



WAGE ORDER NO. RB1 – 15

SETTING THE NEW MINIMUM WAGE IN REGION - 1

WHEREAS, the Regional Tripartite Wages and Productivity Board – Region 1 hereinafter referred to as the Board is mandated by law to determine and fix the minimum wage rates and structure applicable in **the Region**;

WHEREAS, a Petition seeking for the restoration of the lost Purchasing Power of the Peso was filed on April 30, 2012 by the Labor Union of Zaragoza Salt Industry (LUZSI);

WHEREAS, in response to the wage petition and pursuant to the Amended Rules of Procedure on Minimum Wage Fixing, this Board conducted public hearings in Laoag City on May 25, 2012 for the stakeholders from the provinces of Ilocos Sur and Ilocos Norte and in Dagupan City on May 29, 2012 for the stakeholders from the provinces of La Union and Pangasinan;

WHEREAS, the Board, always mindful of the economic well-being of the Region, and after a thorough evaluation of applicable socio-economic indicators, and giving due consideration to the results of the public hearings, finds no other plausible reason to adjust the minimum wage other than to restore the lost purchasing power of the peso between the periods 2011 and 2012 without impairing the viability of micro and small enterprises which comprise 99.6% of the total establishments in the Region;

WHEREAS, consistent with the government's policy of achieving higher level of productivity, this Board decided to adopt the Two-Tiered Wage System to promote workers and enterprise productivity as a measure of continuing upliftment of workers' welfare in the crafting of this Wage Order;

WHEREAS, the Two-Tiered Wage System is a new approach to minimum wage adjustment comprising of two parts: Tier One which is mandatory for implementation, and Tier Two which is voluntary in nature and designed to allow employers and their workers to improve the existing terms and conditions of employment including levels of wages based on labor productivity and business performance.

NOW THEREFORE, by virtue of the power and authority vested under Republic Act No. 6727, otherwise known as the Wage Rationalization Act, the Regional Tripartite Wages and Productivity Board of Region I hereby issues this Wage Order.

SECTION 1. AMOUNT OF INCREASE IN THE DAILY MINIMUM WAGE:

Upon the effectivity of this Wage Order, the new daily minimum wage rates of workers and employees in the private sector in the Region shall be increased by P5.00 to P8.00 depending on the sector/classification/category based on 2009 Philippine Standard Industrial Classification (PSIC).

The new daily minimum wage rates of workers and employees in the region shall be:

INDUSTRY SECTOR	NEW DAILY MINIMUM WAGE RATES	2009 PSIC GROUP	PRODUCTIVITY INCENTIVE PAY *
A. Administrative and Support Services	253.00	771-774; 781-783; 791; 799; 801-803; 811-813; 821-823; 829	
B. Agriculture, Forestry and Fishing - Commercial Fishing		031	
C. Arts, Entertainment and Recreation		900	
D. Construction		410-439	
E. Education		851-856	
F. Electricity, Gas, Steam and Air-Conditioning Supply		351-353	
G. Financial and Insurance Activities		641-663	
H. Human Health and Social Work Activities - Level 4 Hospitals		861-889	
I. Information and Communication		581-592; 601-620; 631-639	
J. Manufacturing - Medium/Large		101-110;120-131;139;141-144;151-152;161-162;170;181-182;191;199;201-203;210;221;231;239;241-243;251-252;259;261-268;271-275;279;281-282;291-293;301-304;309-310;321-325;329;331-332	
K. Mining and Quarrying		051-052;061-062;071-072;081-089;091-099	
L. Other Service Activities - Large and Medium-		941-942;949;951-952;961-964;969	
M. Professional, Scientific and Technical Services		691-692;701-702;711-712;722-723;731-732;741-742;749-750	
N. Real Estate Activities		681-682	
O. Transport and Storage		491-494;501-502;511-512;521-522;531-532	

INDUSTRY SECTOR	NEW DAILY MINIMUM WAGE RATES	2009 PSIC GROUP	PRODUCTIVITY INCENTIVE PAY *
P. Water Supply, Sewage, Waste Water Management and Remediation Activities - Medium and Large	253.00	360;370;381-383;390	
Q. Wholesale and Retail Trade, Repair of Motor Vehicles and Motorcycle - Wholesale, Large and Medium		451-454;461-466;469;471-472;474-479	
R. Human Health and Social Work Activities - Level 3 Hospitals	244.00	861-889	
S. Accommodation and Food Service Activities - Small/Medium/Large	233.00	551;559;561-563	
T. Agriculture, Forestry and Fishing - Plantation		011 – 015, 017, 021 – 024	
U. Financial and Insurance Activities - Cooperative - Micro		641 -663	
V. Human Health and Social Work Activities - Levels 1&2 Hospitals and Clinics		861 -889	
W. Manufacturing - Small		101-110;120-131;139;141-144;151-152;161-162;170;181-182;191;199; 201-203; 210;221;231;239;241-243; 251-252;259;261-268;271-275;279;281-282;291-293; 301-304; 309-310; 321-325; 329;331-332	
X. Other Services Activities - Small		941-942;949;951-952;961-964;969	
Y. Water Supply, Sewage, Waste Water Management and Remediation Activities - Small		360;370;381-383;390	

INDUSTRY SECTOR	NEW DAILY MINIMUM WAGE RATES	2009 PSIC GROUP	PRODUCTIVITY INCENTIVE PAY *
Z. Wholesale and Retail Trade, Repair of Motor Vehicles and Motorcycle - Small		451-454;461-466;469;471-472;474-479	
AA. Accommodation and Food Service Activities - Micro		551;559;561-563	
BB. Agriculture, Forestry and Fishing - Small Municipal Fishing - Micro - Non-Plantation		031 – 032 011 – 015, 017, 021 – 024	
CC. Manufacturing - Micro	205.00	101-110;120-131;139;141-144;151-152;161-162 170;181-182;191;199;201-203;210;221;231;239;241-243;251-252;259;261-268;271-275;279;281-282;291-293;301-304;309-310;321-325;329;331-332	
DD. Other Service Activities - Micro		941-942;949;951-952;961-964;969	
EE. Water Supply, Sewage, Waste Water Management and Remediation Activities - Micro		360;370;381-383;390	
FF. Wholesale and Retail Trade, Repair of Motor Vehicles and Motorcycle - Micro		451-454;461-466;469;471-472;474-479	

*To be determined by the Productivity Incentive Committee

SECTION 2. COVERAGE:

All private sector workers and employees receiving the minimum wage rates in the Region are covered by the provisions of this Wage Order irrespective of their position, designation or status of employment and regardless of the method by which their wages are paid.

