



Assessment for L'Oréal: Working conditions in the coconut supply chain

The Philippines: Provinces of Cotabato and Davao
Del Sur

May 2025
Baseline Assessment

ABOUT THE FAIR LABOR ASSOCIATION

The Fair Labor Association (FLA) promotes human rights at work. We are an international network of companies, universities, and civil society organizations collaborating to ensure that millions of people working at the world's factories and farms are paid fairly and protected from risks to their health, safety, and well-being.

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1. Executive summary

L'Oréal, the world's largest beauty and personal care company, has been working with the [Fair Labor Association](#) (FLA) since 2021 on projects like FLA's Harvesting the Future programs in Türkiye and Egypt. In 2024, L'Oréal joined FLA, pursuing Fair Labor Accreditation for its coconut oil and derivatives supply chain (referred to simply as its coconut supply chain) in the Philippines.

In March 2025, FLA completed this baseline assessment of L'Oréal's prospective supply chain for copra, the dried fruit of a coconut that can be processed into oil-based derivatives for cosmetics. The company had identified two cooperatives as potential sourcing locations based in the towns of Makilala, Cotabato province, and Magsaysay, Davao del Sur province.

For this baseline assessment, FLA held interviews with farmers, workers, intermediaries, and community and government stakeholders to understand the local farming context. Seventy-nine farmers and 11 workers participated in the labor risk assessment to verify labor practices against FLA's [Workplace Code of Conduct](#) (COC), which establishes labor standards aimed at achieving decent working conditions based on International Labour Organization (ILO) standards and internationally accepted good labor practices. FLA also conducted interviews with stakeholders and community members to gather additional information on labor and socio-economic issues that impact the communities where the three cooperatives are based.

Assessment background and methodology

FLA's baseline assessments provide situational awareness by examining the status of a company's supply chain, country risks, community profile, local stakeholders, farmer and worker profiles, and labor risks. Baseline assessments also guide the development of a company's monitoring and remediation program.

As part of the annual due diligence cycle for its members, FLA also conducted a supplier's Human Rights Due Diligence (HRDD) evaluation and an Independent External Monitoring (IEM) assessment of L'Oréal's coconut supply chain against the Fair Labor Code and Compliance Benchmarks for Agriculture with this baseline assessment in 2025. The purpose of these assessments is to supplement the baseline assessment with deeper insights into the cluster-level state of internal supply chain operations, fundamental labor management systems, and labor risks, among other topics.

Key findings from this report

The labor risk assessment covered the nine code elements of the FLA Workplace COC.¹ Key findings include issues related to the informal nature of the sector:

¹ (1) Employment Relationship; (2) Nondiscrimination; (3) Harassment or Abuse; (4) Forced Labor; (5) Child Labor; (6) Freedom of Association and Collective Bargaining; (7) Health, Safety, and the Environment; (8) Hours of Work; and (9) Compensation.

- **Compensation and benefit structures:** Profit sharing arrangements between landowners and farmers and/or between the farmers and workers made it difficult to establish decent payments.
- **Lack of awareness in basic labor rights and standards:** Farmers and workers lack awareness of basic labor standards such as minimum wage, minimum working age, and more.
- **Worker protections:** Farmers had a general lack of awareness of, or measures in place to protect, workers' freedom of association and collective bargaining and occupational safety and health (including preventative measures such as personal protective equipment).
- **Weak management and operational practices as business:** As cooperatives are still being formalized and strengthened, cooperative members are still developing their knowledge and capacity to manage international buyers' labor expectations.

Finally, though the assessment did not identify any cases of child labor and forced labor, general risks in the sector may exist due to informal employment relationships and farmers' lack of awareness on relevant national and international regulations for young workers and children. More information can be found in section *6.7 Labor Risk Assessment*.

2. Abbreviations and acronyms

4Ps – Pantawid Pamilyang Pilipino Program
ADB- Asian Development Bank
BHSs – Barangay Health Stations
CAP - Corrective Action Plan
CBMS – Community-Based Monitoring System
CDA – Cooperative Development Authority
CFIDP –Coconut Farmers and Industry Development Plan
CLMRS - Child Labor Monitoring and Remediation System
COC - FLA’s Workplace Code of Conduct
CPA – Corporate Partnership Agreement
DOLE – Department of Labor and Employment
DSWD – Department of Social Welfare and Development
DTI - Department of Trade and Industry
FGDs - Focus Group Discussions
FLA - Fair Labor Association
GAD - Gender and Development
ILO - International Labour Organization
IMS – Internal Management System
IP – Indigenous peoples
KGS - Kilograms
MSWO - Municipal Social Welfare Officer
MT – Metric Ton
NCFRS – National Coconut Farmers Registry System
PCA –Philippine Coconut Authority
PESO - Public Employment Service Office
PPE - Personal Protective Equipment
PHILHEALTH – Philippine Health Insurance Corporation
PSA – Philippine Statistics Authority
NCFRS – National Coconut Farmers Registry System
NGO – Non-government organizations
PRDP – Philippine Rural Development Projects
RHUs – Rural Health Units
SHIELD – Strategic Helpdesks for Information, Education, Livelihood and other Developmental Interventions Against Child Labor
SSS – Social Security Systems

TESDA – Technical Education and Skills Development Authority

UNICEF – United Nations Children's Fund

USD – United States dollars

3. Introduction

3.1 Company background

L'Oréal S.A. is the world's largest cosmetics and beauty company, recognized not only for its extensive product portfolio but also for its leadership in sustainability, innovation, and ethical sourcing. Founded in 1909 by French chemist Eugène Schueller, the company began with a simple hair dye formula. Today, L'Oréal has 40 brands and continues to bring nature and sustainability into its products.²

3.2 Company relationship with FLA

L'Oréal has worked with FLA on a project basis since 2021 and is an active participant in FLA's Harvesting the Future programs in [Türkiye](#) and [Egypt](#).

In 2024, the FLA Board of Directors welcomed L'Oréal into the FLA Agriculture Accreditation Program as a Participating Company, marking a significant evolution from its project-based engagement that began in 2021. As a Participating Company, L'Oréal commits to applying FLA's Workplace Code of Conduct and participates in independent external assessments across its coconut supply chains. This membership enables the company to pursue Fair Labor Accreditation for its coconut supply chains in the Philippines.

3.3 Assessment goals and objectives

The assessment's objectives were to:

1. Outline the regulatory framework governing working conditions in the coconut sector, as well as specific national or local programs that support and protect farmers and workers.
2. Map L'Oréal's prospective coconut supply chain in the Philippines, specifically in the provinces of Cotabato and Davao del Sur; identify L'Oréal's internal supply chain and labor management approach; and identify the existing supply chain relations that can be leveraged to introduce a sustainability program focusing on mitigating labor risks, including child labor.
3. Identify key local stakeholders and existing programs that can facilitate collaboration and support.

² L'Oréal. 2025 Annual Report. https://www.loreal-finance.com/system/files/2026-04/LOREAL_RA_2025_EXE_UK_260313_OPT_PMS%20345C%2025pc_v3_05.pdf

4. Conduct task and risk mapping with community and worker profiling in selected clusters of L'Oréal's prospective coconut suppliers' farms to understand working conditions and the extent and causes of labor risks.
5. Provide practical and scalable recommendations to L'Oréal for enhancing or refining its social compliance and responsible sourcing practices within its supply chain management systems.

4. Methodology

FLA used a combination of data collection techniques, including:

1. **Desk research:** FLA's team reviewed documents and information from government agencies involved in child protection and welfare, agriculture, and trade. The team also conducted online research and interviewed stakeholders to gain a deeper understanding of the context of the coconut sector in the Philippines.
2. **Supply chain mapping and internal monitoring system (IMS) evaluation:** This assessment covered three cooperatives, which are prospective raw material suppliers for L'Oréal. L'Oréal is establishing its Philippines supply chain for coconut oil derivatives and identifying its coconut suppliers and producers; therefore, the IMS evaluation focuses on the potential partners, their expected roles, and their capacities.
3. **Stakeholder consultations with representatives from key institutions and organizations:** Assessors interviewed representatives from national and local government authorities, civil society organizations, local schools, other cooperatives, and non-governmental organizations (NGOs) to gain a deeper understanding of key labor and human rights issues in the Philippines' coconut sector.
4. **Community profiling:** Assessors met with community leaders and held focus discussions (FGDs) with community members to understand the local context, existing social groups and culture, current infrastructure, and economic conditions, which could further illuminate the root causes of labor risks.
5. **Household profiling and farm assessments:** Assessors visited selected farms and households, interviewing farmers and workers to collect demographic data, as well as information on farm-level labor risks, hazards, and household needs.
6. **Data entry, processing, and reporting:** FLA's team used Microsoft Excel for data entry and analysis.
7. **Development of recommendations:** FLA's team provided recommendations to L'Oréal based on the findings from identified labor risks.

5. Background

5.1 Overview of the coconut sector in the Philippines

Coconuts on the international market

The Philippines is the second-largest coconut producer in the world, after Indonesia, accounting for approximately 23% of global coconut production in 2023 (Table 1).³ The Philippines' coconut industry has contributed to 37% of the annual share of the country's total agricultural exports over the last 15 years.⁴ Coconut is primarily traded internationally by approximately 1,500 coconut suppliers in the Philippines, who export to 6,858 buyers globally.⁵ As one of the Philippines' top ten cash crops, coconuts generated a total export value of USD \$3.22 billion in 2022.⁶ Coconut continues to serve as a vital source of livelihood and income for millions of Filipinos.

Key products derived from coconuts include copra (dried coconut meat used for oil extraction), coconut oil (CNO), desiccated coconut, coconut water, coconut milk and cream, virgin coconut oil (VCO), coconut sugar, as well as coco coir (coconut fiber made from husks) and coco peat, which are widely used in horticulture and erosion control. Each year, approximately 3.6 million hectares of land in the Philippines are planted with coconut trees, covering 69 out of the 82 provinces nationwide. There are approximately 346 million coconut-bearing trees in the country, yielding a total production of 14.89 million metric tons of coconut with husks in 2023.⁷

Table 1: Coconut production (whole nuts with husks) in recent years

| Year | 2021 | 2022 | 2023 |
|-------------------------------------|-------------------|-------------------|-------------------|
| Yield (mt/ha) | 4.04 | 4.14 | 4.06 |
| Volume (mt) | 14,717,294 | 14,931,158 | 14,892,628 |
| Land area (ha) | 3,646,912 | 3,604,206 | 3,665,185 |
| Total global production (mt) | 65,062,987 | 64,009,941 | 64,597,663 |
| Filipino production % | 23% | 23% | 23% |

Coconut oil specifically consistently ranks among the country's top agricultural exports. In 2024, the Philippines exported \$2.2 billion of coconut oil, ranking it as the 4th most

³ Food and Agriculture Organization of the United Nations (FAO). FAO Stats: Crops and livestock products. Statistics downloaded from: <https://www.fao.org/faostat/en/#data/QCL>.

⁴ Angeles, D. U., & IT-Desiree. (2024). *Coconut Statistics*. Pca.gov.ph. <https://www.pca.gov.ph/index.php/resources/coconut-statistics>

⁵ Discover Economical and Reliable Coconut Suppliers, - Volza Export Data, 2024, <http://volza.com/p/coconut/manufacturers/manufacturers-in-philippines/>

⁶ Coconut Trade Performance and Market Trends (January-December 2022), by the Philippine Coconut Authority, 2022.

⁷ Angeles, D. U., & IT-Desiree. (2024). *Coconut Statistics*. Pca.gov.ph. <https://www.pca.gov.ph/index.php/resources/coconut-statistics>

exported product in the country.⁸ The main destinations for Philippine coconut oil are the Netherlands (\$252 million), the United States (\$158 million), Spain (\$82 million), Italy (\$50 million), and Indonesia (\$44 million), at the end of 2023.⁹ The countries with fastest-growth for coconut copra oil exports from the Philippines between 2023-2024 were Malaysia (\$141 million), Indonesia (\$70 million), the United States (\$46 million), and the Netherlands (\$34 million).¹⁰

International consumption of coconut products exceeds the Philippines' domestic consumption. For instance, from 2009-2019, domestic consumption of copra accounted for approximately 31% of total production, compared to an export share of 69%.¹¹

Coconut farming regions

While coconut is grown in 69 out of 82 provinces in the Philippines, providing jobs for an estimated 3.5 million coconut farmers, coconut farming mainly takes place in the regions of Calabarzon, Zamboanga Peninsula, Davao, and Northern Mindanao.¹² Coconuts are harvested quarterly throughout the year.

The Davao Region (Region XI) remains the top producing region, accounting for 13.5% of national output, followed by Northern Mindanao (Region X) and Zamboanga Peninsula (Region IX), with 13.3% and 12.8% respectively.¹³ Other major coconut-producing regions include the Eastern Visayas (Region VIII), the Bicol Region (Region V), and Calabarzon (Region IV-A).¹⁴

Table 2: Total land area of coconut trees, number of coconut bearing trees, and production volume (2019-2023)

| | 2019 | 2020 | 2021 | 2022 | 2023 |
|--|-------------|-------------|-------------|-------------|-----------|
| Total area of planted coconut (hectares) | 3,651,873 | 3,651,288 | 3,646,911 | 3,604,205 | 3,665,185 |
| Number of fruit-bearing coconut trees | 347,952,192 | 345,623,192 | 346,834,329 | 340,595,730 | 345,056 |

⁸ Philippine Coconut Authority Corporate Planning Service. (2025). PCA 2024 Annual Report.

https://www.pca.gov.ph/images/pdf/annualreport/PCA_Annual_Report_2024-2.pdf

⁹ Coconut (copra) oil crude in the Philippines | The Observatory of Economic Complexity. (2023b). The Observatory of Economic Complexity. <https://oec.world/en/profile/bilateral-product/coconut-copra-oil-crude/reporter/ph>

¹⁰ Ibid

¹¹ Aguilar, E., Lozada, E., & Aragon, C. (2022). COCONUT INDUSTRY. <https://pcaf.da.gov.ph/wp-content/uploads/2022/06/Philippine-Coconut-Industry-Roadmap-2021-2040.pdf>

¹² Coconut- Industry Strategic Science and Technology Program - Philippine Statistics Authority update as of May 30, 2024. <https://ispweb.pcaarrd.dost.gov.ph/isp-commodities/coconut/>

¹³ These figures are based on the Philippine Statistics Authority's (PSA) Quarterly Report on Major Non-Food and Industrial Crops for the period of April to June 2023.

