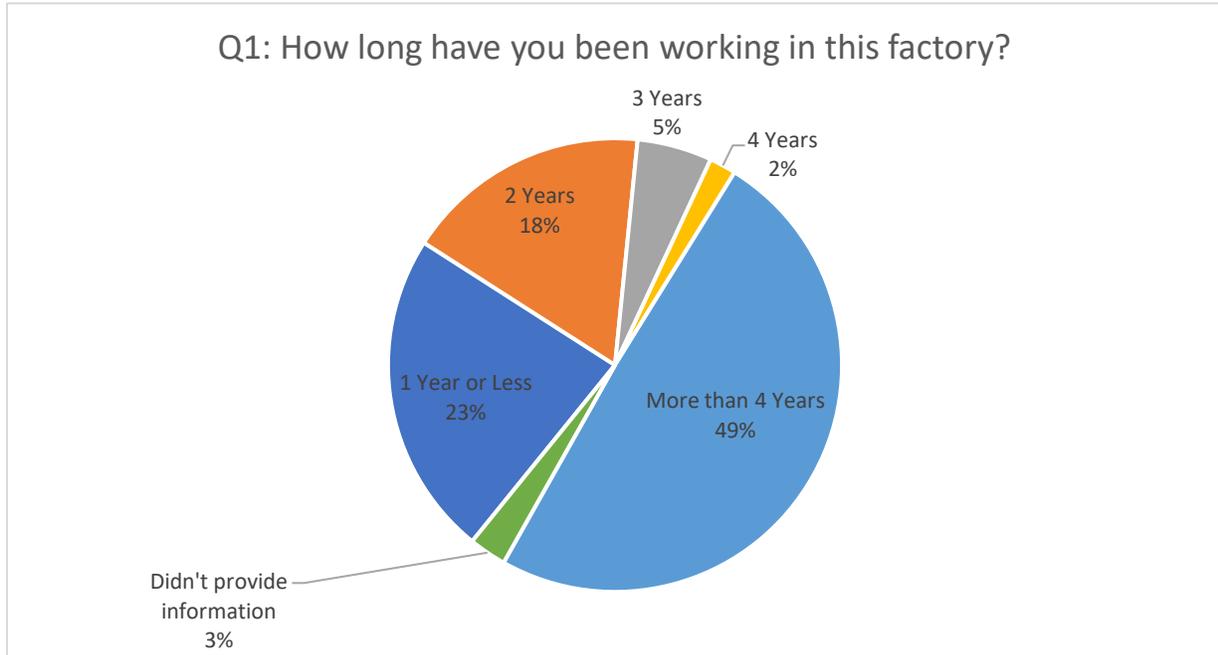
- (a) lululemon should continue monitoring the situation in the factory, especially during the following important periods, which will occur in the next few years:
  - (i) Renegotiation of the CBA which should start not later than July 2023.
  - (ii) “Freedom period” (June-July 2024) and the few months preceding this period. During the 60-day “freedom period” before the expiration of the CBA, any legitimate labor organization may question the majority status of the CLIEU-FFW as SEBA. Enhanced monitoring during this time may be advisable to ensure that the issues which occurred in 2019-2020 will not be repeated.

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<sup>129</sup> See <https://ncmb.gov.ph/services/workplace-relations-and-enhancement/> <Accessed on 13 March 2021>

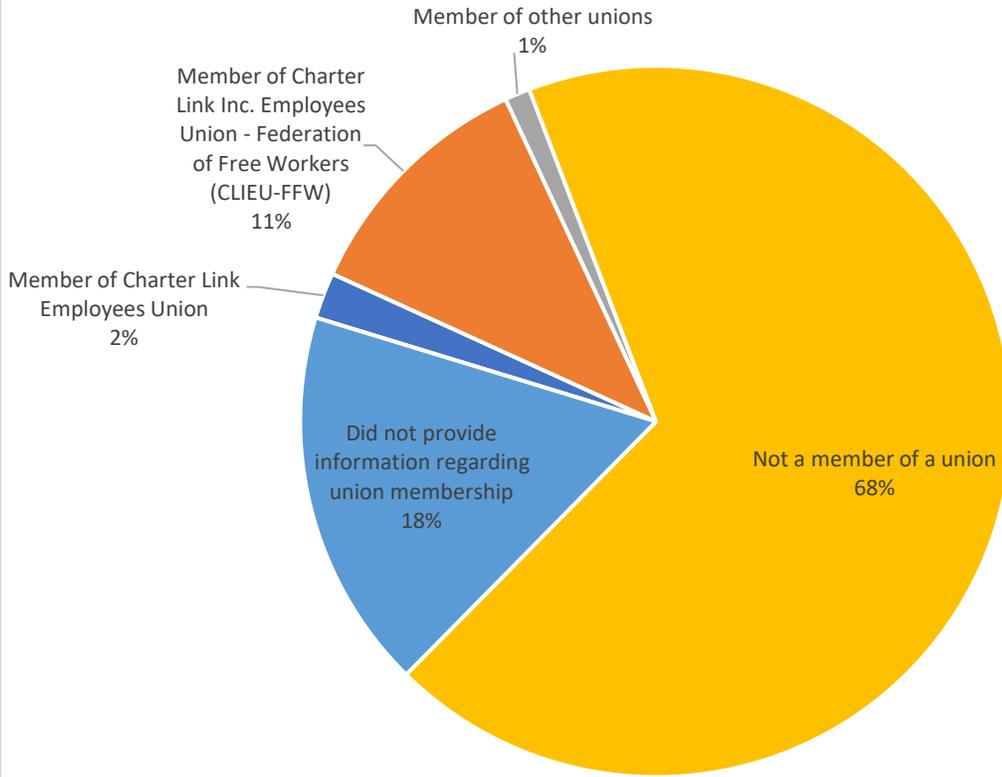
Annex A – Results of Workers’ Survey

DEMOGRAPHICS OF RESPONDENTS (Q1)



