MEMORANDUM CIRCULAR NO. 2019-015

TO : All PEZA-Registered Manufacturer/Exporters of Garments

FROM : BGen CHARITO B. PLAZA, MNSA, PhD
        Director General

DATE : 14 May 2019

SUBJECT : Circularizing DOLE-DTI Joint Department Order No. 1 Series of 2017
           (Guidelines for the Issuance, Suspension or Revocation of
           Certificates of Accreditation for Garments Manufacturers,
           Exporters and Subcontractors Availing of Preferential Tariffs
           under the Generalized System of Preference (GSP) and Creating
           for the Purpose a Workers’ Rights Review Committee)

The above-subject Department of Labor and Department of Trade and Industry (DOLE-DTI)
Joint Department Order No. 1, dated 25 July 2017, requires the accreditation of all garments
exporters, manufacturers, and subcontractors applying for or availing of the preferential tariff
under the EU-GSP+.

For this purpose, a Workers’ Rights Review Committee (WRRC) is created that shall conduct
an audit of the applicant’s compliance with labor standards and submit its audit findings and
recommendations to DTI Accrediting Board (DAB) that shall deny or grant the accreditation.

As further provided in the said Joint Department Order, “accreditation shall be mandatory for
garment manufacturers, exporters and subcontractors availing of preferential tariffs under the
Generalized System of Preference (GSP) and shall be voluntary for those not availing of the
GSP.”

For the information of all concerned, attached is a copy of DOLE-DTI Joint Department Order
No. 1 Series of 2017, Internal Rules of the Workers’ Rights Review Committee on the
Implementation of Joint Department Order No. 1, Series of 2017, Process Flow: Application
for Certification and Application Form for Certificate of Accreditation.

For your guidance and compliance

HOA/cvc

Encl.: a/s
JOINT DEPARTMENT ORDER NO. 1
Series of 2017

GUIDELINES FOR THE ISSUANCE, SUSPENSION OR REVOCATION OF CERTIFICATES OF ACCREDITATION FOR GARMENTS MANUFACTURERS, EXPORTERS AND SUBCONTRACTORS AVAILING OF PREFERENTIAL TARIFFS UNDER THE GENERALIZED SYSTEM OF PREFERENCE AND CREATING FOR THE PURPOSE A WORKERS’ RIGHTS REVIEW COMMITTEE

WHEREAS, the Constitution has declared as state policy the promotion of a just and dynamic social order that will ensure the prosperity and independence of the nation and free the people from poverty through policies that provide adequate social services, promote full employment, a rising standard of living, and an improved quality of life for all;

WHEREAS, under the Constitution, the State affirms labor as a primary social economic force and it shall protect the rights of workers and promote their welfare;

WHEREAS, Executive Order No. 403, Series of 1990, established the Tripartite Industrial Peace Council (TIPC) composed of the Secretary of Labor and Employment as Chairman and representatives from labor, employment and government sectors;

WHEREAS, Executive Order No. 383, Series of 1996, reorganized the TIPC and included, as member, the Secretary of Trade and Industry;

WHEREAS, E.O. 383 mandated TIPC to monitor the full implementation and sectoral compliance with all international conventions, tripartite agreements and commitments, review existing labor, economic and social policies and evaluate local and international developments affecting them;

WHEREAS, in line with the foregoing policies and issuances, and to address specific concerns of the clothing and textile industry on labor matters, the Clothing and Textile Industry Tripartite Council (CTITC) was created in 2005;

WHEREAS, the Department of Trade and Industry (DTI) is mandated to develop, promote and sustain the export viability of critical industries, which includes the garments and textile industry, through policies, programs, and advocacies that will accelerate sustain and optimize their global competitiveness;

WHEREAS, under Department of Trade and Industry (DTI) Department Administrative Order No. 10-06 series of 2010, the Import-related functions of Garments and Textile Import Services (GTIS) including accreditation thereto were transferred to the Board of Investments (BOI), an attached agency of DTI;

WHEREAS, the Department of Labor and Employment (DOLE) is mandated to promote and maintain industrial peace and establish labor-management cooperation programs aimed at increasing productivity, facilitating employment and improving quality of work life;