Excluded in this Wage Order are household or domestic helpers; persons employed in the personal service of another including family drivers; and workers and employees of registered Barangay Micro Business Enterprises (BMBE) with Certificates of Authority pursuant to Republic Act 9178.

SECTION 3. BASIS OF MINIMUM WAGE:

The minimum wage rates prescribed under this Order shall be for the normal working hours which shall not exceed eight (8) hours work per day.

SECTION 4. IMPLEMENTATION OF TIER ONE:

Upon implementation of this Order, the levels of floor wages in the region shall be set at Two Hundred Five Pesos (P205.00), Two Hundred Thirty Three Pesos (P233.00), Two Hundred Forty Four Pesos (P244.00) and Two Hundred Fifty Three Pesos (P253.00); respectively depending on the sector/classification enumerated under Section 1 of this Order.

SECTION 5. IMPLEMENTATION OF TIER TWO:

Upon effectivity of this Order and on a voluntary basis, employers who recognize and value the contribution of their workers and employees may provide productivity and incentive-based pay to them based on some indicators like business performance, labor productivity, work behavior, competitiveness of establishments, among others.

The Board shall issue an Advisory based on the results of studies and recommendations from industry players or stakeholders particularly on the range of productivity incentives which they may apply in their respective work places.

SECTION 6. CREATION, COMPOSITION AND FUNCTION OF PRODUCTIVITY INCENTIVE COMMITTEE:

In the implementation of the Tier Two, employers shall organize Productivity Incentive Committee (PIC) in their respective establishments. The PIC, with equal representation from labor and management, shall establish the criteria and mechanism in determining productivity measures including a recommendation on a range of productivity incentives. In the event, however, that they have an existing committee with similar composition and/or function, they may opt to have this committee perform the functions related to Tier Two.



SECTION 7. TAX INCENTIVES:

Enterprises with existing productivity incentives may avail of tax incentives under RA 6971 provided they comply with the provisions therein.

SECTION 8. MINIMUM WAGE RATES APPLICABLE TO BUSINESS ESTABLISHMENTS WITH MULTIPLE BUSINESS ACTIVITIES:

The minimum wage rates applicable to business establishments performing multiple business activities not separately registered with any appropriate government agency shall be determined in accordance with their dominant business activity based on their gross revenue.

SECTION 9. CREDITABLE WAGE INCREASE:

- a. If expressly provided and agreed upon in the Collective Bargaining Agreements, wage increases granted by the employers within three (3) months prior to the effectivity of this Order shall be credited as compliance with the minimum wage rates prescribed herein;
- b. Wage increases granted by non-unionized establishments within six (6) months prior to the effectivity of this Order shall be credited as compliance therewith;
- c. Anniversary wage increases provided in Collective Bargaining Agreements, merit wage increases and those resulting from their regularizations or promotion of employees shall not be credited as compliance.

SECTION 10. WORKERS PAID BY RESULTS:

All workers paid by results, including those who are paid on piecework, "takay", "pakyaw" or task basis, shall receive not less than the adjusted amount prescribed by this Order for the normal working hours which shall not exceed eight (8) hours per day or a proportion thereof for working less than eight (8) hours.

SECTION 11. WAGES OF SPECIAL GROUPS OF WORKERS AND EMPLOYEES:

Persons employed under Apprenticeship or Learnership Agreement shall be entitled to not less than Seventy Five Percent (75%) of the new minimum wage rate under this Order.



All Learnership and apprenticeship agreements entered into before the effectivity of this Order shall be automatically modified insofar as their wage clauses are concerned to reflect the new prescribed wage rates.

All qualified handicapped workers shall receive the full amount of increase in this Order pursuant to R.A. 7277.

SECTION 12. APPLICATION TO PRIVATE EDUCATIONAL INSTITUTIONS:

In the case of private educational institutions, the share of covered workers and employees in the tuition fee increases for School Year 2012-2013 shall be considered as compliance to this Wage Order. However, payment of any shortfall in compliance with this Wage Order shall be given starting School Year 2013-2014.

Private Educational Institutions which have not increased their tuition fees for the School Year 2012-2013, may defer compliance with the provisions of this Wage Order until School Year 2013-2014.

In any case, all Private Educational Institutions shall implement this Wage Order starting School Year 2013-2014.

SECTION 13. APPLICATION TO CONTRACTORS:

In the case of contracts for construction projects and for security, janitorial and similar services, the prescribed increase shall be borne by the principals or clients of the construction/service contractors and the contracts shall be deemed amended accordingly. In the event, however, that the principals or clients fail to pay the prescribed increase, the construction/service contractors shall be jointly and severally liable with their principals or clients.

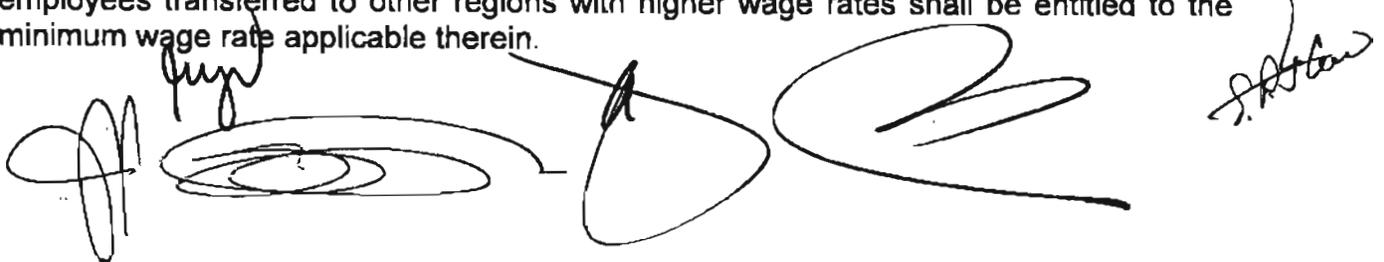
SECTION 14. MOBILE AND BRANCH WORKERS/EMPLOYEES:

The minimum wage rates of workers and employees, who by the nature of their work have to travel, shall be those applicable in the domicile or head office of the employer.

The minimum wage rates of workers and employees working in branches or agencies of establishments within or outside the region shall be those applicable in the place where they are stationed.

SECTION 15. TRANSFER OF WORKERS AND EMPLOYEES:

The transfer of workers and employees from one region to another shall not diminish the wage rates being enjoyed by them prior to such transfer. The workers and employees transferred to other regions with higher wage rates shall be entitled to the minimum wage rate applicable therein.