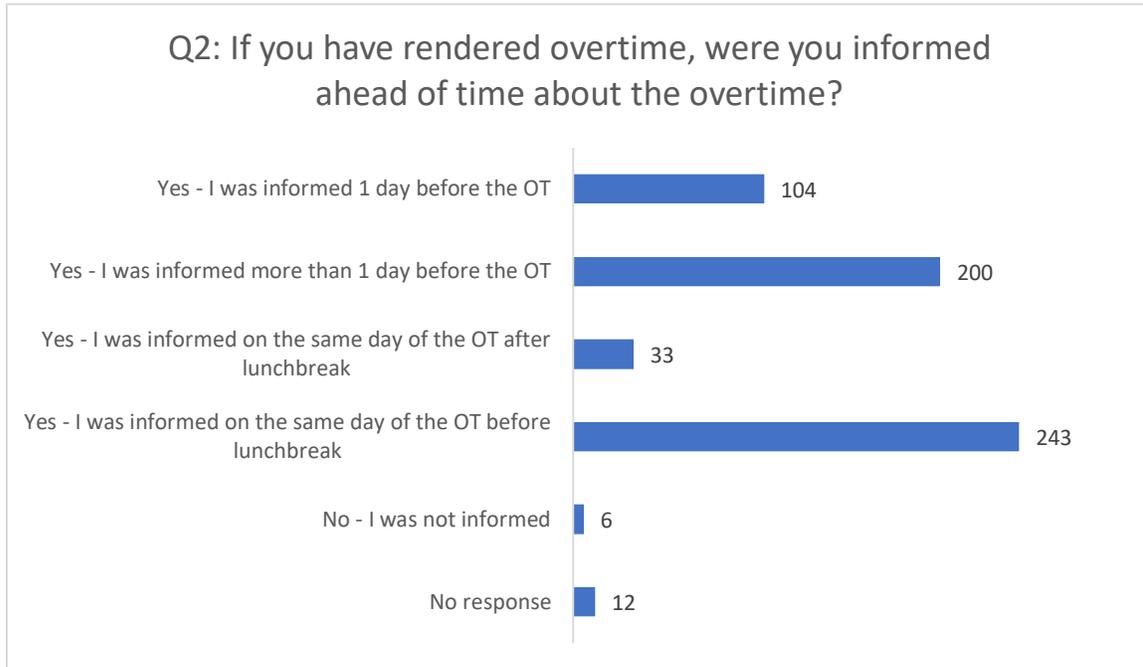
NUMBER OF YEARS WORKED IN THE COMPANY		
1 Year or Less	122	23%
2 Years	92	18%
3 Years	28	5%
4 Years	10	2%
More than 4 Years	259	49%
Did not provide information	14	3%
<b>TOTAL</b>	<b>525</b>	

### Q11: Are you a member of a union?



UNION MEMBERSHIP		
Member of Charter Link Employees Union	11	2%
Member of Charter Link Inc. Employees Union – Federation of Free Workers (CLIEU-FFW)	59	11%
Member of other unions	6	1%
Not a member of a union	358	68%
Did not provide information	91	18%
<b>TOTAL</b>	<b>525</b>	

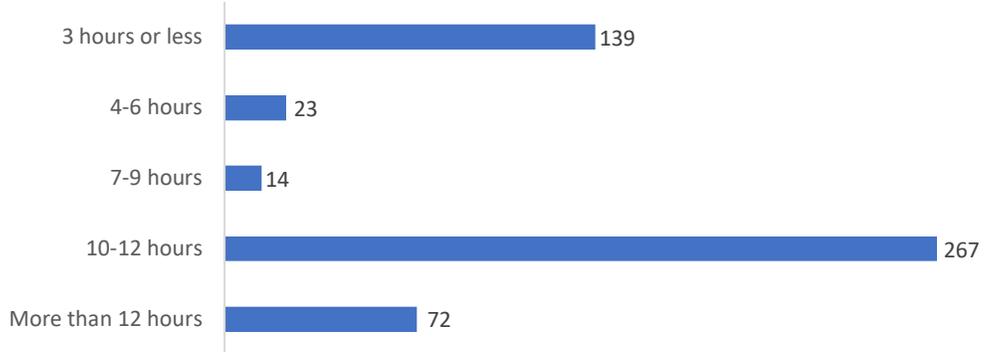
## GENERAL RESPONSES



<b>Q2: If you have rendered overtime, were you informed ahead of time about the overtime?</b>		
Yes - I was informed 1 day before the OT	76	14%
Yes - I was informed more than 1 day before the OT	166	32%
Yes - I was informed on the same day of the OT after lunchbreak	14	3%
Yes - I was informed on the same day of the OT before lunchbreak	212	40%
No - I was not informed	4	0.8%
No response	12	2%
Void response	41	8%
<b>TOTAL</b>	<b>525</b>	

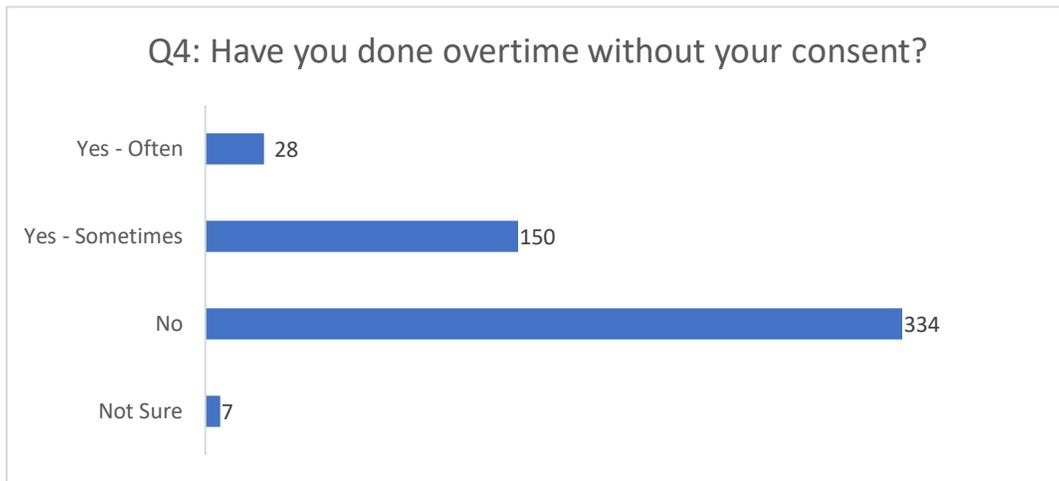
**Note:** Response with two answers were considered void because the question only asks for one response.