¹⁴ Philippine Statistics Authority. (2023). Coconut | Philippine Statistics Authority | Republic of the Philippines. Psa.gov.ph. <https://psa.gov.ph/major-non-food-industrial-crops/coconut>

| | | | | | |
|--|------------|------------|------------|------------|------------|
| Total volume of coconut production with husks (in metric tons) | 14,765,057 | 14,490,922 | 14,717,293 | 14,931,158 | 14,892,628 |
|--|------------|------------|------------|------------|------------|

5.2 Interviewed stakeholders/survey participants

The assessment team interviewed the following groups of stakeholders for this report.

Table 3: Interviewees

| Group | Participants |
|------------------------------|------------------------------|
| Farmers/producers | 79 participants |
| Workers (full-time/regular) | 0 participant |
| Workers (part-time/seasonal) | 11 participants |
| Children younger than 18 | 0 participant |
| Stakeholder representatives | 26 participants |
| Local buying agents | 2 participants ¹⁵ |

5.3 Sectoral risks and issues

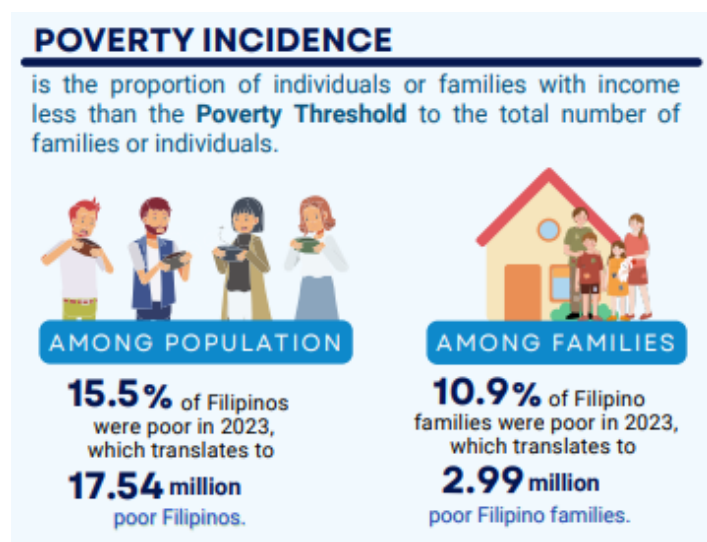
Based on the desktop research, the coconut sector in the Philippines faces challenges such as poverty among coconut farmers, child labor, and workers and farmers’ lack of access to social security programs.

Poverty

The Philippine poverty rate was estimated at 15.5% of the total population in 2023. This rate was lower than the estimate for 2021 (18.1%) and the poverty rate in 2018 (16.7%), although the increase in poverty rate from 2018-2021 was likely affected by pandemic-induced economic downturns. At the family-level, 10.9% of the population was poor in 2023, which is lower than the rates of 12.1% in 2018 and 13.2% in 2021, respectively.

¹⁵ The assessment team interviewed two cooperatives that source copra from Cooperatives A, B, and C.

Figure 1: The poverty incidence among the general population and families¹⁶



This assessment analyzed cooperatives and communities in the Davao Del Sur and Cotabato provinces. As shown in Table 4, the poverty rate in Davao Del Sur increased from 2018-2021, culminating in a rate of 12.8% in 2023; despite this increase, it was lower than the national poverty rate of 15.5%. In Cotabato, 23.9% of the population was considered poor in 2023, representing a notable decrease since 2021; however, Cotabato’s poverty rate was still higher than the national average.

Table 4: Poverty rates among the population (2018-2023)¹⁷

| | 2018 | 2021 | 2023 |
|---------------|-------|-------|-------|
| National | 16.7% | 18.1% | 15.5% |
| Davao del Sur | 11.8% | 10.4% | 12.8% |
| Cotabato | 29.2% | 31.8% | 23.9% |

The poverty rate among farmers is worse than the national average, although the rate is decreasing, as shown in Table 5. In 2023, 27% of all farmers were estimated to be poor, compared to a poverty incidence of 15.5% among the national population. With a 2023 poverty rate of 23.8%, farmers in Region XI (where Cooperative C is based) fared better compared to farmers in Region XII (where Cooperatives A and B are based), where the poverty incidence was 35%.

¹⁶ Philippine Statistics Authority. (n.d.). *POVERTY INCIDENCE*. https://psa.gov.ph/sites/default/files/infographics/2023%20Full%20Year%20Poverty%20Statistics_signed.pdf?width=950&height=700&iframe=true

¹⁷ The 2023 poverty statistics table can be downloaded from this webpage: Mapa, C. D. (2024) 11 out of 18 Regions Recorded Significant Decreases in Poverty Incidence in 2023, <https://psa.gov.ph/statistics/poverty/node/1684064929>

Table 5: Poverty rates among farmers (2018-2023)¹⁸

| | 2018 | 2021 | 2023 |
|-----------------------------|-------|-------|-------|
| National (total population) | 16.7% | 18.1% | 15.5% |
| National (farmers) | 31.6% | 29.9% | 27.0% |
| Region XI (farmers) | 28.4% | 24.6% | 23.8% |
| Region XII (farmers) | 40.0% | 35.1% | 35.0% |

The Philippines has a national poverty reduction strategy and human capital investment program, the Pantawid Pamilyang Pilipino Program (4Ps), that provides conditional cash transfers to poor households for a maximum period of seven years. In exchange for monthly stipends, poor and near-poor families enrolled in the program are required to meet conditions including the following:

- Children 3-18 years old must enroll in school;
- Children in daycare, preschool, elementary school, and high school must have an 85% class attendance rate in a school year;
- Elementary and high school children must be dewormed twice a year;
- Children 5 years old and under must be fully immunized and weighed monthly (children 0-23 months old) or weighed bimonthly (children 24-72 months old);
- Pregnant women must complete pre-and post-natal health check-ups;
- A professional healthcare provider must attend child delivery; and
- Parent beneficiaries must attend Family Development Sessions.¹⁹

The 4Ps program has shown a positive impact on boys and older children, driven by the increased school enrollment, and has been credited with reducing child labor.²⁰

¹⁸ The statistical tables on poverty in the basic sectors can be downloaded from this page: Mapa, C.D. (2025). Poverty Incidence Declined from 2021 to 2023 in Ten Basic Sectors <https://psa.gov.ph/statistics/poverty/node/1684075985>.

¹⁹ Department of Social Welfare and Development. (n.d.-b). *Pantawid Pamilyang Pilipino Program (4Ps)*. Department of Social Welfare and Development. <https://car.dswd.gov.ph/programs-services/core-programs/pantawid-pamilyang-pilipino-program-4ps/>.

The Family Development Sessions are monthly parent group activities attended by conditional cash transfer recipients (usually mothers) “to enhance their parenting capabilities and encourage them to be more active citizens of society;

See Department of Social Welfare and Development-National Capital Region Memorandum Order No. 003, series of 2024, Part III. <https://ncr.dswd.gov.ph/wp-content/uploads/2025/01/RMO-003-S-2024-GUIDANCE-NOTES-ON-THE-PANTAWID-PAMILYANG-PILIPINO-PROGRAM-YOUTH-DEVELOPMENT-SESSION.pdf>

²⁰ Philippine Institute for Development Studies. (n.d.-b). *Healthcare and education gaps threaten the 4Ps' impact; government urged to boost supply-side investment*. <https://www.pids.gov.ph/details/news/press-releases/investing-in-services-and-program-restructuring-key-to-maximizing-4ps-impact-pids-study>;

Cervantes, F. M. (2024, November 26). *4Ps credited for 26% drop in child laborers* | Philippine News Agency. Pna.gov.ph. <https://www.pna.gov.ph/index.php/articles/1238751>

Child labor

Economic instability contributes to the ongoing prevalence of child labor in rural coconut-producing areas. Children are often involved in hazardous tasks such as climbing tall trees, carrying heavy loads, and handling sharp tools, which pose serious health and safety risks.

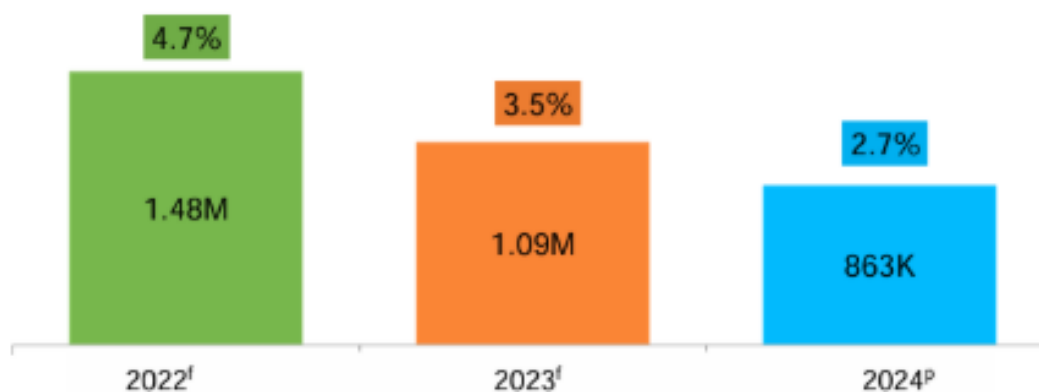
The Philippine government categorizes two types of child labor-related data and estimates: the number of working children 5-17 years old whose working conditions are undefined/unknown; and child laborers, including children under the age of 15 who work and anyone under the age of 18.²¹

As shown in Figure 2, the number of working children decreased by 42% between 2022-2024, from approximately 1.48 million to 863,000. The estimated percentage of working children specifically aged 5-17 decreased from 4.7%-2.7% during this time.²²

Figure 3 notes that the share of the population comprised of working children aged 5-17 has gone down from 2.6%-1.6%, representing an overall decrease from 828,000-513,000 between 2022-2024.

Although the rates of children working in both of these categories has decreased over time, child labor still remains a concern.

Figure 2: Estimated number of working children and percentage of working children (2022-2024)²³



²¹ The Philippine Statistics Authority defined child labor to include children engaged in the following activities:

- Hazardous Work (Hazardous Child Labor) or activities which are likely to be harmful to the health, safety or morals of children (as identified in the Department of Labor and Employment Department Order No. 149, Series of 2016 – Guidelines in Assessing and Determining Hazardous Work in the Employment of Persons Below 18 years of Age);
- Work by children below 15 years of age that is more than 20 hours a week or more than four hours at any given day or between eight o'clock in the evening and six o'clock in the morning of the following day (Sec. 12-A, paragraphs (1 and 3) of RA No. 9231); and
- Work by children 15-17 years of age that exceeds 40 hours a week or more than eight hours a day or between 10:00 p.m.-6:00 p.m. the following day (Sec. 12-A, paragraphs (2 and 3) of RA No. 9231).

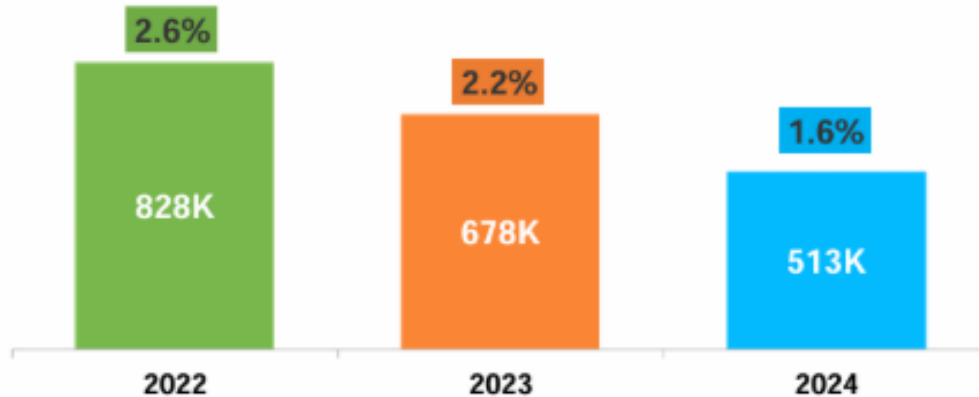
²² Philippine Statistics Authority. (2025c, May 14). *Philippine Statistics Authority | Republic of the Philippines*. Psa.gov.ph.

²³ <https://psa.gov.ph/statistics/survey/labor-and-employment/survey-on-children>

²³ Ibid

Notes: f = final results of the Labor Force Survey; p = preliminary results

Figure 3: Estimated number of child laborers and percentage of child laborers (2022-2024)²⁴



Access to social protection

Laws in the Philippines mandate key social protections for workers, including:

- Equal employer and worker contributions to state funds that provide workers with unemployment, retirement, and related social protection benefits, as defined by Social Security Law);
- Health insurance for workers via PhilHealth, as defined by the National Health Insurance Act; and
- Housing benefits for workers, as defined by the Home Development Mutual Fund Law.

Despite current laws, farmers and farm workers still find it challenging to access social security and housing programs. These groups typically work in the informal sector without regular incomes, which makes participation and contribution to these programs difficult. None of the farmers or workers interviewed during the assessment contributed to social security and/or housing fund accounts.

The Universal Health Care Act mandates universal health coverage, with the national government covering the PhilHealth premiums for indigenous communities and other populations who are unable to pay. Despite the national insurance scheme, out-of-pocket expenses remain high, with household out-of-pocket expenses accounting for an average of 44.4% of total current health expenditure in 2023.²⁵ Due to high out-of-pocket expenses, many people with serious illnesses get into debt or forego treatment to

²⁴ Philippine Statistics Authority. (2025c, May 14). *Philippine Statistics Authority | Republic of the Philippines*. [Psa.gov.ph.https://psa.gov.ph/statistics/survey/labor-and-employment/survey-on-children](https://psa.gov.ph/statistics/survey/labor-and-employment/survey-on-children)

²⁵ Government schemes and compulsory contributory healthcare financing schemes (i.e., PhilHealth) account for a 42.6% share, while voluntary health care payment schemes (e.g., private HMOs and private insurance) comprise a 13% share.

avoid catastrophic health expenditures. Between 2024-2025, the government increased PhilHealth payment rates to lower out-of-pocket expenses; however, it is too early to determine the impact.