WHEREAS, the changing nature of global trade now requires that local garments and textile producers conform with international labor standards to be allowed to supply global markets;

WHEREAS, there is a need to safeguard industrial peace in the garments and textile
industry by way of policies that promote a harmonious, stable and mutually beneficial labor-management relations to minimize, if not eliminate, potential disruptions in supply of garments bound for export markets arising from labor and management conflicts;

WHEREAS, accreditation under this Joint Department Order shall be mandatory for garment manufacturers, exporters and subcontractors availing of preferential tariffs under the Generalized System of Preference (GSP) and shall be voluntary for those not availing of the GSP;

WHEREFORE, in order to achieve the foregoing, this Joint Department Order is hereby issued for the guidance of all concerned:

Section 1. Title – This Order shall be known as the Guidelines for the Issuance, Suspension or Revocation of Certificate of Accreditation for Garments Exporters and Subcontractors Availing of Preferential Tariff under the Generalized System of Preference Creating for the purpose a Workers’ Rights Review Committee.

Section 2. Scope and Coverage – This Order shall apply to all Philippine garments manufacturers, exporters and subcontractors that will avail of preferential treatment under the Generalized System of Preference.

Section 3. Definition of Terms – For the purposes of this Order, the following terms are defined as follows:

a. “Accreditation” refers to the procedure by which the DTI Accrediting Board gives formal recognition, under duly established guidelines and rules, that a manufacturer, exporter or subcontractor complies with labor standards prescribed under this Order;

b. “Certificate of Compliance” is a document issued by the Labor Law Compliance Officer (LLCO) confirming that the exporter or subcontractor meets minimum labor standards;

c. “Certificate of Accreditation” is a document issued by the DTI Accrediting Board to a manufacturer, exporter or subcontractor that has complied with the requirements on labor standards as provided in this Order;

d. “Committee” refers to the Workers’ Rights Review Committee;

e. “DTI Accrediting Board” refers to the Board of Investments (BOI) through the BOI Incentives Administration Service (IS) as provided under Section 7 hereof;

f. “Exporter” refers to a person, natural or juridical, contracted by a buyer to supply garments and apparel availing of preferential tariff under the GSP;

g. “Suspension or Revocation of Accreditation” refers to a process by which the accreditation of an exporter/subcontractor is put on hold or rescinded on grounds provided in this order;

h. “Subcontractor” is a person or domestic entity, including cooperatives, duly registered under DOLE Department Order No. 174, Series of 2017, that was legitimately engaged by a manufacturer or exporter to partially or fully manufacture an apparel for eventual export, and

i. “Worker” refers to a member of the labor force who is hired by a garments manufacturer, exporter or subcontractor, whether regular, casual, contractual, seasonal, or project-based.
Section 4. The Workers' Rights Review Committee –

4.1 Composition - The Committee shall be composed of four (4) members representing each of the following sectors:

   a. One (1) representative designated by the Department of Labor and Employment (DOLE) who will act as Chair of the Committee;
   b. One (1) representative designated by the Department of Trade and Industry (DTI) who will be Vice-Chair of the Committee;
   c. One (1) representative from the Labor sector, designated in accordance to their internal rule. In the absence of such internal rules, the DOLE shall promulgate its own rules on the delegation of labor sector representatives to the Committee; and
   d. One (1) representative from the Employers sector, designated in accordance to their internal rule. In the absence of such internal rules, the DTI shall promulgate its own rules on the delegation of employer sector representatives to the Committee.

4.2 Functions – the Committee shall perform the following:

   a. Conduct an audit of the applicant’s compliance with labor standards as provided under Section 8.1 of this order;
   b. Submit its audit findings and recommendations to the DTI Accrediting Board.

4.3 Tenure – Members of the Committee shall serve for two (2) years.

4.4 Quorum - To constitute a quorum, at least three (3) Members of the Committee should be present during the particular meeting.

4.5 Voting - The representative from DOLE who will act as Chair shall vote only in case of tie. The representative from DTI shall be entitled to one (1) vote. The representatives of the Labor and Employers' Sectors shall likewise be entitled to one (1) vote per sector.

4.6 Internal Rules – The Committee shall issue internal rules in the discharge of its functions consistent with the provisions of this Order.