Q3: If you have done overtime in the last 12 months years, on average how much overtime have you rendered PER WEEK?



Q3: If you have done overtime in the last 12 months years, on average how much overtime have you rendered PER WEEK?

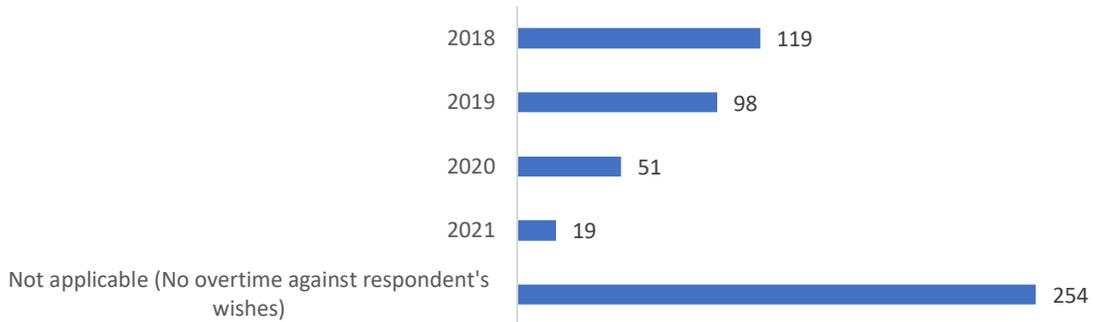
3 hours or less	139	26%
4-6 hours	23	4%
7-9 hours	14	3%
10-12 hours	267	51%
More than 12 hours	72	14%
No response	10	2%
<b>TOTAL</b>	<b>525</b>	



<b>Q4: Have you done overtime without your consent?</b>		
Yes - Often	28	5%
Yes - Sometimes	150	29%
No	334	64%
Not Sure	7	1.3%
No response	6	1.1%
<b>TOTAL</b>	<b>525</b>	

**NOTE:** Percentages were rounded off which resulted in a total more than 100%.

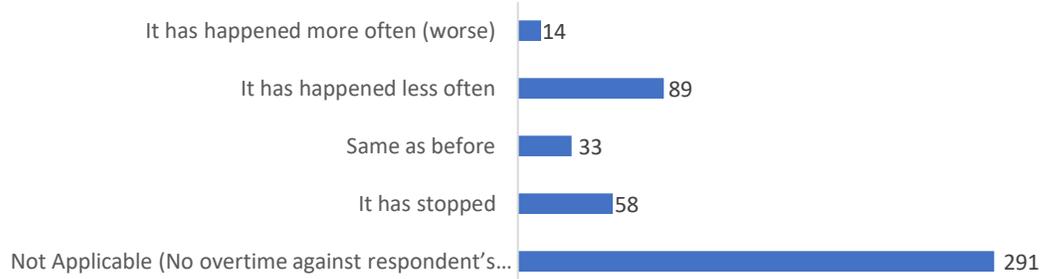
Q5: If you rendered overtime without your consent, in what year/s did it occur? Check as many boxes as applicable.



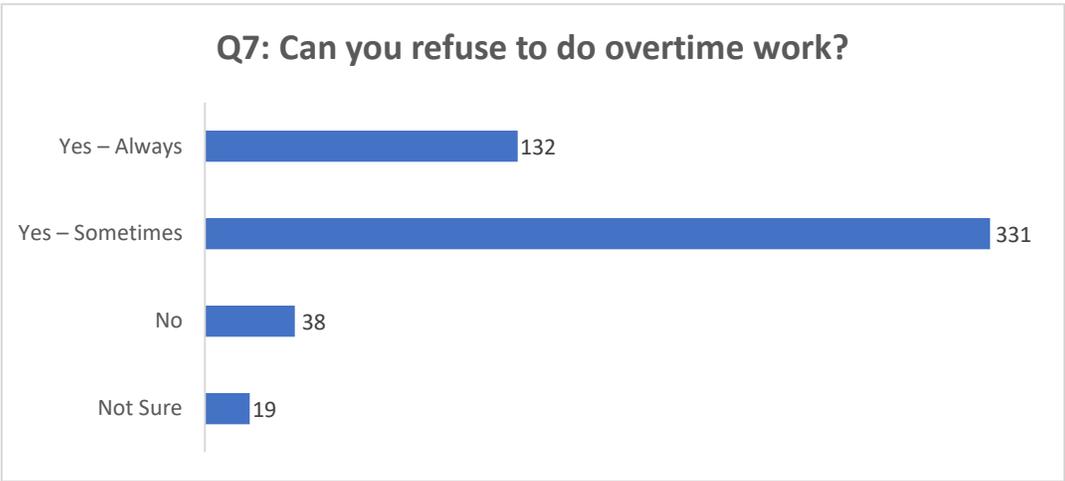
Q5: If you rendered overtime without your consent, in what year/s did it occur? Check as many boxes as applicable.	
2018	119
2019	98
2020	51
2021	19
Not applicable (No overtime against respondent's wishes)	254
No response	88
<b>TOTAL</b>	<b>629</b>

Note: Respondents are allowed multiple answers to this question, hence the total number of responses is higher than the total survey respondents (i.e. 525).