Land tenure insecurity

Land tenure insecurity further compounds labor vulnerability. Many coconut farmers do not own the land they cultivate, making them susceptible to displacement and discouraging long-term investments in farm improvements. Although agrarian reform programs have aimed to address these issues, implementation remains uneven and contested in some areas.

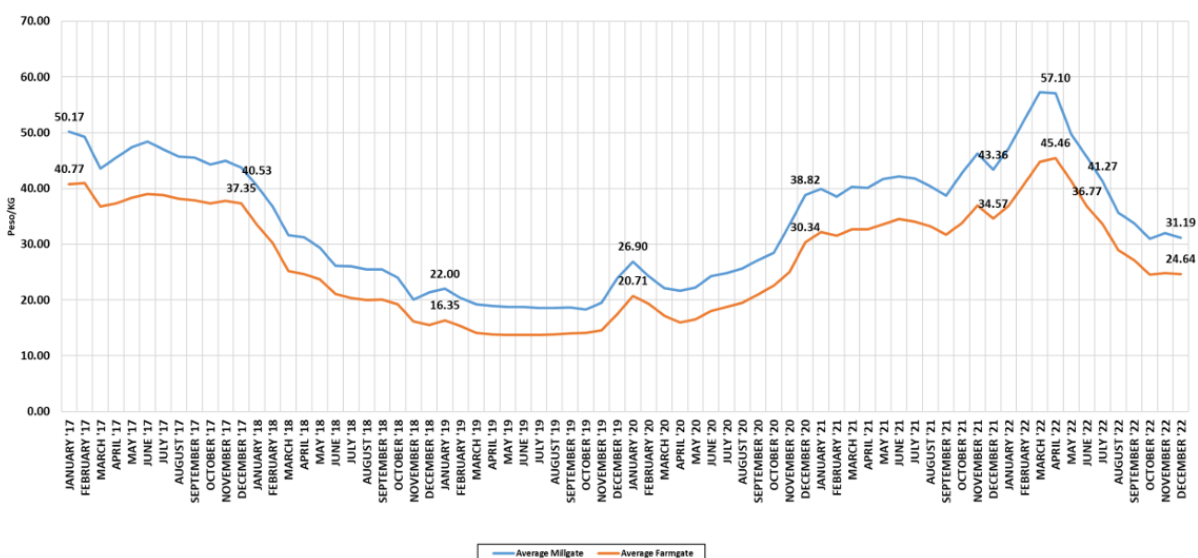
Informal labor structure

Many workers who temporarily work on farms to support harvesting operations often operate under informal or precarious arrangements, lacking employment contracts, access to social protection, or basic labor rights.

Shared tenancy remains common in coconut farming. Workers who care for the farms throughout the year are often paid through a portion of the harvest instead of regular wages. These wage arrangements lead to unstable and often low incomes for these types of workers, as they frequently earn less than the national minimum wage due to their income being highly vulnerable to market price fluctuations for copra and other coconut products. As shown in the graph below, prices can fluctuate significantly throughout the year.²⁶

²⁶ Philippines Coconut Authority, Trade & Market Development Department, Trade Information & Relations Division. (2022). COCONUT TRADE PERFORMANCE AND MARKET TRENDS (January-December 2022). https://www.pca.gov.ph/images/pdf/2022_Coconut_Trade_Performance_and_Market_Trends.pdf

Graph 1: National average monthly price of copra (2017-2022) ²⁷



The informal labor structure also provides minimal protection to workers from occupational health hazards, as they are not considered employees for whom the farmers are responsible. Coconut harvesting and processing involve physically demanding and dangerous work, including exposure to extreme heat, the risk of falls, and injuries from cutting tools. Workers' lack of access to personal protective equipment and medical services further exacerbates these risks.

Climate risks

As with any agricultural sector, coconut farming is also heavily exposed to climate risks such as typhoons, droughts, and pest infestations, which disrupt production and stable jobs, impacting worker livelihoods.

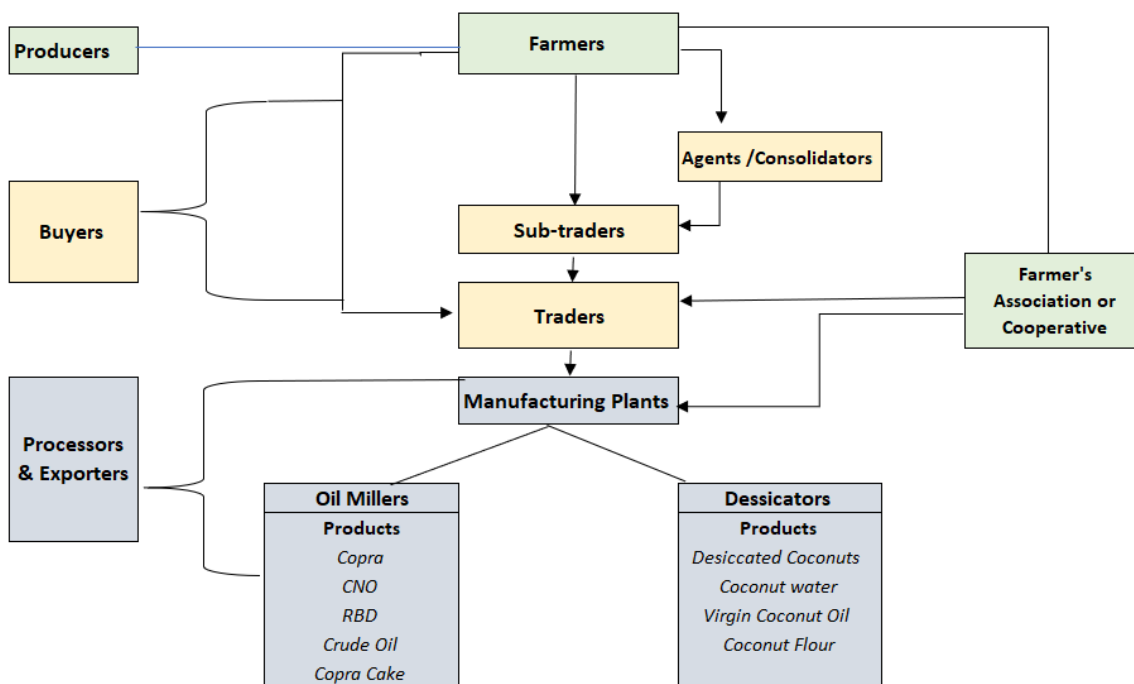
5.4 The Philippine coconut value chain

Overview of the national supply chain

The Philippine coconut industry plays a vital role in the national economy, contributing significantly to rural livelihoods, export earnings, and agro-industrial development. The coconut value chain comprises five major segments: input supply, production, post-harvest handling and processing, marketing, and final consumption.

Figure 4: Map of the Philippine coconut supply chain

²⁷ Ibid



The supply chain involves a diverse group of actors, beginning with input suppliers who provide planting materials, fertilizers, and farm tools. At the production level, an estimated 3.5 million smallholder farmers cultivate coconuts on over 3.6 million hectares of land.²⁸ These farmers supply coconuts to local buyers and consolidators who, in turn, channel products to processors. Processors are classified into two categories: primary (e.g., copra and crude oil producers) and secondary (e.g., manufacturers of value-added products such as desiccated coconut and virgin coconut oil). Exporters and brokers then facilitate access to global markets, particularly in the United States, the EU, Japan, and China.

Operations at the farm level

Farmers primarily sell whole coconuts, commonly referred to as "whole nuts," and dried copra. A few farmers produce vinegar and lambanog, a local alcoholic drink. Other products created from coconut husk include fibers and coconut water from young nuts. However, farmers often lack the technical expertise, financial resources, and management skills to produce products other than whole coconuts and dried copra (e.g., coir production and fiber production).

Many farmers opt to produce whole nuts because they require less labor and lower input costs. However, when the price of copra is high due to market demands, farmers will begin producing it – even if their labor and production costs increase. Some farmers also sell whole nuts as their primary earnings but process copra as a secondary source of

²⁸ Coconut- Industry Strategic Science and Technology Program - Philippine Statistics Authority update as of May 30, 2024. <https://ispweb.pcaarrd.dost.gov.ph/isp-commodities/coconut/>; Food and Agriculture Organization of the United Nations (FAO). FAO Stats: Crops and livestock products. Statistics downloaded from: <https://www.fao.org/faostat/en/#data/QCL>.

income, especially when whole nuts are rejected because they do not meet buyers' or manufacturers' standards for size or quality.

Most farmers have small production set-ups and do not own transportation equipment, making it uneconomical to deliver and sell directly to processing plants. Instead, they sell to traders, who can consolidate high volumes of copra or whole nuts and deliver them to oil millers or desiccators. Some traders employ agents or in-farm consolidators to pick produce up from the farms. Agents purchase the produce from the farms at a slightly lower price, and traders then buy the produce from the agents at the prevailing price.

Individual farmers have limited bargaining power vis-à-vis traders. Farmers cannot demand higher prices and are forced to accept the prices set by the traders, because they cannot transport their products to manufacturing plants or supply the volume needed by processors or oil millers.

The role of cooperatives and farmer associations is critical in addressing these challenges. Cooperatives and farmer associations can consolidate farmers' production volume and negotiate better prices. These organizations, if well-managed, can invest in trucks and other transportation equipment, allowing them to deliver products directly to processing plants (see findings in [Section 6.1 Cooperatives, Intermediaries, and Associations](#)). Some larger cooperatives, which act as traders and purchase the coconuts produced by smaller cooperatives, are willing to pay the smaller cooperatives higher prices than traders for their output because "cooperatives must help each other," as one of the stakeholders told the assessment team.

Opportunities to strengthen the coconut value chain

The Philippine coconut value chain holds substantial opportunities for value addition, job creation, and export diversification. Strategic interventions aimed at modernizing farming systems, enhancing processing capacity, supporting innovation, and strengthening market linkages can significantly elevate the competitiveness and sustainability of the sector. Support services provided by public institutions (such as the Philippine Coconut Authority), research agencies, cooperatives, and private entities play a vital role in sustaining the industry's operations and development.

The Philippines exports both traditional and high-value coconut-based products. Among traditional exports, coconut oil is the most significant, with the country supplying 70% of global demand.²⁹ Copra and copra meal also remain important, especially for oil extraction and animal feed. In recent years, there has been strong growth in demand for non-traditional products such as desiccated coconut (averaging 140,000 metric tons exported annually), virgin coconut oil, coconut water (with export growth averaging 18% annually from 2018–2022), coco coir, activated carbon from coconut shells, oleochemicals, and

²⁹ Global Trade Analysis. (2025). *Refined coconut oil: Export shares by country*. United States Department of Agriculture (USDA). Data from the USDA Global Trade Analysis dashboard showing the Philippines accounts for approximately 74.7% of global trade value in refined coconut oil.

coconut sugar.³⁰ These products benefit from global trends favoring organic, sustainable, and plant-based alternatives. However, despite strong market potential, constraints such as poor farm productivity, inadequate infrastructure, limited access to financing for farmers, poor understanding of international labor standards, and climate-related vulnerabilities continue to hinder the full development of the value chain. Additionally, these products could create competition for the types of coconuts required for coconut oil production.³¹

Addressing these gaps through targeted policy support, infrastructure investments, and private sector engagement will be crucial for the long-term growth and competitiveness of the sector.³² These gaps also impact the availability of coconut oil for L’Oréal’s coconut oil derivatives.

L’Oréal is currently working with a local NGO that helps farmers organize into cooperatives, with an emphasis on social and economic empowerment for their communities. The NGO is providing technical and management support to three cooperatives, with the aim of creating collaborative working relationships between the cooperatives and the prospective miller. Moving ahead, partnerships like these help small farmers grow more resilient businesses and establish long-term relationships with buyers.

6. Findings

6.1 L’Oréal’s coconut supply chain

Supply chain structure and actors

Table 6: Overview of L’Oréal’s coconut supply chain in the Philippines

| No | Indicators | Data |
|----|--|--|
| 1 | Total number of Tier One suppliers from which L’Oréal sources in the country of assessment Does L’Oréal have written contracts with these Tier One suppliers and importers? | Number: 0 (no Tier One suppliers in the Philippines) Contracts with Tier One: In progress |
| 2 | Total number of farmers from which L’Oréal sources in the country of assessment | Number: 8,000 farmers |

³⁰ ARTA. (January 2024). Interagency efforts key to improved eBOSS implementation, <https://pia.gov.ph/interagency-efforts-key-to-improved-eboss-implementation/>

³¹ Young coconuts are used for coconut water and coconut milk, while copra (coconut meat) from mature coconuts is used for coconut oil. Farmers can grow young coconuts more quickly than mature coconuts, which may encourage farmers to choose to produce young coconuts over mature coconuts. In addition, the production of copra requires additional tasks such as peeling and opening whole coconuts and removing and drying the fresh coconuts (copra).

³² Philippine Coconut Industry Roadmap 2021-2040, Department of Agriculture, Philippine Coconut Authority, 2022.

| | | |
|----|--|---|
| | Who has a written contract with them? | Tier Three or Four processors purchase from farmers or cooperatives; however, contracts are not in place, and records of purchases are not always maintained. |
| 3 | Number of workers at the farms from which L'Oréal sources in the country of assessment | Not available |
| 4 | Level of traceability | High |
| 5 | Volume sourced from the country | High |
| 6 | Regions where the company is sourcing from | Davao, Negros Oriental, and Sequijor |
| 7 | Are the farmers provided with the company's code of conduct? | Training is being planned for farmers and cooperatives |
| 8 | How many assessments (certification or other types of assessments) were conducted at the farm level in the past two years, and what were the main findings from these assessments? | Assessments were conducted twice a year (one for the Sustainable Coconut Partnership Charter verification and one for organic certification) |
| 9 | Does L'Oréal provide a grievance mechanism at the farm level? | L'Oréal has its Speak Up grievance channel available for anyone in its supply chain, which can be used as an escalation mechanism |
| 10 | Internal Management System (IMS) team structure on labor standards (number and position of field level staff) | HQ sustainability staff (2), with regional procurement staff (3), and external consulting company (1) |
| 11 | Number of supplier field staff hired to implement L'Oréal requirements, number of social workers, and number of female agronomists; any standards and related topics | Local implementation partners: 40 |
| 12 | Training on standards and related topics | Once, for new hires Refresher training will be planned. |
| 13 | Types and frequency of training provided to cooperatives and farmers on labor standards and related topics | Once |
| 14 | Types and frequency of training provided to workers on labor standards and related topics | Training is being planned for farmers and cooperatives |

6.2 Cooperatives, intermediaries, and associations

Cooperative A

Cooperative A was formerly a farmers' association established with the support of a local NGO and converted to a cooperative in 2024.³³ It has:

- 148 members, comprised of 77 women (52%), and 71 men (48%);
- Five regular members of the board of directors and one ex-officio member (i.e., the general manager); and
- 20 employees, comprised of 11 men and nine women (three of which are involved in administration, while the rest process copra, harvest whole nuts, and/or deliver produce to processing plants).