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SECTION 16. EXEMPTION:

The following categories of establishments may be exempted from compliance with this Wage Order, upon application with and as determined by the Board in accordance with the NWPC Guidelines No. 02, Series of 2007 (NWPC Amended Rules on Exemption):

1. Distressed establishments;
2. Retail/Service establishments employing not more than ten (10) workers; and,
3. Establishments which have been adversely affected by natural calamities.

SECTION 17. DURATION AND EXTENT OF EXEMPTION:

Establishments that applied for exemption and found qualified may be granted a partial or full exemption of one (1) year in accordance with the NWPC Guidelines No. 02, series of 2007.

SECTION 18. EFFECT OF APPLICATION FOR EXEMPTION:

An application for exemption duly filed shall have the effect of deferring any action on any complaint for non-compliance with the Order until resolution of the application by the Board.

In case the application for exemption is not approved, covered workers and employees of the applicant-establishment shall be paid the prescribed minimum wage rates under this Order plus one percent (1%) simple interest per month retroactive to the effectivity of this Order.

SECTION 19. APPEAL TO THE COMMISSION:

Any party aggrieved by this Wage Order may file a verified appeal with the Commission through the Board within ten (10) calendar days from the publication of this Order.

SECTION 20. EFFECT OF FILING OF APPEAL:

The filing of the appeal does not operate to stay this Order unless the party appealing such Order shall file with the Commission an undertaking with a surety or sureties satisfactory to the Commission for payment of the corresponding increase for covered workers and employees in the event this Order is affirmed.



**SECTION 21. EFFECTS ON EXISTING
WAGE STRUCTURE:**

Where effects of the wage increases provided for by this Order result in the distortion of the wage structure within an establishment, the same shall be corrected in accordance with the procedure provided for under Article 124 of the Labor Code as amended. The following formula may be used to correct the same.

$$\frac{\text{Previous Minimum Wage (Wage Order RB1-14)}}{\text{Actual Salary}} \times \text{Prescribed Increases} = \text{Amount of wage adjustment due to distortion}$$

SECTION 22. COMPLAINTS FOR NON-COMPLIANCE:

Complaints for non-compliance with this Order shall be filed with the Regional Office of the Department of Labor and Employment (DOLE-Region 1) and shall be the subject of enforcement proceedings under Article 128 of the Labor Code, as amended, without prejudice to criminal prosecution which may be undertaken against those who fail to comply.

SECTION 23. NON-DIMINUTION OF BENEFITS:

Nothing in this Order shall be construed to reduce any existing wage rates, allowances and benefits of any form under existing laws, decrees, issuances, executive orders and/or under any contract or agreement between the workers/employees and employers.

SECTION 24. PENAL PROVISION:

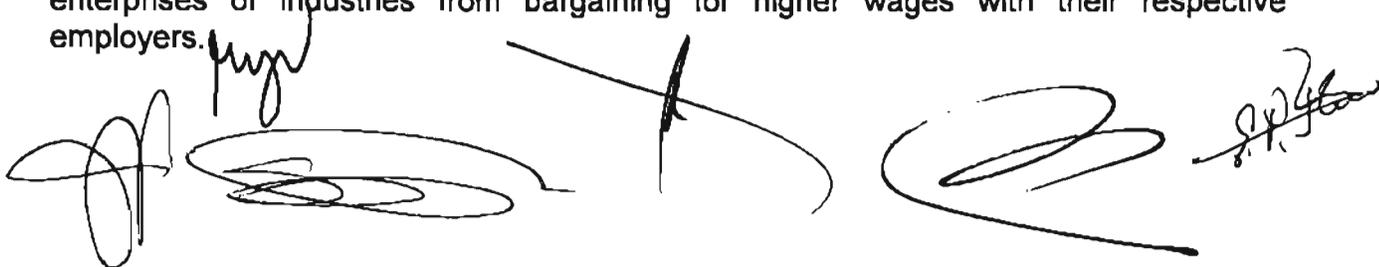
Any person, corporation, trust or firm, partnership, association or entity who refuses or fails to pay the prescribed increases in this Order, shall be punished by a fine of not less than P25,000.00 nor more than P100,000.00 or imprisonment of not less than two (2) years nor more than four (4) years or both such fine and imprisonment at the discretion of the court pursuant to the provision of Section 12 of R.A 6727, as amended by R.A. 8188.

SECTION 25. PROHIBITION AGAINST INJUNCTION:

No preliminary or permanent injunction or temporary restraining order may be issued by any court, tribunal or other entity against any proceedings before the Board.

SECTION 26. FREEDOM TO BARGAIN:

This Order shall not be construed to prevent workers in particular firms or enterprises of industries from bargaining for higher wages with their respective employers.



SECTION 27. REPORTING REQUIREMENT:

Any person, company, corporation, partnership or any entity engaged in the business shall submit a verified itemized listing of their labor component to the Board not later than 31 January 2013 and every year thereafter in accordance with the form prescribed by the Commission.

SECTION 28. REPEALING CLAUSE:

All orders, issuances, rules and regulations, or parts thereof inconsistent with the provision of this Wage Order are hereby repealed, amended or modified accordingly.

SECTION 29. IMPLEMENTING RULES:

The Board shall prepare the necessary rules to implement this Order subject to the approval of the Secretary of Labor and Employment.

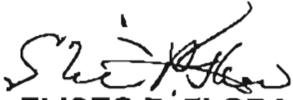
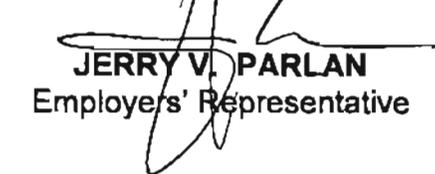
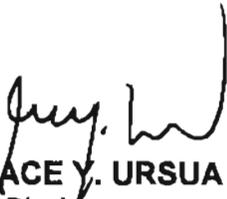
SECTION 30. SEPARABILITY CLAUSE:

If, for any reason, any section or provision of this Order is declared unconstitutional or illegal, the other provisions or parts shall remain valid.

SECTION 31. EFFECTIVITY:

This Order shall take effect fifteen (15) days after its publication in a newspaper of general circulation in the Region.

UNANIMOUSLY APPROVED this 5th day of June 2012, City of San Fernando, La Union, Philippines.

 JUAN B. NGALOB Vice-Chairperson	 ELISEO P. FLORA Workers' Representative	 FLORANTE O. LEAL Vice-Chairperson
 JERRY V. PARLAN Employers' Representative	 GRACE Y. URSUA Chairperson	 SALVADOR R. POSERIO Employers' Representative



RULES IMPLEMENTING WAGE ORDER NO. RB 1-15

RULE I - GENERAL PROVISIONS

Pursuant to Section 6, Rule IV, NWPC Guidelines No. 1, Series of 2007, the Amended Rules of Procedure on Minimum Wage Fixing and Section 29 of Wage Order No. RB 1-15, the following rules are hereby issued for the information, guidance and compliance of all concerned.