**Q6: Compared to previous years, how would you describe the involuntary work (OT without your consent) you did in the last 12 months?**



Q6: Compared to previous years, how would you describe the involuntary work (OT without your consent) you did in the last 12 months?		
It has happened more often (worse)	14	3%
It has happened less often	89	17%
Same as before	33	6%
It has stopped	58	11%
Not Applicable (No overtime against respondent's wishes)	291	55%
No response	40	8%
<b>TOTAL</b>	<b>525</b>	



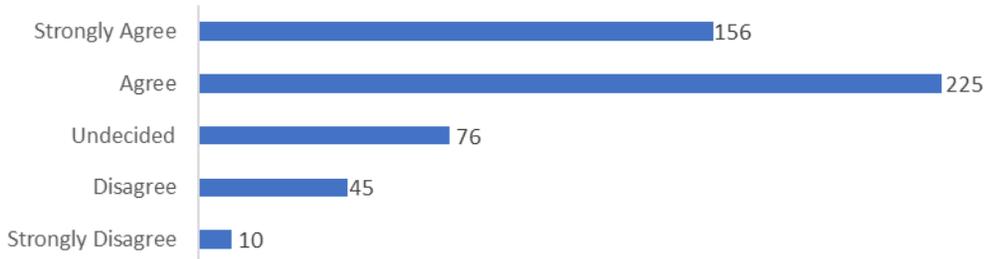
<b>Q7: Can you refuse to do overtime work?</b>		
Yes – Always	132	25%
Yes – Sometimes	331	63%
No	38	7%
Not Sure	19	4%
No response	5	1%
<b>TOTAL</b>	<b>525</b>	

**Q8: Have you been required to remain and work in the factory without your consent to meet the factory production target?**

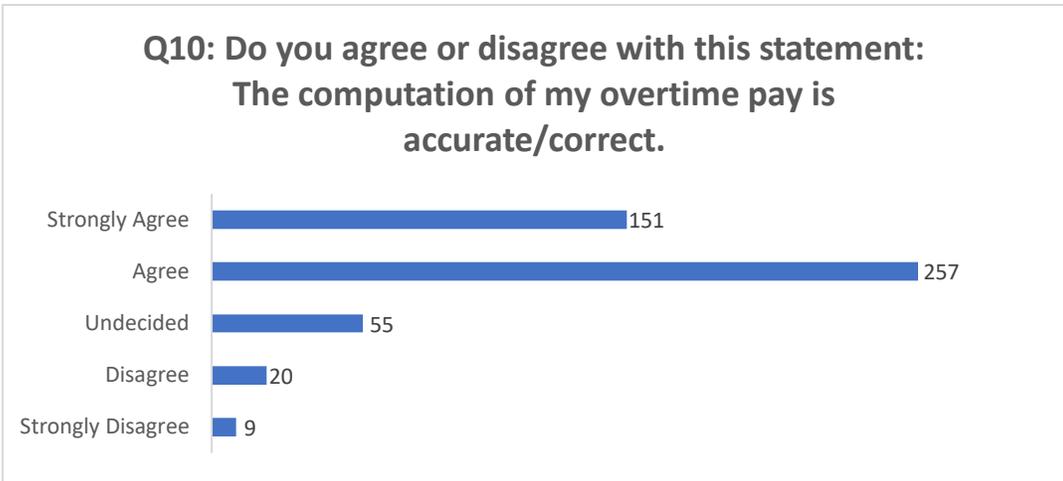


<b>Q8: Have you been required to remain and work in the factory without your consent to meet the factory production target?</b>		
Yes – Always	43	8%
Yes – Sometimes	162	31%
No	292	56%
Not Sure	22	4%
No response	6	1%
<b>TOTAL</b>	<b>525</b>	

**Q9: Do you agree or disagree with this statement: The computation of my salary and benefits (e.g. holiday, OT pay and night differentials) is accurate/correct.**

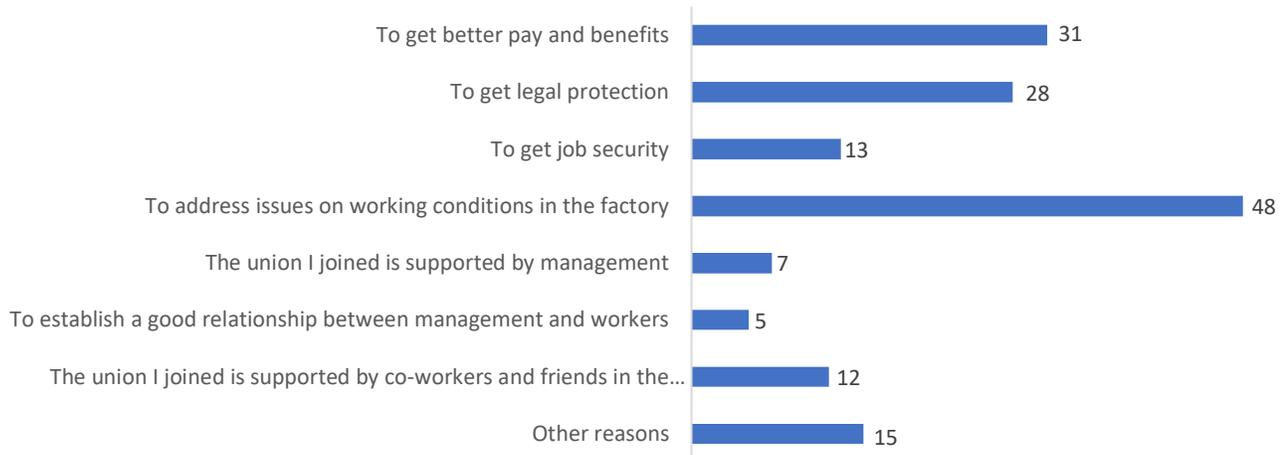


Q9: Do you agree or disagree with this statement: The computation of my salary and benefits (e.g. holiday, OT pay and night differentials) is accurate/correct.		
Strongly Agree	156	30%
Agree	225	43%
Undecided	76	14%
Disagree	45	9%
Strongly Disagree	10	2%
No response	13	2%
<b>TOTAL</b>	<b>525</b>	



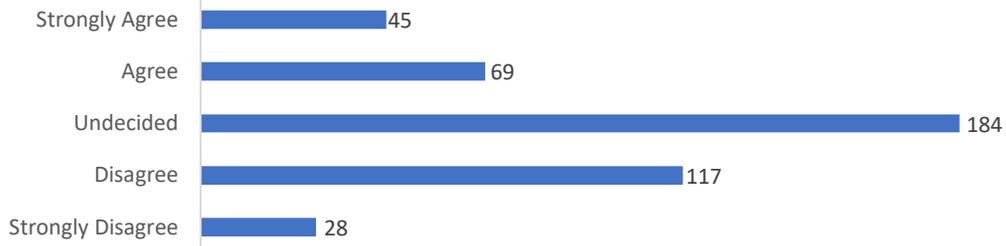
Q10: Do you agree or disagree with this statement: The computation of my overtime pay is accurate/correct.		
Strongly Agree	151	29%
Agree	257	49%
Undecided	55	10%
Disagree	20	4%
Strongly Disagree	9	2%
No response	33	6%
<b>TOTAL</b>	<b>525</b>	