Commercial operations began in January 2020. The cooperative initially served as a sub-consolidator for other bigger, more established cooperatives. It now delivers directly to processing plants because it owns a 10-wheeler and a 6-wheeler truck. Additionally, it has three smaller trucks for collecting whole nuts and copra from nearby farms and communities.

In 2024, the cooperative produced 2,447 metric tons of whole nuts, a 6% increase from its 2023 production of 2,307 tons. It is estimated that the cooperative produced about 50 tons of copra per year between 2023-2024. The cooperative does not have data on the total hectareage of its members' farms.

Cooperative A also plans to produce coconut cookies and coconut chips, but it requires capital to purchase the necessary baking equipment. Some women members have already received training from a local NGO, which lent its baking equipment for the training.

The cooperative has not received any product, process, or governance certification.

Members' benefits include:

- Higher prices for their copra or whole nuts (compared to what they would get from traders);
- Return on their capital contribution to the cooperative (about 17% in 2024, paid in cash); and
- Patronage incentives based on the value of whole nuts and copra they deliver to the cooperative (20% of the value of an average monthly delivery for whole nuts and 10% for copra).

³³ The organization was registered as a farmers' association with the Department of Labor and Employment (DOLE) on January 7, 2020, and subsequently registered with the Cooperative Development Authority (CDA) on February 29, 2024.

Twenty members (90% of whom were women) attended a farm diversification training conducted by a local NGO in July 2024. Twenty-four members (more than 50% of whom were women) also attended a training provided by the Cooperative Development Authority (CDA) on cooperative management.

Cooperative B

Like Cooperative A, Cooperative B started as a farmers' association in 2018. In 2023, the CDA approved its registration as a cooperative. It has about 158 members (two-thirds are women), and a seven-member board of directors (four men and three women).

Cooperative B also has no data on the total hectareage of its members' farms. Between 2022-2024, the cooperative produced an average of 1,190 tons of coconuts and 25 tons of copra annually.

The cooperative has not received any product, process, or governance certification. However, it plans to become certified for organic farming.

The cooperative has two trucks to collect and deliver coconuts and copra.

Cooperative members get returns on their capital contribution and patronage incentives. The details of these returns were not provided.

The cooperative's officials said that their members have received the following trainings:

- **Basic safety and first aid**, provided by a local NGO and the Municipal Disaster Risk Reduction and Management Office;
- **Cooperative management**, covering the duties and responsibilities of cooperative members, provided by the CDA;
- **Child labor**, provided by the Department of Social Welfare and Development (DSWD) in 2024;
- **Innovative farming techniques**, provided by the Department of Trade and Industry (DTI) and PCA; and
- **Women's empowerment**, provided by a local NGO in 2025.

Cooperative C

Cooperative C was formally established in 2022. It evolved from a farmers' association which had 406 members. Currently, the cooperative has 78 active members, primarily composed of farmers and laborers; 33 of the members are women (42%) and 45 are men (58%).

The cooperative has adopted a structured governance and operational system to support its activities and ensure transparency and accountability, including a chairperson, a board of directors, and various committees. Members are also involved in a special project to develop a husk-removing machine and resulting products.

The cooperative is dedicated to improving the agricultural productivity, income, and livelihood of its members through shared services. Operations focus on both primary agricultural marketing and value-added processing. Income-generating activities include buying and selling whole nuts, producing copra, processing coconut shells and husks, and producing coconut chips and coconut peat.

The cooperative produces approximately 64 metric tons of whole nuts per month. It delivers 28 metric tons of copra per month to a larger cooperative in Bansalan, Davao del Sur.

The cooperative has a Corporate Partnership Agreement (CPA) with a coconut mill, committing to a monthly supply of 80 metric tons of whole nuts. However, the cooperative has yet to achieve this maximum target of 80 metric tons. To achieve this target, the cooperative is attempting to recruit more farmers as members who can supply additional whole nuts. Key benefits of this agreement include priority access to a coconut mill and a floor price arrangement, which helps protect members' income from price volatility.

As buying and selling whole nuts is the cooperative's core business, the rejected whole nuts are processed into copra at the cooperative's facility. Currently, the cooperative sells copra to its "big brother" partner, a larger cooperative located in Bansalan, Davao del Sur. To improve profitability, the cooperative is planning to diversify its market channels by selling directly to an oil mill also based in Davao del Sur to obtain more favorable pricing and boost revenue.

The cooperative has received external assistance from the Coconut Farmers and Industry Development Plan (CFIDP) and the Philippine Rural Development Projects (PRDP), both government-led and funded initiatives. Through this assistance, the cooperative acquired two 15-ton trucks, one hauler with an 8-ton capacity, and a decorticating machine for removing and processing coconut husks. These assets enable the cooperative to improve logistics, expand product lines, and maximize value-added output.

6.3 Community profile

i. Overview

The Philippines' political and administrative divisions include municipalities and their barangays, which represent the smallest community and political units.³⁴ The cooperatives covered in this report are located in the following areas:

³⁴ In the Philippines, there are national and local government delineations. The national government is divided into three independent branches: the Executive, Legislative, and Judiciary. The President heads the Executive branch and implements government programs and projects, such as those for the coconut sector. To implement programs and policies, the national government has established administrative regions. Regions are further divided into provinces and independent cities (often highly urbanized cities are not under the supervision of a province). A province is divided into municipalities and cities. A municipality or a city is divided into smaller community/political units called barangays.

- Cooperative A is in barangay Batasan, in the municipality of Makilala, in the Province of Cotabato, Region XII
- Cooperative B is in barangay San Vicente, in the municipality of Makilala, in the Province of Cotabato, Region XII
- Cooperative C is in barangay Tacul, in the municipality of Magsaysay, in the province of Davao del Sur, Region XI.

To review the profiles of Magsaysay and Makilala, the assessors relied on a mix of official government data and qualitative information gathered from onsite observations and the input of local political leaders and community members. The assessment team sourced official data from the latest Philippine national census (2020) and the Philippine Statistics Authority (PSA) community-based monitoring system (CBMS), which measures various social and economic indicators. Makilala’s and Magsaysay’s municipal planning officers also shared their 2017 CBMS data with the team.³⁵ Other data sources are further identified in the report.

Size of the community (number of households and number of residents)

In 2020, Makilala had a population of 87,927, up from 83,851 in 2015, with an annual growth rate of 1%. Barangay Batasan had a population of 2,830, while barangay San Vicente had a population of 6,131 people – making it the 4th highest population among Makilala’s 38 barangays.

Magsaysay’s population was 56,263 in 2020, with 29,108 males (51.7%) and 27,155 females (48.3%). Barangay Tacul had a population of 3,358.

Table 7: Population and households in the municipalities of Makilala and Magsaysay

| Municipality | Residents (National Census) | Households (CBMS) | Average household size (CBMS) |
|--------------------------|-----------------------------|-------------------|-------------------------------|
| Makilala, Cotabato | 87,927 (2020) | 20,247 (2017) | 4 (2017) |
| Magsaysay, Davao del Sur | 56,263 (2020) | 12,034 (2017) | 4 (2017) |

Type of community

Makilala and Magsaysay are rural communities with commercial town centers where banks, town, and other establishments are located.

³⁵ While the PSA’s main office in Manila (the PSA Community-Based Statistics Service) stated that it could provide 2023 CBMS data for Makilala, the assessor team did not receive the 2023 data before the report was finalized. There is no 2023 updated data for Magsaysay since it did not participate in the PSA-led CBMS operations conducted from 2021-2023

General condition of the community

Makilala and Magsaysay have no visible cleanliness problems. The municipalities have paved roads, or roads under construction, connecting the barangays of Cooperative A, Cooperative B, and Cooperative C and their town centers. However, some cooperative members live in more isolated, mountainous areas where road access is limited.

Community financial, health, and social issues

Makilala

Makilala has a high poverty rate. According to an interview with the Municipal Social Welfare Officer (MSWO), the poverty rate in 2025 was 48% of the population. This rate is higher than the poverty rate reported in the 2017 CBMS (46.7%). Most individuals that fall below the poverty threshold are farmers, according to the MSWO.

Other issues in Makilala identified in the 2017 CBMS data include:

- Housing challenges:
 - 4% (819 out of 20,247) of households are comprised of informal settlers.
 - 2.6% (521 out of 20,247) of individuals live in makeshift housing.
- Youth that do not go to school:
 - 4.9% of children aged 6-16 are not in school.
 - One out of five children aged 13-16 years old (22.6% of this age group) are not in school.

A Makilala municipal administrator confirmed with assessors that in 2025, the municipality still had many teenagers who were not in school. The local government is working to address this through scholarships and summer internships at local government offices.

Magsaysay

Magsaysay faces similar economic and social problems. According to a municipal planning officer, poverty is a serious problem, with a poverty rate of 69% based on the 2017 CBMS data. Most people rely on seasonal income from agricultural activities, so industries and business investments are necessary to create jobs even during the off-season. An officer of the municipal Public Employment Service Office (PESO) informed the assessors that, due to limited employment opportunities in Magsaysay, PESO conducts recruitment activities for jobs in other parts of Davao del Sur (such as Digos City, a commercial and manufacturing center) as well as for overseas jobs.

Other issues in Magsaysay identified in the 2017 CBMS data include:

- Housing challenges:
 - 5% (637 out of 12,034) of individuals live in makeshift housing.
 - 4.9% (596 out of 12,034) of households are comprised of informal settlers.

- Sanitation issues:
 - 9% of total households have no toilet facilities.

ii. Labor and economic activity

Prominent areas/sectors of work

Makilala

Coconut and rubber production are the municipality's main farming activities. Some farmers also grow bananas and other vegetables. According to the municipal administrator, farmers have a preference for coconuts and bananas because they can serve as a source of food during disasters.

Magsaysay

As with much of the rural area of Davao del Sur, the predominant economic activity is rice farming. It is the largest rice-producing municipality in the province, earning the nickname, the "Rice Granary of the Province of Davao del Sur."³⁶

Alternative income-generating activities

Makilala

According to a municipal administrator, tourism is a possible growth area. The area features hot springs and a forest trail that leads to Mount Apo, the Philippines' highest peak, both of which are potential tourist attractions.

Magsaysay

Aside from agriculture, the area has commercial activities in nearby Bansalan and tourism-related activities in Matanao (resorts in the mountain area); both of these locations employ locals from Magsaysay.

Legal minimum working age and wage

The minimum legal working age in the Philippines is 15. There are exceptions for younger children in public entertainment and media (subject to specific conditions) and for those working under the sole responsibility of their parents or guardians, provided that the work does not interfere with their primary and secondary education. However, no one under 18 years of age can be involved in hazardous work.³⁷

³⁶ *Municipal Profile | Bayan ng Magsaysay*. (2023, November 14). Magsaysay.gov.ph. <https://magsaysay.gov.ph/municipal-profile/>

³⁷ The Philippine Statistics Authority defined child labor to included children engaged in the following activities:

- Hazardous Work (Hazardous Child Labor) or activities which are likely to be harmful to the health, safety or morals of children (as identified in the Department of Labor and Employment Department Order No. 149, Series of 2016 – Guidelines in Assessing and Determining Hazardous Work in the Employment of Persons Below 18 years of Age);

The Regional Tripartite Wages and Productivity Boards in the Philippines determine the minimum wage. Makilala and Magsaysay are in two different administrative regions; hence, they have different minimum wage rates. The minimum daily wage in Makilala is PHP 410 (approximately \$7.39 USD) in the agricultural sector and PHP 430 (approximately \$7.75) in the non-agricultural sector. Magsaysay has a higher minimum wage of PHP 505 (\$9.09) for agriculture and PHP 510 (\$9.19) for the non-agriculture sector.³⁸

Status of migrant workers

Makilala

Unemployment and underemployment are high, according to the MSWO. Officials in barangay Batasan stated that due to limited income opportunities in their area, many locals seek employment in nearby cities, including Kidapawan and Davao. Many also leave for metro Manila, the Philippines' national capital region, or apply for overseas jobs in Saudi Arabia and Australia.

Considering the unemployment problem in Makilala, there are lower rates of migrant workers moving there from other provinces and towns in search of employment. According to the officials of Cooperatives A and B, all the workers on their farms are residents of Makilala.

Magsaysay

According to an officer of the Magsaysay PESO, the office holds recruitment activities for domestic work in the Middle East and factory jobs in South Korea, which are attractive for their townspeople due to the limited employment opportunities in Magsaysay and nearby areas.

Despite the lack of other job opportunities, coconut farmers in Magsaysay have been facing persistent challenges related to the availability of farm labor, particularly during the harvest season. In response, Cooperative C in Magsaysay has taken the initiative to organize a dedicated pool of farm workers. These laborers come from within the municipality and from neighboring Tulunan in Cotabato, an area situated along the boundary of Davao del Sur and Cotabato provinces, where some of the cooperative's farmer-members are also located. This strategic approach aims to ensure a more reliable and timely labor supply for coconut harvesting activities.

-
- ii. Work by children below 15 years of age that is more than 20 hours a week or more than four hours at any given day or between 8:00 in the evening and 6:00 in the morning of the following day (Sec. 12-A, paragraphs (1 and 3) of RA No. 9231); and
 - iii. Work by children 15-17 years of age that exceeds 40 hours a week or more than eight hours a day or between 10:00 p.m.-6:00 p.m. the following day (Sec. 12-A, paragraphs (2 and 3) of RA No. 9231).