SECTION 1. TITLE:

This Rules shall be known as the "Rules Implementing Wage Order No. RB 1-15."

SECTION 2. DEFINITION OF TERMS:

a. Terms defined under the Implementing Rules of R.A. 6727 and Wage Order No. RB 1-15.

- (1) "Order" refers to Wage Order No. RB 1-15.
- (2) "Department" refers to the Department of Labor and Employment.
- (3) "Commission" refers to the National Wages and Productivity Commission.
- (4) "Board" refers to the Regional Tripartite Wages and Productivity Board in Region I.
- (5) "Region I" covers the Provinces of Ilocos Norte, Ilocos Sur, La Union and Pangasinan and the Cities of Laoag, Batac, Vigan, Candon, San Fernando, Urdaneta, Dagupan, San Carlos and Alaminos.
- (6) "Wage" shall mean the remuneration or earning, however designated, capable of being expressed in terms of money, whether fixed or ascertained on a time, task, piece, or commission basis, or other method of calculating the same, which is payable by an employer to a worker/employee under a written or unwritten contract of employment for work done or to be done, or for services rendered or to be rendered and includes the fair and reasonable value, as determined by the Secretary of Labor and Employment, of board, lodging or other facilities customarily furnished by the employer to the worker/employee. "Fair and reasonable value" shall not include any profit to the employer, or to any person affiliated with the employer.

- (7) "Minimum Wage" is the lowest wage rate fixed by the Board that an employer can pay his workers/employees for services rendered on normal working days and hours but does not include profit-sharing payments, premium payments, 13th Month pay or other monetary benefits which are not considered as part of or integrated into the regular salary of the workers.
- (8) "Establishment" refers to an economic unit which engages in one or predominantly one kind of economic activity at a single fixed location. For purposes of determining eligibility for exemption, establishments under the same owner/s but separately registered with the Securities and Exchange Commission (SEC), Department of Trade and Industry (DTI) or Cooperative Development Authority (CDA) as the case may be, irrespective of their location, shall be treated as individual and distinct establishments.
- (9) "Agriculture" refers to farming in all its branches and among others, includes the cultivation and tillage of the soil, production, cultivation, growing and harvesting of any agricultural or horticultural commodities, dairying, raising of livestock or poultry, the culture of fish and other aquatic products in farms or ponds, and any activities performed by a farmer or on a farm as incident to or in conjunction with such farming operations, but does not include the manufacturing and/or processing of sugar, coconut, abaca, tobacco, pineapple, aquatic or other farm products.
- (10) "Plantation Agricultural Enterprise" refers to an establishment engaged in agriculture with an area of more than 24 hectares in a locality or which employs at least 20 workers. Any other agricultural enterprise shall be considered as "Non-Plantation Agricultural Enterprise."
- (11) "Wage Distortion" means a situation where an increase in prescribed wage rates results in the elimination or severe contraction of intentional quantitative differences in wage or salary rates between and among employee groups in an establishment as to effectively obliterate the distinctions embodied in such wage structure based on skills, length of service, or other logical bases of differentiation.

b. Terms defined under NWPC Guidelines No. 2, Series of 2007

- (12) "Distressed Establishments" refer to establishments which meet the criteria enumerated in Section 3A of the NWPC Guidelines No. 2, Series of 2007.
- (13) "Retail Establishment" refers to an entity principally engaged in the sale of goods to end users for personal or household use. A retail establishment that regularly engages in wholesale activities loses its retail character.

- 14) "Service Establishment" refers to an entity principally engaged in the sale of services to individuals for their own or household use and is generally recognized as such.
- 15) "Capital" refers to paid-up capital at the end of the last full accounting period, in the case of corporations or total invested capital at the beginning of the period under review, in the case of partnerships, single proprietorships, and non-profit/non-stock organizations respectively.
- 16) "Full Accounting Period" refers to a period of twelve (12) months or one (1) year of business operations.
- 17) "Deficit" refers to the negative balance of the retained earnings account of a corporation. Retained earnings represent the cumulative balance of periodic earnings, dividend distributions, prior period adjustments and other capital adjustments.
- 18) "Stock Corporation" refers to one organized for profit and issues shares of stock to its members.
- 19) "Non-Stock Non-Profit Organization" refers to one organized principally for public purposes such as charitable, educational, cultural or similar purposes and does not issue shares of stock to its members.
- 20) "Partnership" refers to an association of two or more persons who bind themselves to contribute money, property or industry to a common fund with the intention of dividing the profits among themselves or for the exercise of a profession.
- 21) "Single Proprietorship" refers to a business unit owned and controlled by only one person.
- 22) "Quasi-Banks" refer to institutions such as investment houses and financing companies performing quasi-banking functions as defined by the Bangko Sentral ng Pilipinas.
- 23) "Paid-up Capital" refers to the total amount of shareholder capital that has been paid by shareholders.
- 24) "Capital Impairment" refers to the diminution of capital due to accumulated losses.
- 25) "Interim Period" refers to a financial reporting period shorter than a full financial year (most typically a quarter or half-year)
- 26) "Net loss" refers to actual loss suffered by a company after deducting expenditures including overhead and interest charges from revenues.

- (27) "Financial Statement" refers to a written report which quantitatively describes the financial health of a company. This includes the following: balance sheet, income statement, statement of changes in equity, cash flow statement and notes to financial statement.
- (28) "Conservatorship" refers to a remedy resorted to by the Monetary Board in case a bank or quasi-bank is in a state of continuing inability or unwillingness to maintain condition of liquidity deemed adequate to protect the interests of the depositors and creditors. A conservator is appointed to manage the establishment in order to restore its viability.
- (29) "Receivership/Liquidation" refers to a remedy resorted by the Monetary Board in case a bank or quasi-bank is (a) unable to pay its liabilities as they become due in the ordinary course of business; (b) has insufficient realizable assets as determined by the Bangko Sentral ng Pilipinas to meet its liabilities; (c) cannot continue in business without involving probable losses to its depositors or creditors; or (d) has wilfully violated a cease and desist order under Section 37 that has become final involving acts or transactions which amount to fraud or dissipation of the assets of that institution.
- (30) "Under Corporate Rehabilitation" refers to establishments that are placed under a rehabilitation receiver by a court of competent jurisdiction.

c. Terms defined under the 2009 Philippine Standard Industrial Classification (PSIC).