Section 5. Application for a Certificate of Accreditation – A manufacturer, exporter and its subcontractor shall apply for a Certificate of Accreditation by filing a written application in a form to be prescribed by the Committee.

Section 6. Certification Process –

6.1 Audit. The Committee shall conduct an audit of the applicant within five (5) working days.

6.2 Review of the Completeness of the Requirements. The Committee shall review the completeness of the requirements as prescribed by its internal rules.

6.3 Submission of Findings and Recommendations to the DAB. The Committee shall submit its findings and recommendations to the DTI Accrediting Board (DAB). The Committee may recommend approval or denial of the application. The DTI Accrediting Board shall approve or deny an application based on the recommendation of the Committee.
In case the applicant has a Certificate of Compliance issued by the DOLE Regional Director through its Labor Laws Compliance Officer (LLCO), in accordance with DOLE Department Order No. 131-13, the same shall be submitted to the Committee. The Committee shall endorse the same to the DTI Accrediting Board for the issuance of a Certificate of Accreditation.

Section 7. The DTI Accrediting Board -

7.1 Composition. The Board of Investments (BOI) shall serve as the DTI Accrediting Board, thru the BOI-Incentives Administration Service (IS) considering that GTIS Accreditation of garments and textile firms is being performed by said Office in BOI;

7.2 Functions – The DTI Accrediting Board shall perform the following functions:

a.) Process and evaluate the audit findings of the Workers’ Rights Review Committee (WRRC).

b.) Deny or approve the application based on the findings and recommendation of the WRRC.

c.) Accept the Certificate of Compliance issued by the DOLE Regional Director through its Labor Laws Compliance Officer (LLCO) in accordance with DOLE Department Order No. 131-13 for the issuance of a Certificate of Accreditation.

d.) Mandatory issuance of the Certificate of Accreditation only to garments manufacturers, exporters and subcontractors who are availing preferential tariffs under the GSP.

Section 8. Certificate of Accreditation –

8.1 Issuance. The DTI Accrediting Board (DAB) shall issue a Certificate of Accreditation to the applicant after receiving a favorable recommendation from the Committee;

8.2 Validity Period. The Accreditation shall have a validity period of three years from issuance, unless it is suspended or revoked based on grounds provided in this Order.

Section 9. Suspension or Revocation of Accreditation – The following are the grounds for suspending or revoking the accreditation of manufacturers, exporters and subcontractors:

1. Failure to comply with the following minimum labor standards:

   a. Freedom of association and the effective recognition of the right to collective bargaining;
   
   b. Elimination of all forms of forced or compulsory labor;
   
   c. Effective abolition of child labor;
   
   d. Elimination of discrimination with respect to employment and occupation;
   
   e. Acceptable conditions of work provided under Philippine laws and regulations related to minimum wages, hours of work, Social Security System (SSS), Home Development Mutual Fund (HDMF or PAG-IBIG), Philippine Health Insurance Corporation (PHIC or PhilHealth), Employee Compensation Commission (ECC), and occupational safety and health; and
   
   f. International labor standards set forth to protect basic worker rights, enhance workers’ job security and improve their terms of employment.

2. The manufacturer or exporter subcontracts work to a person not accredited under this Order.
Section 10. Re-application of Manufacturers, Exporters or Subcontractors with Suspended or Revoked Accreditation – A manufacturer, exporter or subcontractor whose accreditation was suspended may request to lift the suspension three months after receipt of the adverse decision.

A manufacturer, exporter or subcontractor whose accreditation had been revoke may re-apply for accreditation six (6) months after receipt of the adverse decision.

Section 11. Reporting and Monitoring – The Committee shall submit regular reports to the DTI Accrediting Board or upon request by the latter.

Section 12. Effectivity. This Joint Department Order shall be construed and enforced in accordance with Philippine laws. If any provision in this Order is found to be inconsistent with Philippine laws, it shall be deemed null and void and without any effect.

Approved this 25th day of July 2017 in Manila, Philippines.