³⁸ National Wages and Productivity Commission (2024). Minimum Wage in Davao Region <https://nwpc.dole.gov.ph/region-xi/>.

iii. Community demographics

Ethnic majority and minority groups

Magsaysay

Most residents of Davao del Sur are descendants of migrants from the Visayas (an archipelago in the central Philippines) and are mostly Christians. Muslims and indigenous peoples (IPs) make up the minority, including B'laans, Bagobos, Manobos, and Tagacaolos – often collectively referred to as luma. The IPs were the earliest settlers in what is now Davao del Sur, occupying the slopes and base of Mt. Apo, the highest peak in the Philippines, and developing their own cultures that have been preserved to this day.³⁹

Makilala

Cotabato also has a number of Muslims, but Christians make up the majority of the population.

iv. Education

Literacy rates

In 2024, 90% of Filipinos aged five years and above possessed basic literacy skills.⁴⁰ The literacy rate was higher for females at 90.0% compared to males at 89%. By age group, individuals aged 20-24 had the highest basic literacy rate at 96%. On the other hand, Filipinos aged 60 and over reported the lowest rate at 76%.

Magsaysay's literacy rates were nearly equal to the national average, while Makilala's was slightly below the national average. Women in both regions have higher literacy rates than men.

³⁹ *Davao del Sur*. (n.d.). Republic of the Philippines. Department of Economy, Planning, and Development (DEPDev) Regional XI – Davao. <https://nro11.neda.gov.ph/davao-region/davao-del-sur/>

⁴⁰ Basic literacy is defined as the ability of a person to read and write a simple message in any language or dialect with understanding and to perform basic mathematical operations. The basic literacy rate is calculated for individuals aged five years and above.

Table 8: Literacy rates in the regions covered by the baseline assessment⁴¹

| Cooperative | Overall literacy rate | Male literacy rate | Female literacy rate |
|--|-----------------------|--------------------|----------------------|
| National | 90.0% | 89.0% | 90.9% |
| Region XI (Magsaysay, where Davao del Sur is located) | 90.2% | 89.3% | 91.1% |
| Region XII (Makilala, where Cotabato is located) | 87.2% | 85.7% | 88.6% |

v. Cultural norms and community practices

According to the World Economic Forum, the Philippines ranks 25th among 146 economies on gender parity. This score provides insight into women’s economic participation and opportunity, educational attainment, and political empowerment in the country, compared to global performance.⁴²

However, the country still has cultural norms and views that negatively impact women. Notably, 99.5% of individuals surveyed in the Philippines from 2017-2022 held at least one gender-biased belief in any one of the economic, political, educational, and physical integrity dimensions of the UN Development Programme’s index. When it comes to economics, 77.8% held a biased view, including the ideas that men have a greater right to work and men are better executives.⁴³

There also appears to be some gender disparity in the agriculture sector. In 2022, the ratio of male to female agricultural operators was 3:1. Out of the total 7.41 million agricultural operators in 2022, 5.6 million (75%) were males, while 1.8 million (25%) were females.⁴⁴ The disparity may be due to the fact that men are culturally perceived as the head of the household and, therefore, also the primary decision-makers in the household's economic activities.

There also appears to be a gender gap in terms of property rights. As of 2022, only 22% (4.3 out of 20 million) of individuals working in agriculture reported owning or having

⁴¹ Philippine Statistics Authority. (2025b, April 4). *For every 10 Filipinos, 9 have Basic Literacy, while 7 have Functional Literacy*. Psa.gov.ph. <https://psa.gov.ph/content/every-10-filipinos-9-have-basic-literacy-while-7-have-functional-literacy>

⁴² World Economic Forum (2024), *Global Gender Gap 2024*, https://www3.weforum.org/docs/WEF_GGGR_2024.pdf

⁴³ United Nations Development Programme. (2023). *Breaking Down Gender Biases*.

<https://hdr.undp.org/system/files/documents/hdr-document/gsnj202303.pdf>

⁴⁴ Philippine Statistics Authority. (2024b, December 30). *2022 Census of Agriculture and Fisheries Agricultural Households and Operators*. Psa.gov.ph. <https://psa.gov.ph/content/2022-census-agriculture-and-fisheries-agricultural-households-and-operators>

secure rights over their agricultural land. Of those with secure land rights, 70% are males, while only 30% are female.⁴⁵

The assessment team did not observe egregious gender bias against women in Cooperatives A, B, or C, at least in terms of participation in the cooperatives' activities and management, as discussed below.

vi. Gender equality/equity

Cooperative A has 148 members, comprised of the following gender ratios:

- 77 members are women (52%) and 71 are men (48%)
- Out of 30 employees, nine are women and 11 are men (three women are involved in administration, while the rest are involved in processing copra, harvesting whole nuts, and delivering produce to processing plants)
- Five out of the six board members are men
- Two out of three members of the Election and Audit Committees are women
- All three members of the Gender and Development and Credit Committees are women
- One of the three members of the Safety and Health and Ethics Committees is a woman
- All three members of the Business Development, Production, and Technical Committees are men

Cooperative B has about 158 members, comprised of the following gender ratios:

- Two-thirds of the members are women
- Out of a seven-member board of directors, four are men and three are women

Cooperative C has 78 members, comprised of the following gender ratios:

- 45 members are men (58%) and 33 are women (42%)
- There are five male members of the board of directors
- There is one female general manager
- A female manager leads daily operations and she is supported by four women in administrative positions: a secretary, treasurer, cashier, and bookkeeper
- Two out of three members of the Audit Committee are women
- Two out of three members of the Election Committee are women
- Two out of three members of the Education Committee are women

⁴⁵ Ibid

vii. Community infrastructure

Local governance structures

As stated earlier, the country is divided into regions, provinces, municipalities, and barangays. Municipalities and barangay governments are considered frontline government units that directly interface with citizens, providing basic health and social welfare services.

Education and childcare structures

Table 9: Schools in the municipalities covered by this assessment⁴⁶

| Community | School type | Number of schools |
|-----------|--------------------------|-------------------|
| Makilala | Elementary | 49 |
| | Secondary | 19 |
| | Vocational ⁴⁷ | 0 |
| Magsaysay | Elementary | 31 |
| | Secondary | 6 |
| | Vocational | 1 |

According to the municipal administrator in Makilala, both of its barangays have an elementary school. Children have decent access to education, unlike in the 1980s when children walked 4-5 kilometers to reach school.

In Magsaysay, the Tacul barangay has a good set of schools, including an elementary school, a high school, and facilities for kindergarten.

Local education context

The government mandates free and compulsory education. However, there are school-related expenses that are prohibitive for the poorest families. These vulnerable students may drop out as a result, but as discussed below, teachers in Makilala and Magsaysay do not see this as a recurring major problem, even though the 2017 CBMS indicated that one out of five children aged 13-16 years old (23%) did not attend school in Makilala.

Makilala

⁴⁶ Data from the Department of Education were used in identifying the schools in Makilala and Magsaysay. <https://schoolbuildings.deped.gov.ph/finder>

⁴⁷ The Don Bosco Don Bosco Foundation for Sustainable Development, Inc. in Batasan, Makilala, provides skills training for women, such as food processing and massage, and organic farming training for farmers.

Teachers from one elementary school reported that 3-5% of students drop out annually, and 6% of their current enrollees are at risk of dropping out. However, teachers saw the dropout rate as a low-risk problem that can be attributed to poverty and broken homes/internal family conflict. At one high school extension, teachers could not provide the dropout rate but reported that six out of the 164 students (3.6%) were at risk of dropping out. Teachers in both schools said that the dropout incidence was not because the children had to work. They do not see it as a problem in their communities.

Magsaysay

At one agricultural high school, 16 out of the 644 enrolled students in from 2023-2024 dropped out. According to teachers, they dropped out due to a lack of funds for transportation to school, lunch money, and other poverty-related causes. Some of those who left school, primarily males, worked in the banana and rubber farms (rubber tapping). The teachers said that only one of the dropouts worked on a coconut farm.

At one elementary school, four out of the 574 students enrolled during from 2023-2024 dropped out due to family-related problems (parents separated and no one was taking care of the children and their schooling) or health reasons. Two of the four children re-enrolled in the next school year.

Teachers did not see child labor as a serious problem in the community. They noted that some students would be absent for 1-2 days during coconut harvest season (twice a year). At the elementary school, one or two students per section (there are 16 sections in the entire school) would be absent during harvest, mostly to care for their younger siblings so that their parents could work in the fields. Those who helped in the fields collected coconuts but did not carry heavy loads. In rice farming, children no longer needed to help their parents due to the introduction of mechanization. The teachers at the agricultural high school said that those involved in coconut harvesting were mainly adults.

Financial institutions

There are legitimate financial institutions in Makilala and Magsaysay that provide credit, savings, and other financial products for farmers and other community members. Cooperatives A, B, and C also provide some credit to members:

- Cooperative A sells fertilizers to members on credit. It also provides cash advances to members to cover farm requirements and personal needs. These cash advances are offset by members' earnings from whole nuts or copra that they sell to the cooperative.
- Cooperative B provides cash advances for the coconuts/copra that members sell to the cooperative during the harvest season. Its resources are still small, so its credit scheme is very limited in scope.

- Cooperative C provides cash advances to its members during the harvest period to help cover operating and labor costs.

Other bigger, more established (separate) cooperatives provide credit to the members of Cooperatives A, B, and C. Examples include:

- For Cooperatives A and B: There are two external multi-purpose cooperatives that provide credit, savings, and insurance (life and non-life) products. Another multi-purpose cooperative also provides only credit.
- For Cooperative C: There is a separate multi-purpose cooperative that provides credit and savings products to members of Cooperative C; the members are also asked to join this multi-purpose cooperative.

In some cases, larger cooperatives provide financial services to smaller cooperatives in addition to individual members. For example, Cooperative A and Cooperative C maintain savings accounts with multi-purpose cooperatives, which purchase copra from Cooperative A and Cooperative C, respectively, at a higher price than other clients.

Banks also provide support to the cooperatives. For instance, Rizal Micro Bank extended a loan to Cooperative A for the purchase of its six-wheeler delivery truck.

Availability of potable water

As of 2017 in Makilala, 13% of households lacked access to safe drinking water, 3.6% had no sanitary toilet facilities, and 17% had no access to safe, clean water.⁴⁸ In barangay Tacul, Magsaysay, 4.5% of households had no access to clean water.

According to the local official of Cooperative A's barangay, 95% of households have access to a community water system. The remaining 5% of the population gets their water from nearby. Officers from Cooperative B reported that local water access appears to be uneven, because the local water district does not cover the entire barangay.

Although most people use the water supplied by the district for cooking and washing, many still purchase drinking water from refill stations, believing it to be cleaner and safer to drink. Some community members get water from their own deep well water pumps or those of their neighbors.

Since 2017, the national and local governments have implemented projects to improve access to water. The government has funded a barangay water system since 2017, according to the nurse in charge of the barangay health clinic and the barangay captain (village chief). It draws water from spring reservoirs and undergoes regular quality testing, supported by the provincial government. The Tacul Water Organization, which is

⁴⁸ 2017 CBMS (Community Based Monitoring System) Data (n.p.) for Makilala, Cotabato. The statistical tables are not published. The data was provided to the assessment team by the Makilala Municipal Planning Officer.

comprised of community members, manages this water system. The barangay nurse stated that he had not observed any outbreaks of waterborne diseases in recent years.

Access to health services

The Philippine health system is a dual health system comprised of public and private healthcare providers, which are generally market- and profit-oriented. Under the Philippine Local Government Code, municipalities are mandated to provide primary care, including preventive and promotive health services, as well as other public health programs, through rural health units (RHUs) and their barangay health stations (BHSs).⁴⁹ Magsaysay and Makilala both have RHUs and BHSs. RHUs and BHSs are unable to provide treatment for severe or complex ailments, but private or public hospitals can treat these ailments.

There are two private hospitals in Makilala, all of which are Level 1 hospitals that provide care for common diseases, surgeries and emergencies.⁵⁰ The nearest Level 2 hospital, which has more advanced care options, is a private hospital located in Kidapawan City, Cotabato Province, approximately 22 kilometers away. The cost of private care is prohibitive for many families. If they require specialized care in a Level 2 or Level 3 hospital, they may need to travel further to access public hospitals.

There are no hospitals in Magsaysay, but there are three private Level 1 hospitals in the nearby municipality of Bansalan, less than 10 kilometers away. There is one government-operated Level 2 hospital in Digos City (around 30 kilometers away) and a Level 3 hospital in Davao City (around 80 kilometers away).

Insurance

The Philippines' national government pays PhilHealth premiums for low-income individuals, senior citizens, and people with disabilities. However, farmers and farm workers in the informal sector are not paying premiums to gain access to these services. In addition, as discussed in [Section 5.3](#) of this report, PhilHealth has severe limitations in lowering out-of-pocket healthcare costs.

Under the Coconut Farmers and Industry Development Program (CFIDP), farmers can access free crop insurance from the government-owned Philippine Crop Insurance Corporation. Farmers must be registered in the National Coconut Farmers Registry System (NCFRS) to get the insurance. The cooperatives covered by this assessment assist their members in registering with the NCFRS.

Agricultural training and extension resources

⁴⁹ Dayrit, M., Lagrada, L., Picazo, O., Pons, M., & Villaverde, M. (2018b). *The Philippines' Health System Review for the European Union*. <https://iris.who.int/bitstream/handle/10665/274579/9789290226734-eng.pdf>

⁵⁰ Hospitals are categorized from Levels 1 to 3, with Level 3 offering more beds, services, and procedures compared to the two lower levels.

The Philippines has government-operated regional agricultural training institutes. The Technical Education and Skills Development Authority (TESDA) manages a coconut farmers scholarships program. TESDA offers courses in agriculture production, organic farming, as well as goat and native chicken raising, which can serve as additional income sources for farmers. The Department of Agriculture also operates agriculture training institutes that can provide training on modern farming practices for coconuts, cacao, and coffee. However, farmers in the cooperatives covered by this assessment did not mention accessing these trainings. NGOs also provide training on improved production and farming techniques, funded by private sectors or other initiatives.

Agriculture inputs

In general, farmers bear the cost of farming inputs. Sometimes, farmers receive free fertilizers and seedlings from government agencies. Assessors observed DTI regional officers distributing farming tools to members of Cooperative B. The tools included sickles, shovels, and tubes/rods for putting fertilizers into the ground surrounding coconut trees.

Irrigation facilities

According to stakeholders in Makilala and Magsaysay, existing irrigation systems are for rice farms. Irrigation is not necessary for coconut farmers, as there is sufficient rainwater and groundwater to grow coconuts.