- (31) "Industry Sector" refers to business activities listed in the 2009 Philippine Standard Industrial Classification (PSIC).
- (32) "Electricity, Gas, Steam and Air Conditioning Supply" refer to the activity of providing electric power, natural gas, steam, hot water and the like through a permanent infrastructure (network) of lines, mains and pipes. Also included are the distribution of electricity, gas, steam, hot water and the like in industrial park or residential buildings; and the provision of steam and air-conditioning supply.
- (33) "Water Supply; Sewerage, Waste Management and Remediation Activities" refer to activities related to the management of various forms of waste, such as solid or non-solid industrial or household waste, as well as contaminated sites. The output of the waste or sewage treatment process can either be disposed of or become an input into other production processes. Activities of water supply are also grouped in this section, since they are often carried out in connection with, or by units also engaged in, the treatment of sewage.

- (34) "Construction" refers to general construction and specialized construction activities for buildings and civil engineering works. It includes new work, repair, additions and alterations, the erection of prefabricated buildings or structures on the site and also construction of a temporary nature. Included is the construction of entire dwellings, office buildings, stores and other public and utility buildings, farm buildings, etc. The renting of construction equipment with operator is also included and classified with the associated construction activity.
- (35) "Wholesale and Retail Trade: Repair of Motor Vehicles and Motorcycles" refer to the wholesale and retail sale (i.e. sale without transformation) of any type of goods and rendering services incidental to the sale of these goods. Also included in this section is the repair of motor vehicles and motorcycles. Sale without transformation is considered to include the usual operations (or manipulations) associated with trade, for example, sorting, grading and assembling of goods, mixing (blending) of goods (for example, sand), bottling (with or without preceding bottle cleaning), packing, breaking bulk and repacking for distribution in smaller lots, storage (whether or not chilled), cleaning and drying of agricultural products, cutting out of wood fibreboards or metal sheets as secondary activities.
- (36) "Transportation and Storage" refer to the provision of passenger or freight transport, whether scheduled or not, by rail, pipeline, road, water or air and associated activities such as terminal and parking facilities, cargo handling, storage etc. Also included are the renting of transport equipment with driver or operator, and the postal and courier activities.
- (37) "Accommodation and Food Service Activities" refer to the provision of short-stay accommodation for visitors and other travelers and the provision of complete meals and drinks fit for immediate consumption. The amount and type of supplementary services provided within this section can vary widely. Excluded are the provision of long-term accommodation as primary residences, preparation of food or drinks that are either not fit for immediate consumption or that are sold through independent distribution channels, i.e. through wholesale and retail trade activities.
- (38) "Information and Communication" refer to the production and distribution of information and cultural products, the provision of the means to transmit or distribute these products, as well as data or communications, information technology activities and the processing of data and other information service activities.

Publishing includes the acquisition of copyrights to content (information products) and making this content available to the general public by engaging in (or arranging for) the reproduction and distribution of this content in various forms. All the feasible forms of publishing (in print, electronic or audio form, on the internet, as multimedia products such as CD-ROM reference books, etc.) are included this section.

- (39) "Financial and Insurance Activities" refer to financial service activities, including insurance, reinsurance and pension funding and activities to support financial services. Also included are activities of holding assets, such as activities of holding companies and the activities of trusts, funds and similar financial entities.
- (40) "Real Estate Activities" refer to acting as lessors, agents and/or brokers in one or more of the following: selling or buying real estate, renting real estate, providing other estate services such as appraising real estate or acting as real estate escrow agents. Activities in this section may be carried out on own or leased property and may be done on a fee or contract basis. Also included is the building of structures, combined with maintaining ownership or leasing of such structures.
- (41) "Professional, Scientific and Technical Activities" refer to specialized professional, scientific and technical activities. These activities require a high degree of training, and make specialized knowledge and skills available to users. Also included is veterinary activities.
- (42) "Administrative and Support Service Activities" refer to the rental and leasing of tangible and non-financial intangible assets, including a wide array of tangible goods, such as automobiles, computers, consumer goods and industrial machinery and equipment to customers in return for a periodic rental or lease payment. It is subdivided into: (1) renting and leasing of motor vehicles, (2) renting and leasing of personal and household goods, (3) renting and leasing of other machinery, equipment and tangible goods, n. e. c. and (4) leasing of intellectual property products and similar products.
- (43) "Education" refers to education at any level or for any profession, oral or written as well as by radio and television or other means of communication. It includes education by the different institutions in the regular school system at its different levels as well as adult education, literacy programmes, etc. Also included are military schools and academies, prison schools etc. at their respective levels. This section includes public as well as private education. Also includes instruction primarily concerned with sport and recreational activities and education support activities. Education can be provided in rooms, radio, television broadcast, Internet, correspondence or at home.

- (44) "Human Health and Social Work Activities" refer to the provision of health and social work activities, involving a wide range of activities, starting from health care provided by trained medical professionals in hospitals and other facilities, over residential care activities that still involve a degree of health care activities to social work activities without any involvement of health care professionals.
- (45) "Arts, Entertainment and Recreation" refer to a wide range of activities to meet varied cultural, entertainment and recreational interests of the general public, including live performance, operation of museum sites, sports, gambling and recreation activities.
- (46) "Other Service Activities" refer to activities of membership organizations, the repair of computers and personal and household goods and a variety of personal service activities not covered elsewhere in the classification.

**d. Terms defined under the SMED Council
Resolution No. 1, Series of 2003**

- (47) "Assets" refer to all kind of properties, real or personal owned by the establishment and used for the conduct of its business.
- (48) "Micro Establishment" refers to an economic establishment with assets up to P3 Million.
- (49) "Small Enterprise" refers to establishment with assets of more than P3 Million up to P15 Million.
- (50) "Medium Enterprise" refers to establishment with assets of more than P15 Million up to 100 Million.
- (51) "Large Enterprise" refers to establishment with assets of more than P100 Million.

e. Terms defined under DOH A. O. No. 2005 - 0029

- (52) "Level 1 Hospital" refers to an emergency hospital that provides initial clinical cope and management to patients requiring immediate treatment as well as primary care on prevalent diseases in the locality; Clinical services include general medicine, pediatrics, obstetrics and non-surgical gynecology and minor surgery; General administrative service and may provide ancillary services (primary clinical laboratory, first level radiology, pharmacy); Provides nursing care for patients who require minimal category of supervised care for 24 hours or longer;