**Q12: If you are a union member, why did you join your union? Choose as many boxes as applicable.**



Q12: If you are a union member, why did you join your union? Choose as many boxes as applicable.	
To get better pay and benefits	31
To get legal protection	28
To get job security	13
To address issues on working conditions in the factory	48
The union I joined is supported by management	7
To establish a good relationship between management and workers	5
The union I joined is supported by co-workers and friends in the factory	12
Other reasons	15
<b>TOTAL</b>	<b>159</b>
<b>Other reasons provided:</b>	
<ul style="list-style-type: none"> <li>• Need for a health card and other benefits</li> <li>• Ensure correct policies for workers</li> <li>• Employee welfare</li> <li>• Prevention of abuses</li> </ul>	

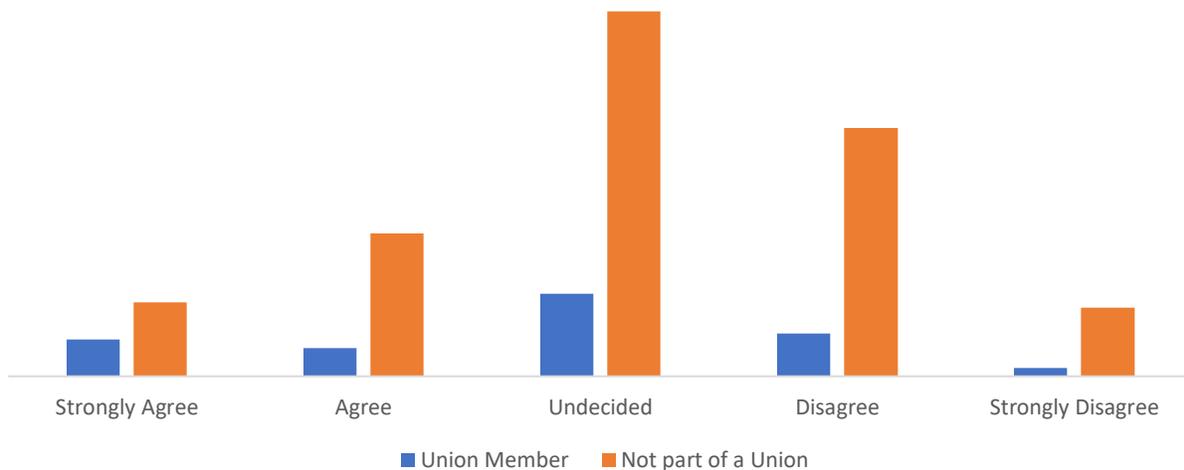
**Q13: Do you agree or disagree with this statement:  
The factory officials or line leaders have made  
statements against a union.**



**Q13: Do you agree or disagree with this statement: The factory officials or line leaders have made statements against a union.**

Strongly Agree	45	9%
Agree	69	13%
Undecided	184	35%
Disagree	117	22%
Strongly Disagree	28	5%
No response	82	16%
<b>TOTAL</b>	<b>525</b>	

**Q13: Do you agree or disagree with this statement: The factory officials or line leaders have made statements against a union.**



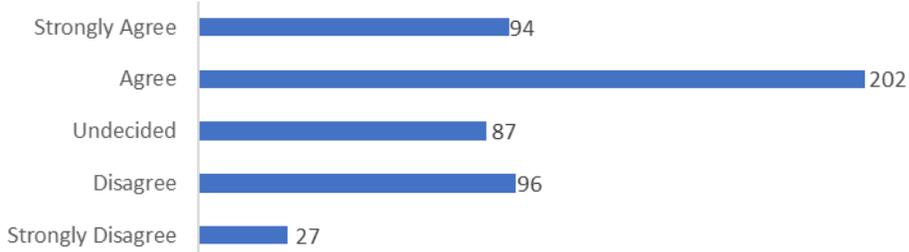
Q13: Do you agree or disagree with this statement: The factory officials or line leaders have made statements against a union. (according to Union Membership)					
	Union Member	% of Union Member Responses	Not part of a Union	% of Non-union Member Responses	No information on union membership
Strongly Agree	13	17%	26	7%	6
Agree	10	13%	50	14%	9
Undecided	29	38%	128	36%	27
Disagree	15	20%	87	24%	15
Strongly Disagree	3	4%	24	7%	1
No response	6	8%	43	12%	33
<b>TOTAL</b>	<b>76</b>		<b>358</b>		<b>91</b>



Q14: Do you agree or disagree with this statement: The company disciplinary policies are clear to me.		
Strongly Agree	138	26%
Agree	232	44%
Undecided	79	15%
Disagree	41	8%
Strongly Disagree	13	2%
No response	22	4%
<b>TOTAL</b>	<b>525</b>	

**NOTE:** Percentages were rounded off resulting to a total less than 100%

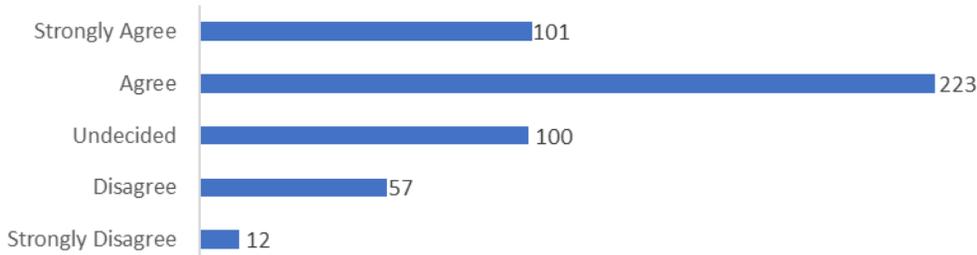
**Q15: Do you agree or disagree with this statement:  
The penalties for company rule violations are known  
and fair to me.**