Empowerment programs

Some cooperatives have implemented empowerment programs. Cooperative A has a Gender and Development (GAD) Committee, which oversees the development and implementation of GAD activities and programs. It partnered with the Don Bosco Foundation for Sustainable Development, Inc. (DBFSI) to conduct a livelihood training for women members and support the development of their value chains.⁵¹ According to the officers of Cooperative B, an NGO led a training on women's empowerment in 2025.

Dialogue structures/discussion platforms/grievance redressal mechanisms

The Katarungang Pambarangay, or community-based justice system, provides a means for members of a barangay to resolve their disputes through mediation, conciliation, and arbitration without resorting to going through the formal justice system (i.e., the courts).⁵²

⁵¹ DBFSI, organized by the Roman Catholic Diocese of Kidapawan, also provides technical training and support for farmers who want to engage in organic farming and livestock and milk production.

⁵² Ocampo, M. (2017, July 20). *Understanding the Katarungang Pambarangay Justice at the grassroots*. Academia.edu. https://www.academia.edu/33968908/Understanding_the_Katarungang_Pambarangay_Justice_at_the_grassroots; This includes barangays within the same municipality/city or adjacent barangays from different municipalities/cities

Government regulations (CDA) mandate mediation, conciliation, and arbitration processes (as discussed below). Thus, the three cooperatives in this assessment have similar grievance and dispute settlement mechanisms⁵³ These include:

- The cooperatives each have a grievance committee, which, according to their operations manuals, are responsible for resolving issues raised by workers when their supervisor is unable to address the complaints. All disputes are to be handled fair and in a confidential manner.
- The cooperatives' by-laws require that mediation and conciliation should be used for settling disputes. They have mediation and conciliation committees for this purpose. Issues not settled through mediation and conciliation are submitted to arbitration.
- If any projects are being implemented at cooperative level, the operations manuals defines that "community consultations, forum, dialogue, negotiation, and conflict resolution initiatives must be conducted to help build trust, foster understanding, and find mutually acceptable solutions" in cases of conflicts or disputes between the cooperative, project partner, and the community.

6.4 Worker profiles

i. Worker demographics

Number and percentage of workers observed

Assessors conducted their farmer/worker survey from March 17-21, 2025, involving 79 farmers from Makilala, Cotabato and Magsaysay, Davao del Sur. During the visits, 13 workers were present on the farms and at the cooperatives. Assessors interviewed 11 workers, who fell into three groups:

1. **Three workers were hired and paid directly by farmers and are not associated with any harvesting group organized by the cooperative.** They were responsible for harvesting, de-husking, and loading coconuts for whole-nut production as well as scooping, drying, smoking, and sacking copra.
2. **One worker was hired and paid by farmers but belongs to a cooperative's organized harvesting group.** This worker assisted the farmer-members in harvesting and post-harvesting activities and worked with them until the products were delivered to either a partner cooperative or other potential buyers.

⁵³ Cooperative B's By-Laws, Article IX, Sections 1 and 2; Cooperative A's Operations Manual, Part V, Section 4 (5); Cooperative A's Operations Manual, Part V, Section 26 (g); Cooperative A's Operations Manual, p. 18; and Cooperative A's By-Laws, Article IX, Sections 1 and 2.

3. **Seven workers were employed by the cooperative.** They were assigned to the cooperative's copra processing facility to handle rejected whole nuts and process them into copra, with tasks such as scooping, drying or smoking, sacking, and hauling.

Most workers are hired during the harvest period, which typically lasts two to five days every two to three months, depending on the farm's size and the timing of the harvest. Some workers also own their farms and are cooperative members.

Length of employment

Table 10: Interviewed workers' length of employment

| Length of employment | Employed by a cooperative or its farmer-members | | |
|--|---|---------------|---------------|
| | Cooperative A | Cooperative B | Cooperative C |
| Less than one month | 14% | 0% | 0% |
| Less than one month (repeat seasonal worker) | 43% | 100% | 0% |
| More than one month but less than one year | 0% | 0% | 67% |
| More than one year but less than three years | 14% | 0% | 0% |
| More than three years | 29% | 0% | 33% |

In Cooperative A, 43% of workers are repeat seasonal workers, 29% have been working at cooperative farms for more than three years, and 14% have been with the farms between one to three years.

In Cooperative B, 100% of the interviewed workers are repeat seasonal workers. They are not hired by the cooperative but hired by farmers of the cooperative, who pay them directly. However, there is an informal internal agreement between Cooperative B and the workers, allowing the cooperative to coordinate workers' assignments and schedules in accordance with farmer-members' production cycles. According to the farmers interviewed, workers' availability during the harvest period is a practical solution, especially given the noticeable labor shortage in the area.

In Cooperative C, 67% of the workers have been working at the cooperative's farms for more than one month but less than one year, and 33% have been working at the cooperative for more than three years.

Age and sex

The age distribution of interviewed coconut farmers shows that they are predominantly older, with 84% (66 out of 79 farmers) aged 51 years and older. The 61 and older

category alone accounts for 63% of all respondents. The large number of aging farmers may have negative long-term effects on the sector’s sustainability and knowledge transfer.

Notably, the survey results indicate that no children or minors under the age of 18 are involved in coconut farming. Participation from the younger generation (aged 18-30) is very low, suggesting that coconut farming may be perceived as a less attractive livelihood option for younger individuals who may prefer alternative sources of income or migrate to nearby cities in search of better employment opportunities.

Female farmers outnumber males, especially in the older age brackets. In the 61 and older group, women make up the majority, accounting for 68%. Similarly, in the 51-60 age group, females represent 56%.

Table 11: Distribution of farmers by age and sex

| Age group | Sex | |
|----------------|-----------|-----------|
| | Male | Female |
| 12 and younger | 0 | 0 |
| 13-15 years | 0 | 0 |
| 16-17 years | 0 | 0 |
| 18-30 years | 1 | 0 |
| 31-40 years | 0 | 2 |
| 41-50 years | 4 | 6 |
| 51-60 years | 7 | 9 |
| 61 and older | 16 | 34 |
| Total | 28 | 51 |

Education

The educational levels of members across Cooperatives A, B, and C reflects a generally modest but diverse level of formal education. Notably, all of the members were at one point enrolled in formal education, which is a positive indicator of basic educational access in these communities. A small percentage of members did not complete primary education, with Cooperative B having the highest share (10%), followed by Cooperative C (8.33%), and Cooperative A (5.41%).

A significant portion of members completed primary school, particularly in Cooperative A (35.14%), with slightly lower percentages in Cooperative B (30%) and Cooperative C (25%).

A plurality of members across the three cooperatives finished secondary education, with Cooperative B leading at 37%, followed by Cooperative C (33%) and Cooperative A (30%). Some workers have also completed vocational school, particularly in Cooperative B, where 23% of members had undergone technical training. Cooperative A and C reported that 14% and 17% of members, respectively, had completed vocational education.

In terms of higher education, Cooperative A had the highest percentage of college graduates at 16%, followed by Cooperative C with 8% of members finishing college and another 8% attending but not completing their college degrees. On the other hand, no members of Cooperative B attended college.

Table 12: Farmers' education levels

| Education level | Cooperative A | Cooperative B | Cooperative C |
|--|---------------|---------------|---------------|
| Never enrolled in formal education | 0% | 0% | 0% |
| Attended primary school but did not finish | 5% | 10% | 8% |
| Completed primary school | 35% | 30% | 25% |
| Completed high/secondary school | 30% | 37% | 33% |
| Completed vocational school | 14% | 23% | 17% |
| College undergraduate | 0% | 0% | 8% |
| College graduates | 16% | 0% | 8% |

Languages spoken

The Visayan (Bisaya) dialect is the primary language spoken in Makilala, Cotabato and Magsaysay, Davao del Sur. In addition, some farmers in Makilala also speak Ilonggo. Almost all can speak the national language, Filipino (also known as Tagalog among locals).

Other incomes

Aside from coconut farming, farmers and workers in all three cooperatives also earn income from rubber plantations for sap or latex production, as well as from cultivating fruit trees such as mangosteen, lanzones, and durian. They engage in vegetable

gardening and grow ornamental flowers, such as anthuriums, chrysanthemums, and roses. Additionally, some workers supplement their income by taking on carpentry work within the local community.

6.5 Stakeholder mapping and perspectives

The assessment team interviewed 26 stakeholders during this baseline assessment, comprised of 23 individuals from Magsaysay and Makilala. The team also interviewed one cooperative officer based in Bangsalan, a municipality adjacent to Magsaysay. The remaining two were from national government agencies – the Philippine Coconut Authority (PCA) and the Department of Trade and Industry (DTI).⁵⁴

Table 13: Interviewed stakeholders

| Stakeholders | Makilala, Cotabato | Magsaysay, Davao Del Sur | Stakeholders based in other areas |
|------------------------------------|--------------------|--------------------------|-----------------------------------|
| Teachers | 4 | 5 | Not applicable |
| Municipal government officials | 4 | 3 | Not applicable |
| Barangay government officials | 3 | 2 | Not applicable |
| NGO | 1 | 0 | 0 |
| Cooperative officers ⁵⁵ | 1 | 0 | 1 ⁵⁶ |
| National Government Officials | 0 | 0 | 2 |
| Total | 13 | 10 | 3 |

The objective of the stakeholder interviews was to obtain perspectives and insights from government and non-government stakeholders on various aspects of labor rights practices in the coconut sector. This information also contributed substantially to the community profile presented in this report.

Stakeholders identified the following issues in the agriculture and coconut sector:

⁵⁴ The PCA is the national agency tasked with developing the Philippine coconut industry by providing technical training, tools, and farming inputs to farmers. The PCA is also responsible for developing overall policy and program directions for the sector. The DTI is responsible for advancing, promoting, governing, regulating, managing, and growing the industry and trade, among other functions. DTI personnel, by coincidence, were distributing farming tools to members of Cooperative C when the assessment team met with the cooperative's officers.

⁵⁵ These two cooperatives buy copra from and provide financial services to Cooperatives A, B, and C.

⁵⁶ This cooperative is based in the adjacent municipality of Bangsalan but has linkages with Cooperative C, which is based in Magsaysay.

- **Income from farming is insufficient for many farmers.** Farmers seek assistance from the public employment service offices to find alternative jobs locally or abroad. Poverty incidence among farmers is high.
- **Farmers desire an improved government program for planting new coconut varieties to enhance production levels.**
- **Value chain development (e.g., food processing, coir production, and fiber production) can improve farmers' incomes.** However, farmers lack the technical expertise, financial resources, and management skills to produce additional products from coconuts. Cooperatives, through their pooled resources, can facilitate value chain development; however, it will take time for the cooperatives to build sufficient capital and expertise for this purpose.
- **Farmers, on their own, often lack access to information or the capacity to utilize government technical and financial support.** Cooperatives and associations help address this gap by assisting members in enrolling in government programs. Organizing farmers is therefore crucial in enhancing farm productivity and improving farmers' income.
- **Climate change is impacting many coconut farms in Mindanao.** According to the PCA officer interviewed by the assessment team, there are areas in Mindanao that have experienced a six-month drought. Fortunately, the stakeholders in Makilala and Magsaysay have not reported experiencing such problems.
- **The aging workforce is seeing fewer skilled workers.** As farmers age, they often rely on workers to perform tasks such as harvesting and other farm activities. However, skilled workers are scarce. Most workers would rather do non-agricultural activities.
- **Farms are not optimizing for productivity increases.** Many farms are not diversifying, including not implementing intercropping, which can boost income and improve land productivity. Some farmers also fail to utilize modern production techniques, resulting in low yields.
- **Stakeholders, including teachers, community, and government leaders, do not see child labor as a serious issue in Makilala and Magsaysay.** Some children help their parents during harvest season, resulting in occasional absences from school. But overall, children remained enrolled in school.
- **Social welfare officials in both municipalities are concerned that cases of sexual abuse of children are generally increasing.**

6.6 Working status and conditions

i. Accommodations

None of the 11 workers interviewed reside on farms, nor are they provided with housing by farmers. They live in the same barangay or neighboring barangays of the same municipality where the farms are located.

ii. **Commuting distance between workers' residences and the workplace (farms)**

Many workers commute distances ranging from approximately one to five kilometers from their homes. However, some farm locations are situated farther away with no road access, presenting logistical challenges.

iii. **Available modes of transportation**

In accessible areas, motorcycles are commonly used as the primary mode of transportation; however, in more remote locations where roads are not passable by any type of vehicle, farmers and workers rely on horses. For transporting coconuts, horses will be used to carry the products to designated pick-up points. Cooperatives often arrange these pick-up points in strategic locations to facilitate collection and delivery. From these points, the cooperatives use their hauling trucks to collect and consolidate coconuts, which are then brought to their processing facility.

iv. **Risks of child labor**

During the farm assessments, assessors did not interview or observe any children or young workers on the visited farms. However, one of the 79 farmers interviewed reported that her 16-year-old son had stopped attending school to assist the family during coconut harvests (see further details in [Section 6.7 Labor risk assessment, Child labor](#)). His tasks include gathering harvested coconuts and transporting them to a designated area for de-husking. The farmer also shared that her son occasionally does paid work on neighboring farms. In addition, some farmers noted that children assist their parents on the weekends during harvest season, but they only engage in lighter tasks.

Despite one possible case of child labor, child labor generally poses a limited risk in the communities covered by this assessment, based on the assessment team's farm inspections and survey. This is supported by statements from teachers, community leaders, and cooperative officials, who shared that most children help out over the weekends, if any, and only a small number of children skip schools to support the family during the harvesting season (See [Section 6.5 Stakeholder mapping and perspectives](#) and [Local education context](#).)

v. **Working hours and rest periods**

Seasonal workers

Seasonal workers refer to individuals who are employed on farms primarily during the harvest period. In coconut production, the harvesting cycle typically occurs every two to three months. For copra production, fully mature coconuts are preferred, so harvesting is

typically done every three months. In contrast, for desiccated coconut products, harvesting can take place more frequently, approximately every 2-2.5 months.

Seasonal workers typically work for two to five days per farm, depending on its size. The number of working days per farm may be extended due to weather-related delays. After finishing work on one farm, workers move on to work for other farmers in the area. Thus, a seasonal worker may be employed intermittently throughout the year, rotating among different farms.