- (53) "Level 2 Hospital" refers to a non-departmentalized hospital that provides the following: Clinical care and management on the prevalent diseases in the locality; appropriate administrative and ancillary services (secondary clinical laboratory, first level radiology, pharmacy); nursing care provided in the Level 1 Hospital as well as intermediate, moderate and partial category of supervised care for 24 hours or longer. Clinical services include general medicine, pediatrics, obstetrics and gynecology, surgery and anesthesia.
- (54) "Level 3 Hospital" refers to departmentalized hospital that provides the following: clinical care and management on the prevalent diseases in the locality, as well as particular forms of treatment, surgical procedure and intensive care; clinical services provided in Level 2 Hospital as well as specialty clinical care; appropriate administrative and ancillary services (tertiary clinical laboratory, secondary level radiology, pharmacy); nursing care provided in Level 2 Hospital as well as total and intensive skilled care.
- (55) "Level 4 Hospital" refers to teaching and training hospital (with at least one Accredited Residency Training Program for Physicians) that provides the following: clinical care and management on the prevalent diseases in the locality, as well as specialized and sub-specialized forms of treatment, surgical procedure and intensive care; clinical services provided in Level 3 Hospital as well as sub-specialty clinical care; appropriate administrative and ancillary services (tertiary clinical laboratory, third level radiology, pharmacy); nursing care provided in Level 3 Hospital as well as continuous and highly specialized critical care. Included in this category are Birthing Home, Acute Chronic Psychiatric Care Facility and Custodial Psychiatric Care Facility.

**f. Term defined by the National Internal Revenue Code,
Series of 1997**

- (56) "Gross Revenue" refers to total receipt or total sales without any deduction of expenses or cost of sales.

g. Term defined under the NWPC Guidelines No. 02, Series of 2012

- (57) "Two-Tiered Wage System" refers to a pay system consisting of minimum wage (Tier One) and incentive pay based on productivity improvement and gainsharing (Tier Two).
- (58) "Productivity Incentive Pay" refers to bonuses given to workers as a result of increases in productivity.

h. Term defined under R.A. 6938 (Cooperative Code of the Philippines) as amended by R.A. 9520

- (59) "Cooperative" refers to association of persons who voluntarily join together to form a business establishment which they themselves own, control and patronize and which may fall under any of the following types: credit, consumers, producers, marketing, service or multi-purpose and duly registered with the Cooperative Development Authority (CDA).

i. Term defined under R. A. 9178

- (60) "Barangay Micro Business Enterprise (BMBE)" refers to any business entity or enterprise with a Certificate of Authority granted under Republic Act No. 9178.

RULE II – NEW DAILY MINIMUM WAGE RATES

SECTION 1. AMOUNT OF INCREASE IN THE DAILY MINIMUM WAGE

Upon the effectivity of the Order, the new daily minimum wage rates of workers and employees in the private sector in the Region shall be increased by P5.00 to P8.00 depending on the sector/classification/category based on 2009 Philippine Standard Industrial Classification (PSIC).

The new daily minimum wage rates of workers and employees in the region shall be:

INDUSTRY SECTOR	NEW DAILY MINIMUM WAGE RATES	2009 PSIC GROUP	PRODUCTIVITY INCENTIVE PAY *
A. Administrative and Support Services	253.00	771-774; 781-783; 791; 799; 801-803; 811-813; 821-823; 829	
B. Agriculture, Forestry and Fishing - Commercial Fishing		031	
C. Arts, Entertainment and Recreation		900	
D. Construction		410-439	
E. Education		851-856	

INDUSTRY SECTOR	NEW DAILY MINIMUM WAGE RATES	2009 PSIC GROUP	PRODUCTIVITY INCENTIVE PAY *
F. Electricity, Gas, Steam and Air-Conditioning Supply	253.00	351-353	
G. Financial and Insurance Activities		641-663	
H. Human Health and Social Work Activities - Level 4 Hospitals		861-889	
I. Information and Communication		581-592; 601-620; 631-639	
J. Manufacturing - Medium/Large		101-110;120-131;139;141-144;151-152;161-162;170;181-182;191;199;201-203;210;221;231;239;241-243;251-252;259;261-268;271-275;279;281-282;291-293;301-304;309-310;321-325;329;331-332	
K. Mining and Quarrying		051-052;061-062;071-072;081-089;091-099	
L. Other Service Activities - Large and Medium		941-942;949;951-952;961-964;969	
M. Professional, Scientific and Technical Services		691-692;701-702;711-712;722-723;731-732;741-742;749-750	
N. Real Estate Activities		681-682	
O. Transport and Storage		491-494;501-502;511-512;521-522;531-532	
P. Water Supply, Sewage, Waste Water Management and Remediation Activities - Medium and Large		360;370;381-383;390	
Q. Wholesale and Retail Trade, Repair of Motor Vehicles and Motorcycle - Wholesale, Large and Medium		451-454;461-466;469;471-472;474-479	

INDUSTRY SECTOR	NEW DAILY MINIMUM WAGE RATES	2009 PSIC GROUP	PRODUCTIVITY INCENTIVE PAY *
R. Human Health and Social Work Activities - Level 3 Hospitals	244.00	861-889	
S. Accommodation and Food Service Activities - Small/Medium/Large	233.00	551;559;561-563	
T. Agriculture, Forestry and Fishing - Plantation		011 – 015, 017, 021 – 024	
U. Financial and Insurance Activities - Cooperative - Micro		641 -663	
V. Human Health and Social Work Activities - Levels 1&2 Hospitals and Clinics		861 -889	
W. Manufacturing - Small		101-110;120-131;139;141-144;151-152;161-162;170;181-182;191;199; 201-203; 210;221;231;239;241-243; 251-252;259;261-268;271-275;279;281-282;291-293; 301-304; 309-310; 321-325; 329;331-332	
X. Other Services Activities - Small		941-942;949;951-952;961-964;969	
Y. Water Supply, Sewage, Waste Water Management and Remediation Activities - Small		360;370;381-383;390	

INDUSTRY SECTOR	NEW DAILY MINIMUM WAGE RATES	2009 PSIC GROUP	PRODUCTIVITY INCENTIVE PAY *
Z. Wholesale and Retail Trade, Repair of Motor Vehicles and Motorcycle - Small	205.00	451-454;461-466;469;471-472;474-479	
AA. Accommodation and Food Service Activities - Micro		551;559;561-563	
BB. Agriculture, Forestry and Fishing - Small Municipal Fishing - Micro - Non-Plantation		031 – 032 011 – 015, 017, 021 – 024	
CC. Manufacturing - Micro		101-110;120-131;139;141-144;151-152;161-162 170;181-182;191;199;201-203;210;221;231;239;241-243;251-252;259;261-268;271-275;279;281-282;291-293;301-304;309-310;321-325;329;331-332	
DD. Other Service Activities - Micro		941-942;949;951-952;961-964;969	
EE. Water Supply, Sewage, Waste Water Management and Remediation Activities - Micro		360;370;381-383;390	
FF. Wholesale and Retail Trade, Repair of Motor Vehicles and Motorcycle - Micro		451-454;461-466;469;471-472;474-479	

*To be determined by the Productivity Incentive Committee

SECTION 2. COVERAGE

All private sector workers and employees receiving the minimum wage rates in the Region are covered by the provisions of the Order irrespective of their position, designation or status of employment and regardless of the method by which their wages are paid.