**Q15: Do you agree or disagree with this statement: The penalties for company rule violations are known and fair to me.**

Strongly Agree	94	18%
Agree	202	38%
Undecided	87	17%
Disagree	96	18%
Strongly Disagree	27	5%
No response	19	4%
<b>TOTAL</b>	<b>525</b>	

**Q16: Do you agree or disagree with this statement:  
The investigation procedure for company violations is fair and I have the opportunity to defend myself.**



Q16: Do you agree or disagree with this statement: The investigation procedure for company violations is fair and I have the opportunity to defend myself.		
Strongly Agree	101	19%
Agree	223	42%
Undecided	100	19%
Disagree	57	11%
Strongly Disagree	12	2%
No response	32	6%
<b>TOTAL</b>	<b>525</b>	

**NOTE:** Percentages were rounded off resulting in a total less than 100%

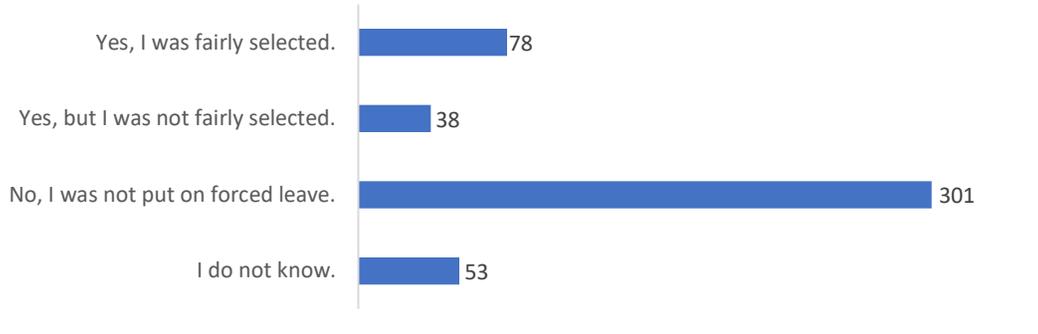
**Q17: Has the factory provided you training or orientation on company policies and investigation procedures?**



Q17: Has the factory provided you training or orientation on company policies and investigation procedures?		
Yes	387	74%
None	46	9%
Undecided	66	13%
No response	26	5%
<b>TOTAL</b>	<b>525</b>	

NOTE: Percentages were rounded off resulting to a total more than 100%

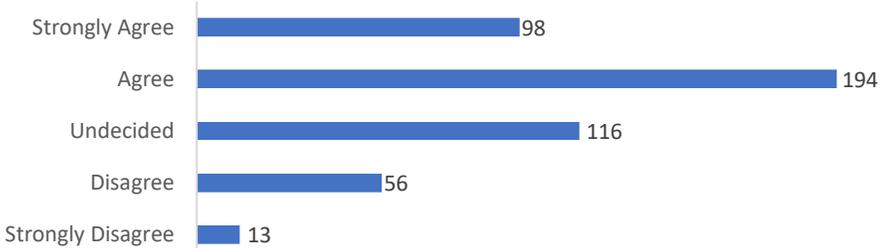
**Q18: Have you been put on forced leave? If yes, do you think your selection was fair?**



Q18: Have you been put on forced leave? If yes, do you think your selection was fair?		
Yes, I was fairly selected.	78	15%
Yes, but I was not fairly selected.	38	7%
No, I was not put on forced leave.	301	57%
I do not know.	53	10%
No response	55	10%
<b>TOTAL</b>	<b>525</b>	

**NOTE:** Percentages were rounded off resulting to a total less than 100%

**Q19: Do you agree or disagree with this statement:  
The management hears our complaints. There is a  
process to report our grievances to the management.**



**Q19: Do you agree or disagree with this statement: The management hears our complaints.  
There is a process to report our grievances to the management.**

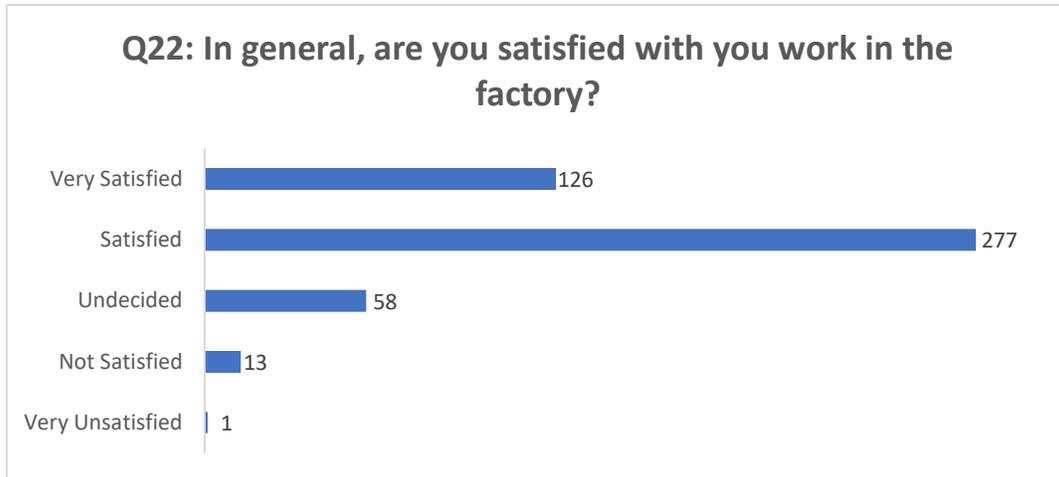
Strongly Agree	98	19%
Agree	194	37%
Undecided	116	22%
Disagree	56	11%
Strongly Disagree	13	2%
No response	48	9%
TOTAL	525	



Q20: Have you experienced any bad treatment, abuse or discrimination by factory management?		
Yes – Often	16	3%
Yes – Sometimes	71	14%
No	380	72%
Not Sure	18	3%
No response	40	8%
<b>TOTAL</b>	<b>525</b>	

Q21: If you experienced bad treatment, abuse, and discrimination, can you describe it below?		
Employers cursing/shouting at workers	11	2%
Workers barred from leaving company premises against their will	8	1.5%
Unfair treatment between staff and workers	4	0.8%
Employers punishing worker without giving him/her opportunity to be heard	1	0.19%
Did not provided description of bad treatment/abuse/discrimination	501	95.4%
<b>TOTAL</b>	<b>525</b>	<b>99.89%</b>