Workers generally do not follow a fixed eight-hour workday. Instead, their working hours range from five to seven hours per day, depending on the tasks that need to be completed. Workers are allowed to rest as needed, particularly during extreme heat. A typical daily schedule may follow this timeline:

- 6:00-7:00 a.m. - Work begins early in the morning when favorable weather is expected.
- 9:00-10:00 a.m. - Workers have a snack break; farmers provide free snacks.
- 11:30 a.m.-12:00 p.m. - Workers break for lunch (which can last until 1:00-1:30 p.m.)
- 2:30-3:00 p.m. - The workday ends. If work ends later than this, it is likely due to unforeseen circumstances, such as weather disruptions or transportation issues.

Table 14: Workers' hours (workers who were hired by farmers)

| Cooperative | Number of interviewed workers | Type of workers | Hours worked |
|-------------|-------------------------------|--|--------------|
| A | 3 | Seasonal workers with an agreed payment scheme | 5-7 hours |
| B | 1 | Seasonal worker with an agreed payment scheme | 5-7 hours |
| C | 1 | Seasonal worker with an agreed payment scheme | 5-7 hours |

Harvesters/climbers

The cooperative does not directly employ some of the workers or harvesters interviewed during the assessment. Instead, they are part of organized harvesting groups contracted to perform harvesting activities across various cooperative farms. Farmers compensate these workers through a share in the income from the sale of coconuts, rather than receiving direct payment from the cooperative. Interviewed farm workers reported working between 5-7 hours per day for 2-5 days on a single farm before moving on to work on another farm for a few days. They take daily rest breaks totaling 30 minutes to 1.5 hours, including time for snacks and lunch. Work hours are flexible, and no restrictions on rest periods were reported.

Workers in processing facilities

Cooperatives hire workers for copra processing using rejected whole nuts (i.e., those that do not meet the buyers/processing plants' size and quality requirements) from their buy-and-sell operations. Copra processing workers are not employed on a permanent basis; they are only called in when there is a sufficient volume of rejected nuts to process. Depending on the volume of rejected nuts, workers may report five days a week or less. Workers are compensated based on their output. Tasks involved in copra processing include scooping out the coconut meat; drying, either through smoking (as practiced by Cooperative A) or sun-drying (as practiced by Cooperative C); followed by sacking and loading the copra onto delivery trucks.

Cooperative B does not have a copra processing facility and is solely engaged in buying and selling whole nuts.

Table 15: Workers' hours (workers who were hired by cooperatives)

| Cooperative | Number of interviewed workers | Type of workers | Hours worked |
|-------------|-------------------------------|--------------------|--------------|
| A | 4 | Piece-rate workers | 6-8 hours |
| B | 0 | N/A | N/A |
| C | 2 | Piece-rate workers | 6-8 hours |

6.7 Labor risk assessment

The assessment findings were benchmarked against the FLA Workplace COC to identify code provisions with a limited risk of non-compliance as well as those with a high risk of non-compliance. The FLA Workplace COC establishes labor standards aimed at achieving decent working conditions. The code's standards are based on International Labour Organization (ILO) standards and internationally accepted good labor practices.

Table 16: Fair Labor Code overview

| Code element | Standard |
|--------------------------------|---|
| Employment relationship | Employers shall adopt and adhere to rules and conditions of employment that respect workers and, at a minimum, safeguard their rights under national and international labor and social security laws and regulations. |
| Nondiscrimination | No person shall be subject to any discrimination in employment, including hiring, compensation, advancement, discipline, termination or retirement, on the basis of gender, race, religion, age, disability, sexual orientation, nationality, political opinion, social group or ethnic origin. |

| Code element | Standard |
|--|--|
| Harassment or abuse | Every employee shall be treated with respect and dignity. No employee shall be subject to any physical, sexual, psychological or verbal harassment or abuse. |
| Forced labor | There shall be no use of forced labor, including prison labor, indentured labor, bonded labor or other forms of forced labor. |
| Child labor | No person shall be employed under the age of 15 or under the age for completion of compulsory education, whichever is higher. |
| Freedom of association and collective bargaining | Employers shall recognize and respect the right of employees to freedom of association and collective bargaining. |
| HSE | Employers shall provide a safe and healthy workplace setting to prevent accidents and injuries to health arising out of, linked with, or occurring in the course of work or as a result of the operation of the employer's facilities. Employers shall adopt responsible measures to mitigate the negative environmental impacts of the workplace. |
| Hours of work | 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 days. 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. |
| Compensation | Every worker has a right to compensation for a regular work week that is sufficient to meet the worker's basic needs and provide some discretionary income. Employers shall pay at least the minimum wage or the appropriate prevailing wage, whichever is higher, comply with all legal requirements on wages, and provide any benefits required by law or contract. Where compensation does not meet workers' basic needs and provide some discretionary income, each employer shall work with FLA to take appropriate actions that seek to realize a level of compensation that is progressive. |

i. Employment relationship

Understanding of workplace standards

Generally, there are no formal farm policies or procedures in place; instead, farmers provide workers with simple verbal instructions.

Cooperative A has an operational manual with a Human Resource Management Policy.⁵⁷ It defines workers' rights, welfare, and the elimination of child labor. The manual also includes a monitoring process, with a particular focus on child labor. However, there appears to be no systematic implementation of these policies, nor are there documented monitoring activities in place. Cooperative B and C do not have similar operation manuals.

Recruitment and terms and conditions

Recruitment at the farm level is entirely informal, with no standard procedures for verifying workers' ages. Farmers estimate workers' ages based on appearance and may decline to hire individuals that they believe are underage. While farmers have a general awareness of the legal minimum hiring age, they do not officially check workers' documentation.

Employment arrangements are based on informal arrangements, with no written contracts provided to workers. These informal (verbal) agreements usually cover the scope of work during the harvest period, which lasts 2-7 days, depending on farm size. Payment terms are mutually agreed upon. Wages may be paid at the end of the agreed upon working period or after the sale of harvested coconuts. In some instances, farmers contract workers for specific tasks at a fixed price, for example, weeding a two-hectare farm for PHP 1,000 (\$18). Workers are given the flexibility to manage their own time, allowing them to complete the tasks at their own pace.

Pay rates and arrangements

For Cooperative A, there are two types of workers: those hired by the cooperative and those hired by farmers. Workers employed by the cooperative have verbal agreements, following a performance-based payment system locally known as “pakyawan.” Pakyawan has the following terms:

- The target output is 1,600 kg of copra per week.
- The payment rate is PHP 4 (\$0.072) per kilogram of copra produced.
- The total weekly earnings are divided among three workers that were hired by the cooperative, with each receiving PHP 2,133 (\$38.39)
- Payments are scheduled every Saturday.

Workers shoulder the cost of firewood or charcoal used in the copra drying process. They need at least 600-700 kg of charcoal, priced at PHP 3 (\$0.054) per kilogram to complete their tasks. To cover this cost, workers take a cash advance from the cooperative, which is then deducted from their income. However, the deduction is not taken in full at once; instead, workers determine how much will be deducted each week based on their preference.

⁵⁷ Cooperative A's operations manual, pp. 21-34

Workers hired directly by farmers enter into income-sharing arrangements, which include the following terms:

- Typical sharing schemes are 70-30, 65-35, or 60-40, with the larger share of coconut sales going to the farmers (e.g., 70% goes to the farmer in the 70-30 arrangement). The workers' portion is divided equally among the number of workers.
- Before the income is shared, operational costs—such as tools, materials, or transportation—are deducted from the total proceeds.
- Farmers pay workers after the product is sold, either to the cooperative or to other buyers.

Landowners and tenant farmers follow similar income-sharing arrangements:

- Typical sharing schemes are 70-30, meaning 70% of the sales go to the landowner while the 30% goes to the tenant farmer.
- The landowners decide on the sharing scheme and agrees with the tenant farmers before the harvesting cycle begins.
- The operational costs (which may include additional labor costs) are deducted from the tenant farmers' share. This arrangement reduces tenant farmers' net earnings.

Out of the 11 interviewed workers, eight worked in Makilala, Cotabato, and three in Magsaysay, Davao del Sur. While the minimum daily wage in the agriculture sector is PHP 410 (\$7.39) in Makilala and PHP 505 (\$9.09) in Magsaysay. The survey results indicate that 100% of both farmers and workers across all cooperatives are unaware of the local minimum wage in Makilala, Cotabato, and Magsaysay, Davao del Sur.⁵⁸

Table 17: Farmers' awareness of minimum wage

| Claim | Cooperative A | Cooperative B | Cooperative C |
|--|---------------|---------------|---------------|
| I know I am paid at least the minimum wage | 0% | 0% | 0% |
| I know I am not paid at least the minimum wage | 0% | 0% | 0% |
| I am aware of the local minimum wage | 0% | 0% | 0% |
| I do not know the minimum wage | 100% | 100% | 100% |

⁵⁸ The Department of Labor and Employment's National Wages and Productivity Commission. Minimum Wage Rate. <https://nwpc.dole.gov.ph/region-xii/>

ii. Forced labor

Based on the interviews conducted with farmers and workers across all cooperatives, there are no reported signs or indicators of forced labor. Respondents did not mention any instances of coercion, threats of penalties, or restrictions on movement—common indicators defined under international labor standards, such as those set by the International Labour Organization (ILO).

Workers are aware of their employment terms and have verbal agreements that they completely understand. No cases were identified in which workers were compelled to work under the threat of punishment, debt bondage, or the withholding of wages or identification documents.

While the informal nature of recruitment and employment could pose certain risks, there is currently no evidence of forced labor at any of the cooperatives.

iii. Child labor

No working children were observed during farm inspections. However, one anecdotal potential case of child labor emerged during an interview with one of the farmers in Cooperative A. The farmer stated that her 16-year-old child stopped attending school in 2024. He now assists at the family's coconut farm. He takes on work from other farms in the area, such as gathering coconuts, placing them in sacks, and carrying the load onto a motorcycle or other vehicle. While the child may be working under the supervision of his parents, he does not attend high school – which is part of the country's compulsory education. His involvement in work activities on other farms, which are considered hazardous for children, highlights the existing risk of child labor under international and local regulations.

Although child labor is an existing risk in coconut farming, assessors did not identify any other child labor issues among the surveyed communities. Based on farm inspections, surveys, and stakeholder interviews (See [Stakeholder mapping and perspectives](#) and [Local education context](#)), child labor may not be a systemic risk in the assessed communities,

iv. Harassment and abuse

No incidents of harassment or abuse were reported at farms during the assessment. However, assessors noted that farmers generally lack awareness of laws and regulations related to workplace harassment and abuse. Additionally, there are no established procedures or mechanisms in place at the farms or cooperatives to address or report such concerns should they arise.

v. Nondiscrimination

There is no evidence of discrimination related to recruitment and employment practices. Seasonal workers are compensated solely on the basis of tasks completed or hours worked, with no indication of gender bias. Additionally, no discriminatory practices have been observed in cooperatives' operations.

However, assessors noted a non-compliance with FLA's benchmarks due to the absence of established procedures and policies concerning nondiscrimination at farms, and workers' lack of awareness of their rights.

vi. Health, safety, and environment

The assessment findings indicate that a safe and healthy workplace has not been fully established across all cooperatives. There are currently no formal safety policies in place for workers employed by the cooperatives, and farmers have not established safety protocols for their workers.

While Cooperative C has participated in safety training conducted by the Bureau of Fire Protection, there is little evidence of the implementation of the knowledge gained from the training.

In another example, interviews revealed that some farmers are involved in the application of herbicides and fertilizers. However, appropriate personal protective equipment (PPE) is not provided to workers. In most cases, workers are required to supply their own protective gear, which often fails to meet the safety standards necessary for handling specific agrochemicals, thereby putting them at risk of exposure to hazardous substances.

vii. Freedom of association and collective bargaining

The Philippines has ratified key International Labour Organization (ILO) conventions, including Convention No. 87 on Freedom of Association and Protection of the Right to Organise and Convention No. 98 on the Right to Organise and Collective Bargaining. These commitments are reinforced by national legislation, including the Philippine Labor Code, which upholds the rights of workers to form, join, and assist labor unions of their choice. Despite this legal framework, state and employer influence continues to shape the dynamics of trade union activities at the enterprise level, often limiting the autonomy of union operations.

Based on the interviews, the farmers may have some idea about unions, but they do not inform workers of this right. During the assessment, no policies regarding freedom of association were found, nor was there any awareness of this concept. Both workers and farmers lacked an understanding of collective bargaining.

viii. Compensation and benefits

In Makilala, workers hired by farmers reported earning an average monthly income of PHP 10,000 from working on coconut farms or the cooperative as well as from other activities such as carpentry work. These earnings would be above the minimum daily wage in Makilala for a month (i.e., the minimum daily wage PHP 410 x 22 days = PHP 9,020).

However, if a worker engages only in coconut farm work, their monthly average income will be lower than PHP 10,000. This is impacted by the following dynamics:

- Workers typically receive a daily rate of PHP 350-400 when working on a farm, which is below the minimum daily wage of PHP 410.
- Farmers provide free morning snacks and lunch, but the cost of the food may not sufficiently add up to the minimum daily wage.⁵⁹
- Since the usual length of work per farm is 2-3 days, a worker can earn PHP 1,200 for this duration; but if a worker works continuously for 22 days in a month with a rate of PHP 400/day, they could earn PHP 8,800, which still falls short of the amount equivalent to the monthly minimum wage.

It's difficult to compare workers' annual compensation against the minimum wage, even on an average basis, because workers don't work each day due to varying production cycles, and institutions lack comprehensive data on workers' hours and associated compensation throughout the year.

Similarly, workers directly hired by Cooperative A receive PHP 2,133 weekly. If multiplied by four weeks in a month, they earn PHP 8,532, which falls below the PHP 9,020 monthly income of those receiving the minimum wage.

The workers hired by Cooperative C in Magsaysay, Davao del Sur reported an average monthly income of PHP 10,000 from working on coconut farms and from other sources of income. These earnings would also fall below the amount equivalent to the monthly minimum wage in Magsaysay (i.e., the minimum daily wage is PHP 505 x 22 days = PHP 11,110). Looking at the daily rate, the workers hired by farmers in Magsaysay are paid PHP 350-450 per day, which is below the minimum daily wage of PHP 505.