Excluded in the Order are household or domestic helpers; persons employed in the personal service of another including family drivers; and workers and employees of registered Barangay Micro Business enterprises (BMBE) with Certificates of Authority pursuant to Republic Act 9178.

SECTION 3. BASIS OF MINIMUM WAGE

The minimum wage rates prescribed under the Order shall be for the normal working hours which shall not exceed eight (8) hours work per day.

SECTION 4. IMPLEMENTATION OF TIER ONE

Upon implementation of the Order, the levels of floor wages in the Region is set at Two Hundred Five Pesos (P205.00), Two Hundred Thirty Three Pesos (P233.00), Two Hundred Forty Four (P244.00) and Two Hundred Fifty Three Pesos (P253.00); respectively depending on the sector/classification enumerated under Section 1 of the Order.

SECTION 5. IMPLEMENTATION OF TIER TWO

Upon effectivity of the Order and on a voluntary basis, employers who recognize and value the contribution of their workers and employees may provide productivity and incentive-based pay to them based on some indicators like business performance, labor productivity, work behavior, competitiveness of establishments among others.

The Board shall issue an Advisory based on the results of studies and recommendations from industry players or stakeholders particularly on the range of productivity incentives which they may apply in their respective work places.

SECTION 6. CREATION AND COMPOSITION OF A COMMITTEE

In the implementation of the Tier Two, employers shall organize Productivity Incentive Committee (PIC) in their respective establishments. The PIC, with equal representation from labor and management, shall establish the criteria and mechanism in determining productivity measures including a recommendation on a range of productivity incentives. In the event, however, that they have an existing committee with similar composition and/or function, they may opt to have this committee perform the functions related to Tier Two.

SECTION 7. TAX INCENTIVES

As provided for under Republic Act No. 6971, any business enterprise which adopts a productivity incentives program, duly and mutually agreed upon by parties of the Productivity Incentive Committee, shall be granted a special deduction from gross income equivalent to fifty percent (50%) of the total productivity bonuses given to employees under the program over and above the total allowable ordinary and necessary business deductions for said bonuses under the National Internal Revenue Code, as amended.

Grants for manpower training and special studies given to rank-and-file employees pursuant to a program prepared by the PIC for the development of skills identified as necessary by the appropriate government agencies shall also entitle the business enterprise to a special deduction from gross income equivalent to fifty percent (50%) of the total grants over and above the allowable ordinary and necessary business deductions for said grants, also under the National Internal Revenue Code as amended.

SECTION 8. MINIMUM WAGE RATES APPLICABLE TO BUSINESS ESTABLISHMENTS WITH MULTIPLE BUSINESS ACTIVITIES:

The minimum wage rates applicable to business establishments performing multiple business activities not separately registered with any appropriate government agency shall be determined in accordance with their dominant business activity based on their gross revenue.

SECTION 9. SUGGESTED FORMULA IN DETERMINING THE EQUIVALENT MONTHLY REGIONAL MINIMUM WAGE RATES:

Consistent with Proclamation No. 84, series of 2010 and without prejudice to existing company practices, agreements or policies, the following formula may be used as guides in determining the equivalent monthly regional minimum wage rates:

- a. For those who are required to work everyday including Sundays or rest days, special days and regular holidays:

$$\begin{array}{l} \text{Equivalent} \\ \text{Monthly} \\ \text{Rate (EMR)} \end{array} = \frac{\text{Applicable daily wage rate (ADR) x 393.50 days}}{12}$$

Where 393.50 days =

298.0	days	-	ordinary working days
24.0	days	-	12 regular holidays x 200%
67.6	days	-	52 rest days x 130%
3.9	days	-	3 special days x 130%
393.50	days	-	Total number of days/year

- b. For those who do not work but considered paid on rest days, special days and regular holidays:

$$\text{EMR} = \frac{\text{ADR} \times 365 \text{ days}}{12}$$

Where 365 days =

298 days	-	ordinary working days
52 days	-	Sundays/rest days
12 days	-	regular holidays
3 days	-	special days
<hr/>		
365 days	-	Total number of days/year

- c. For those who do not work and are not considered paid on Sundays or rest days:

$$\text{EMR} = \frac{\text{ADR} \times 313 \text{ days}}{12}$$

Where 313 days =

298 days	-	ordinary working days
12 days	-	regular holidays
3 days	-	special days
313 days	-	Total number of days/year

- d. For those who do not work and are not considered paid on Saturdays and Sundays or rest days:

$$\text{EMR} = \frac{\text{ADR} \times 261 \text{ days}}{12}$$

Where 261 days =

246 days	-	Ordinary working days
12 days	-	regular holidays
3 days	-	special days
261 days	-	Total number of days/year

SECTION 10. APPLICATION TO PRIVATE EDUCATIONAL INSTITUTIONS

In the case of private educational institutions, the share of covered workers and employees in the tuition fee increases for School Year 2012-2013 shall be considered as compliance to the Order. However, payment of any shortfall in compliance with the Order shall be given starting School Year 2013-2014.

Private Educational Institutions which have not increased their tuition fees for School Year 2012-2013 may defer compliance with the provisions of the Order until School Year 2013-2014.

In any case, all Private Educational Institutions shall implement the Order starting School Year 2013-2014..

SECTION 11. WORKERS/EMPLOYEES PAID BY RESULTS

All workers/employees paid by results, including those who are paid on piecework, *takay*, *pakyaw*, or task basis, shall receive not less than the adjusted amount prescribed by the Order for the normal working hours which may not exceed eight (8) hours per day or a proportion thereof for working less than eight (8) hours.