**NOTE:** Percentages were rounded off resulting in a total of less than 100%.



Q22: In general, are you satisfied with you work in the factory?		
Very Satisfied	126	24%
Satisfied	277	53%
Undecided	58	11%
Not Satisfied	13	2%
Very Unsatisfied	1	0.2%
No response	50	10%
<b>TOTAL</b>	<b>525</b>	

**NOTE:** Percentages were rounded off resulting in a total more than 100%

<b>Q23: Do you have anything additional to say about your workplace, whether positive or negative?</b>		
Appeal for better benefits (health card, SSS, etc.)	46	9%
Appeal for better work facilities	10	2%
Appeal for CBA approval	1	0.19%
Appeal for fair treatment	20	4%
Appeal for higher salary	5	0.95%
Appeal for regularization	2	0.38%
Appeal for stricter policies on violations	1	0.19%
Appeal for unity between management and workers	3	0.57%
Complaint about canteen food quality	1	0.19%
Complaint about management not listening to employees	1	0.19%
Complaint about slow process	1	0.19%
Complaints about unfair disciplinary action from management	7	1.3%
Complaints about unsafe work space (frequently mentioned: shaking pavements when there's crowding)	6	1.1%
Complaints about workers humiliated by their superiors	6	1.1%
Content with current work environment	25	5%
Inquiry	1	0.19%
No additional comments	389	74%
<b>TOTAL</b>	<b>525</b>	

**NOTE:** 110 out of 525 (or 21%) respondents gave an appeal or a complaint as a response to this question. Percentages were rounded off resulting in a total more than 100%

Annex B – Survey Questionnaire

1. How long have you been working in this factory? (*Gaano ka na katagal dito sa factory?*)

	1 Year or Less
	2 Years
	3 Years
	4 Years
	More than 4 years

2. If you have rendered overtime, were you informed ahead of time about the overtime?  
(*Noong nag-OT ka, gaano katagal ang abiso sa iyo na may OT na mangyayari?*)

	Yes – I was informed more than 1 day before the OT <i>Oo – Nasabihan ako na may OT mahigit isang araw bago yung OT.</i>
	Yes – I was informed 1 day before the OT <i>Oo – Nasabihan ako na may OT isang araw bago yung OT</i>
	Yes – I was informed on the same day of the OT <b>before</b> lunchbreak <i>Oo – Nasabihan ako na may OT <b>bago ang lunchbreak</b> sa mismong araw ng OT</i>
	Yes – I was informed on the same day of the OT <b>after</b> lunchbreak <i>Oo – Nasabihan ako na may OT <b>pagkatapos ng lunchbreak</b> sa mismong araw ng OT</i>
	No – I was not informed. <i>Hindi ako nasabihan bago ang OT.</i>

3. If you have done overtime in the last 12 months year, on average how much overtime have you rendered per week? (*Kung nag-OT ka sa nakalipas na 12 buwan, ilang oras bawat linggo ang iyong OT?*)

	3 hours or less
	4-6 hours
	7-9 hours
	10-12 hours
	More than 12 hours

4. Have you done overtime against without your consent? (*Pinag-OT ka ba nang labag sa iyong kalooban / Pinilit ka ba na mag-OT?*)

	Yes – Often / <i>Oo – Palagi</i>
	Yes – Sometimes / <i>Oo - Minsan</i>
	No / <i>Hindi</i>
	Not Sure / <i>Hindi sigurado</i>

5. If you rendered overtime without your consent, in what year/s did it occur? Check as many boxes as applicable. (*Kung nag-OT ka nang labag sa iyong kalooban, kailan ito nangyari? I-check lahat ng boxes kung kailan ito nangyari.*)

	2018
	2019
	2020
	2021
	Not Applicable – No overtime against my wishes. / <i>Hindi ako nag-OT nang labag sa aking kalooban.</i>

6. Compared to previous years, how would you describe the involuntary work (OT without your consent) you did in the last 12 months? (*Kung nag-OT ka nang labag sa iyong kalooban, gaano ito kadalas sa nakaraang labing 12 buwan kumpara sa mga nakaraang taon?*)

	It has happened more often (worse) / <i>Mas lumala at dumami</i>
	It has happened less often / <i>Mas madalang na</i>
	Same as before / <i>Pareho lamang.</i>
	It has stopped / <i>Tumigil na.</i>
	Not Applicable – No overtime against my wishes / <i>Walang pagpipilit sa OT</i>

7. Can you refuse to do overtime work? (*Pwede ka bang tumanggi sa OT?*)

	Yes – Always / <i>Oo – kahit kailan ay pwede akong tumanggi.</i>
	Yes – Sometimes / <i>Oo – Minsan</i>
	No / <i>Hindi</i>
	Not Sure / <i>Hindi sigurado</i>

8. Have you been required to remain and work in the factory without your consent to meet the factory production target? (*Pinilit ba kayong huwag lumabas, manatili sa factory, at magtrabaho upang matugunan ang production targets?*)

	Yes – Always / Oo - Palagi
	Yes – Sometimes / Oo - Minsan
	No / Hindi
	Not Sure / Hindi sigurado

9. Do you agree or disagree with this statement: The computation of my salary and benefits (e.g. holiday, OT pay and night differentials) is accurate/correct. (*Sumasangayon ka ba dito: Tama ang computation ng aking suweldo at benepisyo tulad ng holiday pay, OT at night differentials.*)

	Strongly Agree / Ako ay lubos na sumasangayon
	Agree / Sumasangayon ako.
	Undecided / Hindi ako sigurado.
	Disagree / Hindi ako sumasangayon
	Strongly Disagree / Lubos akong hindi sumasangayon.

10. Do you agree or disagree with this statement: The computation of my overtime pay is accurate/correct. (*Sumasangayon ka ba dito: Tama ang computation ng aking overtime pay.*)

	Strongly Agree / Ako ay lubos na sumasangayon
	Agree / Sumasangayon ako.
	Undecided / Hindi ako sigurado.
	Disagree / Hindi ako sumasangayon
	Strongly Disagree / Lubos akong hindi sumasangayon.