Workers hired by Cooperative C may earn a total of PHP 10,000 in a month if they are involved in hauling other products of the cooperative, like banana or cacao, but this does not usually happen every month.

Issues relating to compensation

⁵⁹ Marvin Lynch (December 15, 2024). FoodDrinkTalk Taste the World Around Us. Understanding Food Costs in the Philippines: A Comprehensive Guide. <https://fooddrinktalk.com/how-much-does-food-cost-in-philippines/>; Local street food could cost PHP 10-30, a rice meal could cost PHP 50 – 100, and fast food could cost PHP 70-200.

The assessment highlights several issues related to compensation and benefits for seasonal workers. Farmers and workers in Makilala, North Cotabato, and Magsaysay, Davao del Sur are unaware of the minimum wage. In addition, none of the farmers provide mandatory benefits to their workers.

Those hired by the cooperatives are also not enrolled in government-mandated social security, social housing, and health insurance schemes (PhilHealth), and do not receive benefits from these social protection programs. Employers are supposed to cover 50% of the premiums and contributions to these programs.

Other issues noted were the absence of written consent for deductions (e.g., the payment of cash advances), unclear and inconsistent payment processes, and failure to provide pay slips to workers. These practices do not meet FLA's benchmark practices.

ix. Hours of work

The assessment team did not identify any violations related to working hours. Workers do not follow a fixed eight-hour schedule; instead, their work hours are determined by the type of task and the expected output. In addition, workers are allowed flexible rest periods throughout the day, and no restrictions on taking breaks were reported.

7. Recommendations

Assessors identified non-compliance with the FLA COC standards in the following code elements: Employment Relationship; Freedom of Association and Collective Bargaining; Health, Safety, and Environment; and Compensation. There is also a risk of non-compliance in the following COC elements: Nondiscrimination, Harassment and Abuse, Child Labor, and Hours of Work.

Based on these findings, FLA recommends that L'Oréal prioritize targeted interventions at the farm level to strengthen compliance with the FLA Code of Conduct as follows:

- 1. L'Oréal should conduct trainings that address lack of awareness and understanding of labor rights issues at the cooperative, farmer, and worker level, including:**
 - a. Proper recruitment processes and age verification mechanisms at both the farm and cooperative levels, which mitigate the risk of hiring underage workers;
 - b. Clear guidelines on child labor, including the minimum age for light work and acceptable non-hazardous tasks for young workers;
 - c. Clear terms and conditions of employment, contracting process, and documentation, even if contracts are informal and verbal;
 - d. Workers' rights to freedom of association and collective bargaining;
 - e. Health and safety training specific to tasks performed by farm workers at the coconut farms and during post-harvest processes;

- f. Fair compensation and legally-mandated benefits for all workers in accordance with local labor laws; and
 - g. The importance of having access to grievance mechanisms that are confidential and accessible, how workers can safely report labor violations or concerns, and the procedures for for resolution and feedback.
2. **L'Oréal should encourage the discussion among local stakeholders regarding the practical applicability of international labor and human rights standards, including the first recommendation above, to which international buyers are increasingly adhering.** These discussions will identify and develop ideas on how to implement these standards in the local context and address the identified gaps, such as the absence of policies on labor and human rights standards, the limited documentation of processes and practices, and the lack of monitoring at both the cooperative and farm levels.
 3. **L'Oréal should support cooperatives in mapping and identifying their members.** This supports improved traceability and increase the cooperative's total volume capacity for copra production, supply planning, and overall traceability.
 4. **L'Oréal should support government programs and initiatives that address the issue of aging coconut trees, which have a direct impact on farm productivity.** This includes supporting replanting initiatives, improving access to seedlings, and training farmers on sustainable practices.
 5. **L'Oréal should collaborate with stakeholders and support initiatives to make coconut farming more profitable and sustainable, to encourage younger generations to take on farm management in the future.** These initiatives may include income-generating opportunities through access to markets, capacity building, and adoption of modern farming practices; and engagement with universities and the young generation of farmers. These initiatives may also identify existing free training programs offered by government agencies to help farming communities adopt techniques and technology that can boost farm productivity. Ultimately, a viable coconut sector is needed to implement labor standards.

9. Annex

Laws and frameworks for child protection

The Philippines has ratified 34 international conventions and many international legal instruments for the protection of children.

Table 18: International conventions ratified by the Philippines

| Convention | Date | Status |
|---|-------------------|--|
| Fundamental | | |
| C029 - Forced Labour Convention, 1930 (No. 29) | July 15, 2005 | In Force |
| C087 - Freedom of Association and Protection of the Right to Organize Convention, 1948 (No. 87) | December 29, 1953 | In Force |
| C098 - Right to Organize and Collective Bargaining Convention, 1949 (No. 98) | December 29, 1953 | In Force |
| C100 - Equal Remuneration Convention, 1951 (No. 100) | December 29, 1953 | In Force |
| C105 - Abolition of Forced Labour Convention, 1957 (No. 105) | November 17, 1960 | In Force |
| C111 - Discrimination (Employment and Occupation) Convention, 1958 (No. 111) | November 17, 1960 | In Force |
| C138 - Minimum Age Convention, 1973 (No. 138) Minimum age specified: 15 years | June 04, 1998 | In Force |
| C182 - Worst Forms of Child Labour Convention, 1999 (No. 182) | November 28, 2000 | In Force |
| C187 - Promotional Framework for Occupational Safety and Health Convention, 2006 (No. 187) | June 17, 2019 | In Force |
| Governance (priority) | | |
| C081 - Labour Inspection Convention, 1947 (No. 81) | November 05, 2024 | The Convention will enter into force for the Philippines on November 05, 2025. |
| C122 - Employment Policy Convention, 1964 (No. 122) | January 13, 1976 | In Force |
| C144 - Tripartite Consultation (International Labour Standards) Convention, 1976 (No. 144) | June 10, 1991 | In Force |
| Technical | | |

| | | |
|--|--------------------|----------|
| C017 - Workmen's Compensation (Accidents) Convention, 1925 (No. 17) | November 17, 1960 | In Force |
| C019 - Equality of Treatment (Accident Compensation) Convention, 1925 (No. 19) | April 26, 1994 | In Force |
| C077 - Medical Examination of Young Persons (Industry) Convention, 1946 (No. 77) | November 17, 1960 | In Force |
| C088 - Employment Service Convention, 1948 (No. 88) | December 29, 1953 | In Force |
| C090 - Night Work of Young Persons (Industry) Convention (Revised), 1948 (No. 90) | December 29, 1953 | In Force |
| C094 - Labour Clauses (Public Contracts) Convention, 1949 (No. 94) | December 29, 1953 | In Force |
| C095 - Protection of Wages Convention, 1949 (No. 95) | December 29, 1953 | In Force |
| C097 - Migration for Employment Convention (Revised), 1949 (No. 97) Has excluded the provisions of Annexes II and III | April 21, 2009 | In Force |
| C099 - Minimum Wage Fixing Machinery (Agriculture) Convention, 1951 (No. 99) | December 29, 1953 | In Force |
| C110 - Plantations Convention, 1958 (No. 110) | October 10, 1968 | In Force |
| C118 - Equality of Treatment (Social Security) Convention, 1962 (No. 118) Has accepted Branches (a) to (g) | April 26, 1994 | In Force |
| C141 - Rural Workers' Organisations Convention, 1975 (No. 141) | June 18, 1979 | In Force |
| C143 - Migrant Workers (Supplementary Provisions) Convention, 1975 (No. 143) | September 14, 2006 | In Force |
| C149 - Nursing Personnel Convention, 1977 (No. 149) | June 18, 1979 | In Force |
| C151 - Labour Relations (Public Service) Convention, 1978 (No. 151) | October 10, 2017 | In Force |
| C157 - Maintenance of Social Security Rights Convention, 1982 (No. 157) | April 26, 1994 | In Force |
| C159 - Vocational Rehabilitation and Employment (Disabled Persons) Convention, 1983 (No. 159) | August 23, 1991 | In Force |
| C176 - Safety and Health in Mines Convention, 1995 (No. 176) | February 27, 1998 | In Force |
| C185 - Seafarers' Identity Documents Convention (Revised), 2003, as amended (No. 185) | January 19, 2012 | In Force |
| MLC, 2006 - Maritime Labour Convention, 2006 (MLC, 2006) | August 20, 2012 | In Force |

| | | |
|---|--------------------|----------|
| In accordance with Standard A4.5 (2) and (10), the government has specified the following branches of social security: medical care, sickness benefits, old-age benefits, employment injury benefits, maternity benefits, invalidity benefits, and survivors' benefits. | | |
| C189 - Domestic Workers Convention, 2011 (No. 189) | September 05, 2012 | In Force |
| C190 - Violence and Harassment Convention, 2019 (No. 190) | February 20, 2024 | In Force |

A brief overview of the Philippines' laws on child labor

1. The Philippines' protection of children's rights

The Philippines' constitution offers a legislative and regulatory framework for the protection of children's rights. As the 1987 Philippine Constitution mentioned:

Article II. Declaration of Principles and State Policies Principles

Sec 13. The State recognizes the vital role of the youth in nation-building and shall promote and protect their physical, moral, spiritual, intellectual, and social well-being. It shall inculcate in the youth patriotism and nationalism and encourage their involvement in public and civic affairs.

Article XV. The Family

Sec 3. Point 2. The right of children to assistance, including proper care and nutrition, and special protection from all forms of neglect, abuse, cruelty, exploitation, and other conditions prejudicial to their development.

2. The Philippines also has laws to combat violence against and the exploitation of children, including:

- Presidential Decree No. 603 (Child and Youth Welfare Code);
- Republic Act No. 7610 (Special Protection of Children Against Abuse, Exploitation, and Discrimination Act);
- Republic Act No. 9262 (Anti-Violence Against Women and Their Children Act of 2004);
- Republic Act No. 9344 (Juvenile Justice and Welfare Act), as amended by RA 10630;
- Republic Act No. 9231 (Anti-Child Labor Law);
- Republic Act No. 10364 (Expanded Anti-Trafficking in Persons Act of 2012); and
- Republic Act No. 10627 (Anti-Bullying Act of 2013).

3. The Philippines has several authorities responsible for children's rights, including:

- **The Department of Justice (DOJ):** Leads the Committee for the Special Protection of Children (CSPC) and oversees the enforcement of Republic Act 7610 (Child Protection Act);
- **The Department of Social Welfare and Development (DSWD):** Provides social welfare services and programs for children, including those affected by abuse, neglect, and exploitation, and is a co-chair of the CSPC;
- **The Commission on Human Rights (CHR):** Investigates and addresses human rights violations, including those affecting children;
- **The Inter-Agency Committee for the Special Protection of Children (CSPC):** Coordinates the efforts of various government agencies to implement child protection laws and policies; and
- **The Council for the Welfare of Children:** Develops and implements the National Plan of Action for Children.

Brief overview of the Philippines' labor law on compensation and benefits

1. Minimum wage

In the Philippines, minimum wage rates are determined by the Regional Tripartite Wages and Productivity Boards (RTWPBs), which set region-specific rates based on prevailing economic conditions and industry classifications. These rates vary across regions, sectors (e.g., agricultural and non-agricultural), and even business size. Employers are mandated to pay at least the minimum wage applicable in their region to ensure fair compensation and to support workers' cost of living. Non-compliance can result in penalties and legal sanctions under the Labor Code of the Philippines.

The government periodically reviews and adjusts the minimum wage to reflect inflation, economic performance, and social equity considerations. Employers are encouraged to monitor wage orders from their respective RTWPBs to maintain compliance and avoid legal risks. While the law sets a baseline, employers may offer higher wages to attract and retain talent, foster productivity, and uphold corporate social responsibility.

2. Regular working hours and overtime

The Labor Code of the Philippines stipulates that the normal working hours shall not exceed eight hours a day. Employees are entitled to a one-hour meal break, which is generally unpaid. For work performed beyond eight hours, employers must provide overtime pay equivalent to at least 125% of the employee's regular hourly rate. If the work falls on a rest day or holiday, the premium pay can be higher in accordance with labor regulations.

Night shift work, defined as work performed between 10:00 p.m.-6:00 a.m., entitles employees to a night shift differential pay of at least 10% of their regular wage.

3. Rest days and holidays

Employees in the Philippines are entitled to a weekly rest period of at least 24 consecutive hours after every six consecutive days of work. The employer may designate a rest day, but it must respect employees' religious beliefs where applicable. If employees are required to work on their scheduled rest day, they are entitled to additional compensation, typically 130% of their daily rate.

The country observes 12 regular holidays and several special non-working holidays each year. Employees who do not work on a regular holiday are entitled to 100% of their daily wage. Those who work on a holiday are entitled to double pay (200%). For special non-working holidays, a "no work, no pay" rule generally applies unless there is a favorable company policy or collective bargaining agreement stating otherwise.

4. Leave benefits

Under the Labor Code of the Philippines, employees who have rendered at least one year of service are entitled to a Service Incentive Leave (SIL) of five days with pay annually. Additional leave entitlements are granted under special laws, such as the Expanded Maternity Leave Law, which provides female employees with 105 days of paid maternity leave, with an optional unpaid extension of 30 days.

Male employees are granted seven days of paid paternity leave for the first four childbirths of their legitimate spouse. Special benefits are also available for solo parents (seven days annually) and women undergoing gynecological surgeries (60 days under the Magna Carta of Women).

5. Separation and retirement benefits

Separation pay is mandated for employees whose services are terminated due to authorized causes, such as redundancy, retrenchment to prevent losses, closure of a business, or health-related incapacity. The computation depends on the cause of termination and generally ranges from one-half to one month's pay for every year of service.

For retirement, employees aged 60 years or older who have rendered at least five years of service are entitled to retirement pay under the Retirement Pay Law (Republic Act No. 7641) unless they are covered by a retirement plan or collective bargaining agreement offering more favorable terms. The retirement benefit is usually equivalent to at least one-half month's salary for every year of service, with fractions of at least six months considered as one whole year.

6. Social contributions (mandatory benefits)

Employers in the Philippines are legally required to contribute to three key government-mandated programs: the Social Security System (SSS), PhilHealth, and the Home Development Mutual Fund (Pag-IBIG Fund).

The SSS covers a wide range of benefits, including retirement, death, funeral, sickness, and maternity. PhilHealth provides health insurance coverage for employees and their dependents, while Pag-IBIG offers savings and loan programs for housing.