SILVESTRE BELLO III
Secretary
Department of Labor and Employment

RAMON M. LOPEZ
Secretary
Department of Trade and Industry

Recommended by:

JOEL B. MAGLUNSOD
DOLE Undersecretary
Labor Relations and Special Concerns Cluster

DR. CHELITO S. RODOLFO
DTI Undersecretary
Industry Development and Trade Policy Group
Managing Head, Board of Investments
INTERNAL RULES OF THE WORKERS’ RIGHTS REVIEW COMMITTEE ON THE IMPLEMENTATION OF JOINT DEPARTMENT ORDER NO.1, SERIES OF 2017

Pursuant to Section 4.6 of DOLE-DTI Joint Department Order No. 1, series of 2017, the following internal rules are hereby adopted:

Rule I. WORKERS’ RIGHTS REVIEW COMMITTEE

1.1 Working Procedure – The Committee shall meet based on the determination of the Secretariat. The determination of a quorum shall be based on Section 4.4 of the DOLE-DTI Joint Department Order which provides that at least three (3) members from all sectors should be present during the meeting. The Committee shall also observe the voting rights provided under Section 4.5 of the Order which states that DOLE shall only vote in case of tie, while the labor sector, employers sector, and DTI shall be entitled to one (1) vote each.

1.2 Composition - The Committee shall be composed of four (4) members representing each of the following sectors:

a. One (1) representative from the Government sector, designated by the Department of Labor and Employment (DOLE) who will act as Chair of the Committee;
b. One (1) representative from the Government sector, designated by the Department of Trade and Industry (DTI) who will be Vice-Chair of the Committee;
c. One (1) representative from the Labor sector, designated in accordance to their internal rule. In the absence of such internal rules, the DOLE shall promulgate its own rules on the delegation of labor sector representatives to the Committee; and
d. One (1) representative from the Employers sector, designated in accordance to their internal rule. In the absence of such internal rules, the DTI shall promulgate its own rules on the delegation of employer sector representatives to the Committee.

1.3 Alternate Representatives – The members of the Committee shall have their respective alternate representatives, in case of their unavailability during meetings.

1.4 Secretariat – The Board of Investment (BOI) shall provide technical and secretariat support to the Committee.

RULE II. CERTIFICATION PROCESS

2.1 Application for Certificate of Accreditation – The designated BOI Secretariat shall issue a prescribed form for manufacturers, exporters, and subcontractors applying for a Certificate of Accreditation. The same shall be submitted to them, together with accompanying documents to support their application.
2.2 Preliminary Meeting – Upon receipt of the application, the BOI Secretariat shall furnish a copy of the form and related documents to the members of the Committee to allow them to gather information on its compliance with minimum labor standards.

Likewise, the BOI Secretariat shall set a meeting, within the soonest availability of the Committee members to discuss whether a physical site inspection is needed or not, based on their compliance with minimum labor standards. The following grounds provided under Section 9 of the DOLE-DTI Joint Department Order No. 1, series of 2017, shall be considered by the Committee:

a. Freedom of association and the effective recognition of the right to collective bargaining;
b. Elimination of all forms of forced or compulsory labor;
c. Effective abolition of child labor;
d. Elimination of discrimination with respect to employment and occupation;
e. Acceptable conditions of work provided under Philippine laws and regulations related to minimum wages, hours of work, Social Security System (SSS), Home Development Mutual Fund (HDMF or Pag-IBIG), Philippine Health Insurance Corporation (PHIC or PhilHealth), Employee Compensation Commission (ECC), and occupational safety and health;
f. International labor standards, as ratified by the Philippines, to protect basic worker rights, enhance workers’ job security and improve their terms of employment; and,
g. Other reports of violations which the Committee may determine to be in violation of labor rights.

In case the Committee determined that a physical site audit must be conducted, the inspection mechanism under DOLE Department Order 183-17, otherwise known as the Revised Rules on the Administration and Enforcement of Labor Laws Pursuant to Article 128 of the Labor Code, as Renumbered, shall be used where a labor inspector will be conducting a visit in the establishment to validate violations of labor laws.

Otherwise, the Committee shall make a favourable recommendation to the DTI Accrediting Board (DAB) for the issuance of a Certificate of Accreditation.

The DOLE representative to the Committee shall facilitate the request of the Committee to the concerned Regional Office within 24 hours after the meeting.