11. Are you a member of a union? (*Miyembro ka ba ng union?*)

	Yes – Charter Link Inc. Employees Union – Federation of Free Workers (CLIEU-FFW)
	Yes – Charter Link Employees Union (CLEU)
	Yes – Other Union (Oo- Ibang union)
	No – Not a Member of any Union

12. If you are a union member, why did you join your union? Choose as many boxes as applicable. (*Bakit ka sumali ng union? Maaari kang mag-check ng higit sa isang box?*)

	To get better pay and benefits. / <i>Para mas makakuha ng mataas na suweldo at benepisyo.</i>
	To get legal protection. / <i>Para makakuha ng tulong pang-legal.</i>
	To get job security. / <i>Para makasiguro na may trabaho ako.</i>
	To address issues on working conditions in the factory (e.g., workplace safety, health, and security) / <i>Para bumuti ang kondisyon sa loob ng factory.</i>
	The union I joined is supported by management. / <i>Dahil suportado ng management ang union ko.</i>
	To establish a good relationship between management and workers. / <i>Para magkaroon ng mahusay na relasyon ang management at empleyado.</i>
	The union I joined is supported by co-workers and friends in the factory. / <i>Dahil suportado ng mga kaibigan at kapwa empleyado ang union.</i>
	To have a good relationship with fellow workers. / <i>Para magkaroon ako ng mahusay na relasyon sa kapwa ko empleyado.</i>
	Other reason (please state reason) <i>Iba pang dahilan:</i>  _____

13. Do you agree or disagree with this statement: The factory officials or line leaders have made statements against a union. (*Sumasangayon ka ba dito: Ang mga factory officials at line leaders ay may sinasabi laban sa union*)

	Strongly Agree / Ako ay lubos na sumasangayon
	Agree / Sumasangayon ako.
	Undecided / Hindi ako sigurado.
	Disagree / Hindi ako sumasangayon
	Strongly Disagree / Lubos akong hindi sumasangayon.

14. Do you agree or disagree with this statement: The company disciplinary policies are clear to me. (*Sumasangayon ka ba dito: Maliwanag sa akin ang patakaran sa disiplina ng factory*)

	Strongly Agree / Ako ay lubos na sumasangayon
	Agree / Sumasangayon ako.
	Undecided / Hindi ako sigurado.
	Disagree / Hindi ako sumasangayon
	Strongly Disagree / Lubos akong hindi sumasangayon.

15. Do you agree or disagree with this statement: The penalties for company rule violations are known and fair to me. (*Sumasangayon ka ba dito: Ang mga parusa sa paglabag ng factory policies ay maliwanag at patas sa akin.*)

	Strongly Agree / Ako ay lubos na sumasangayon
	Agree / Sumasangayon ako.
	Undecided / Hindi ako sigurado.
	Disagree / Hindi ako sumasangayon
	Strongly Disagree / Lubos akong hindi sumasangayon.

16. Do you agree or disagree with this statement: The investigation procedure for company violations is fair and I have the opportunity to defend myself. (*Sumasangayon ka ba dito: Ang imbestigasyon kapag kapag may paglabag sa factory policies ay patas at may pagkakataon ako para sagutin ang mga paratang sa akin.*)

	Strongly Agree / Ako ay lubos na sumasangayon
	Agree / Sumasangayon ako.
	Undecided / Hindi ako sigurado.
	Disagree / Hindi ako sumasangayon
	Strongly Disagree / Lubos akong hindi sumasangayon.

17. Has the factory provided you training or orientation on company policies and investigation procedures? (*May training o orientation ba tungkol sa mga patakaran ng factory at proseso ng imbestigasyon kapag may paglabag sa mga patakaran*)?

	Yes / May training o orientation.
	None / Walang training or orientation.
	Undecided / Hindi ako sigurado.

18. Have you been put on forced leave? If yes, do you think your selection was fair? (*Nasama ka ba sa mga inilagay sa forced leave? Kung, nasama ka sa forced leave, sa tingin mo patas ba yung pagkasama o pagpili sa iyo?*)

	Yes, I was fairly selected. / Oo nasama ako sa forced leave. Patas naman ang pagpili sa akin.
	Yes, but I was not fairly selected. / Oo nasama ako sa forced leave, ngunit hindi patas ang pagpili sa akin?
	No, I was not put on forced leave. / <i>Hindi ako na-forced leave.</i>
	I do not know. / <i>Hindi ko alam.</i>

19. Do you agree with this statement: The management hears our complaints. There is a process to report our grievances to the management. (*Sumasangayon ka ba dito: Dinidinig ng management ang reklamo ng mga empleyado at may paraan upang maiparating namin ang mga reklamo namin sa management.*)

	Strongly Agree / Ako ay lubos na sumasangayon
	Agree / Sumasangayon ako.
	Undecided / Hindi ako sigurado.
	Disagree / Hindi ako sumasangayon
	Strongly Disagree / Lubos akong hindi sumasangayon.

20. Have you experienced any bad treatment, abuse or discrimination by factory management? (*Nakaranas ka ba ng pagmamaltrato, pang-aabuso o diskriminasyon mula sa management?*)

	Yes – Often / Oo – Palagi
	Yes – Sometimes / Oo – Minsan
	No / Hindi
	Not Sure / Hindi sigurado

21. If you experienced bad treatment, abuse, and discrimination, can you describe it below? *Kung nakaranas ka ng pang-aabuso o diskriminasyon, maaari mo bang ibahagi o i-explain ito?*

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22. In general, are you satisfied with your work in the factory? Sa kalahatan, masaya ka ba sa trabaho mo sa factory?

	Very Satisfied. / Lubos na masaya.
	Satisfied. / Masaya ako.
	Undecided. / Hindi sigurado.
	Not Satisfied. / Hindi ako masaya
	Very Unsatisfied. / Ako ay lubos na hindi masaya.

23. Do you have anything additional to say about your workplace, whether positive or negative? (*May iba ka pa bang gustong sabihin tungkol sa factory, positibo man or negatibo?*)

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