2.3 Physical Site Audit – The concerned DOLE Regional Office shall conduct the inspection in accordance with DO 183-17, within twenty-four (24) hours from receipt of the request from the Committee, through the Bureau of Labor Relations.

A certified true copy of the Notice of Results shall be furnished to the Committee through BLR within three (3) days from the conduct of inspection.

2.4 Final Meeting – The Bureau of Labor Relations shall furnish the BOI Secretariat with the certified true copy of the findings of the labor inspector. A final meeting of the Committee shall be convened within the soonest availability of the members to deliberate whether or
not to recommend to the DAB the issuance of a Certificate of Accreditation, based on the findings.

2.5 Voting – As far as practicable, the Committee shall decide on applications based on consensus. Otherwise, they shall vote according to Section 4.5 of the Joint Department Order which states that DOLE shall only vote in case of tie, while the labor sector, employers sector, and DTI shall be entitled to one (1) vote each.

2.6 Submission of Findings and Recommendations – The Committee, upon voting on the application, shall submit its findings and recommendation to DAB. The BOI Secretariat shall facilitate the transmission of the report to the DAB.

2.7 Action of the DAB – The DTI Accrediting Board shall act upon the findings and recommendations of the Worker’s Rights Review Committee. They shall also coordinate their actions with the concerned government agency to ensure observance and implementation of DOLE-DTI Joint Department Order No. 1, series of 2017.

Rule III. MISCELLANEOUS

3.1 Oversight Functions of the Clothing and Textile Industry Tripartite Council – The CTITC shall serve as the oversight committee to monitor the implementation and enforcement of the provisions of this Rules. Any repeal, amendment or modification shall be made through the CTITC.

3.2 Effectivity – This internal rules shall be enforced upon approval of the CTITC.

Approved by the tripartite partners this 07 August 2018 in Quezon City, Philippines.

FOR THE LABOR SECTOR

Ms. Florencia Cabatingan
National Congress of Unions in the Sugar Industry of the Philippines

Ms. Laudelita Casaña
Federation of Free Workers

Ms. Asuncion Binos
Alliance of Progressive Labor

Ms. Rosalinda Manabat
Philippine Trade and General Workers Organization

Mr. Ramon Certiña
IndustriALL Global Union

Ms. Eva B. Arcos
Associated Labor Unions
Mr. Josua Mata  
Sentro ng mga NEGKAKAISA at PROGRESIBONG MANGAGAWA

FOR THE EMPLOYER SECTOR

Mr. Delfin Vidal  
Garment Business Association of the Philippines

Ms. Ma. Teresa Jocson- Agoncillo  
Confederation of Garment Exporters of the Philippines

Mr. Conrado Buendia III  
Foreign Buyers Association of the Philippines

FOR THE GOVERNMENT SECTOR

Undersecretary Joel B. Maglunsod  
Department of Labor and Employment

Undersecretary Rowel Barba  
Department of Trade and Industry
Process Flow: Application for Certification

START

Manufacturer/Exporter files written application with DTI-BOI

PRELIMINARY MEETING

To conduct inspection or not?

YES

Inspection of the establishment by a DOLE Labor Inspector within 24 hrs. from receipt of the request from BLR

The Regional Office shall submit a Certified True Copy of the findings to BLR within 3 days after the prescribed period to correct violations, if any.

FINAL MEETING

To recommend for Certification or not?

YES

BOI Secretariat shall convene the Committee after receiving the findings from BLR within the soonest availability of the members.

Recommendation for issuance of Certificate to the DAB

NO

Recommendation for non-issuance of Certificate to the DAB

END
## APPLICATION FORM

**CERTIFICATE OF ACCREDITATION FOR GARMENTS MANUFACTURER, EXPORTERS AND SUBCONTRACTORS**

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<td>(If the company has certificates or accreditations issued by DOLE or any other third-party accrediting bodies, kindly indicate them and attach a copy thereof)</td>
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### DECLARATION

I/We hereby declare that all information supplied in this application are true and correct to the best of my belief and knowledge.

By signing this declaration, I/We are opening our business for audit and review of DOLE, DTI and their accredited representatives regarding our compliance with minimum labor standards.

Any false or misleading information supplied, or production of materially false or misleading document that will be requested to support this application shall be a ground for the denial of this application.

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