The adjusted minimum wage rates for workers/employees paid by results shall be computed in accordance with the following steps:

$$(1) \frac{\text{Amount of increase in AMW}^*}{\text{Previous AMW}} \times 100 = \% \text{ increase};$$

*Where AMW is the applicable minimum wage rate.

$$(2) \text{ Existing rate/piece} \times \% \text{ increase} = \text{Increase in rate/piece};$$

$$(3) \text{ Existing rate/piece} + \text{Increase in rate/piece} = \text{Adjusted rate/piece}.$$

The wage rates of workers/employees who are paid by results shall continue to be established in accordance with Article 101 of the Labor Code, as amended and its implementing regulations.

SECTION 12. WAGES OF SPECIAL GROUPS OF WORKERS/EMPLOYEES

Persons employed under Apprenticeship or Learnership Agreement shall be entitled to not less than Seventy Five Percent (75%) of the new minimum wage rate under the Order.

All learnership and apprenticeship agreements entered into before the effectivity of the Order shall be automatically modified insofar as their wage clauses are concerned to reflect the new prescribed wage rates.

All qualified handicapped workers shall receive the full amount of increase in the Order pursuant to RA 7277.

SECTION 13. APPLICATION TO CONTRACTORS

In the case of contracts for construction projects and for security, janitorial and similar services, the prescribed increases shall be borne by the principals or clients of the construction/service contractors and the contracts shall be deemed amended accordingly. In the event, however, that the principals or clients fail to pay the prescribed increase, the construction/service contractors shall be jointly and severally liable with his principal or client.

SECTION 14. MOBILE AND BRANCH WORKERS/EMPLOYEES

The minimum wage rates of workers and employees, who by the nature of their work have to travel, shall be those applicable in the domicile or head office of the employer.

The minimum wage rates of workers and employees working in branches or agencies of establishments within or outside the region shall be those applicable in the place where they are stationed.

SECTION 15. TRANSFER OF WORKERS AND EMPLOYEES

The transfer of workers and employees from one region to another shall not diminish the wage rates being enjoyed by them prior to such transfer. The workers and employees transferred to other regions with higher wage rates shall be entitled to the minimum wage rate applicable therein.

SECTION 16. APPEAL TO THE COMMISSION

Any party aggrieved by the Order may file a verified appeal with the Commission through the Board, within ten (10) calendar days from the publication of the Order. The Commission shall decide the appeal within sixty (60) calendar days from the date of filing. The appeal shall be accompanied by a memorandum of appeal which shall state the grounds relied upon and the arguments in support of the appeal.

SECTION 17. EFFECT OF APPEAL

The filing of the appeal does not operate to stay the Order unless the party appealing such Order shall file with the Commission an undertaking with a surety or sureties satisfactory to the Commission for payment of the corresponding increase for covered workers and employees in the event the Order is affirmed.

RULE III - EXEMPTIONS

SECTION 1. WHO MAY BE EXEMPTED

Distressed establishments, retail/service establishments employing not more than ten (10) workers and establishments adversely affected by natural calamities may be exempted from compliance with the Order upon application with and as determined by the Board in accordance with NWPC Guidelines No. 02, Series of 2007 as amended.

SECTION 2. CRITERIA FOR EXEMPTION

The following criteria shall be used to determine whether the applicant-establishment is qualified for exemption:

A. Distressed Establishments:

1. For Corporations/Cooperatives

a. Full Exemption

- a.1 When the deficit as of the last full accounting period immediately preceding the effectivity of the Order amounts to 20% or more of the paid-up capital for the same period; or
- a.2 When an establishment registers capital deficiency, i.e., negative stockholders equity as of the last full accounting period immediately preceding the effectivity of the Order.

b. Partial Exemption

- b.1 When the deficit as of the last full accounting period immediately preceding the effectivity of the Order amounts to at least 10% but less than 20% of the paid-up capital for the same period.

c. Conditional Exemption

- c.1 When the actual net loss as of the interim period immediately preceding the effectivity of the Order amounts to at least 25% of total assets.

2. For Single Proprietorships/Partnerships

a. Full Exemption

- a.1 When the accumulated net losses for the last two (2) full accounting periods immediately preceding the effectivity of the Order amounts to 20% of the total invested capital at the beginning of the period under review; or

a.2 When an establishment registers capital deficiency i.e., negative net worth as of the last full accounting period immediately preceding the effectivity of the Order.

b. Partial Exemption

b.1 When the accumulated net losses for the last two (2) full accounting periods immediately preceding the effectivity of the Order amounts to at least 10% but less than 20% of the total invested capital at the beginning of the period under review.

c. Conditional Exemption

c.1 When the actual net loss as of the interim period immediately preceding the effectivity of the Order amounts to at least 25% of total assets.

3. For Non-Stock Non-Profit Organizations

a. Full Exemption

a.1 When the accumulated net losses for the last two (2) full accounting periods immediately preceding the effectivity of the Order amounts to 20% or more of the fund balance/members' contribution at the beginning of the period; or

a.2 When an establishment registers capital deficiency i.e., negative fund balance/members' contribution as of the full accounting period or interim period, if any, immediately preceding the effectivity of the Order.

b. Partial Exemption

b.1 When the accumulated net losses for the last two (2) full accounting periods immediately preceding the effectivity of the Order amounts to at least 10% but less than 20% of the fund balance/members' contribution at the beginning of the period.

c. Conditional Exemption

c.1 When the actual net loss as of the interim period immediately preceding the effectivity of the Order amounts to at least 25% of total assets.

4. For Banks and Quasi – banks

a. Under receivership/liquidation

Exemption may be granted to a bank or quasi – bank under receivership or liquidation when there is a certification from the Bangko Sentral ng Pilipinas (BSP) that it is under receivership or liquidation as provided in Section 30 of RA 7653, otherwise known as the New Central Bank Act.

b. Under controllership/conservatorship

A bank or quasi-bank under controllership/conservatorship may apply for exemption as a distressed establishment under Section 3A of the New Rules for Exemption.

5. Establishments Under Corporate Rehabilitation

Exemption may be granted to corporations, partnerships and associations under corporate rehabilitation when there is an order from a court of competent jurisdiction that it is under rehabilitation as provided in Section 6, Rule IV of the Interim Rules of Procedure on Corporate Rehabilitation (2000), as amended by Section 7, Rule III of the Rules of Procedure on Corporate Rehabilitation.

B. Retail/Service Establishments Regularly Employing Not more than Ten (10) Workers

Exemption may be granted to a retail/service establishment when:

1. It is engaged in the retail sale of goods and/or services to end users for personal or household use.
2. It is regularly employing not more than ten (10) workers regardless of status, except the owner/s, for at least six (6) months in any calendar year.

C. Establishments Adversely Affected by Natural Calamities:

1. The establishment must be located in an area declared by a competent authority as under a state of calamity.
2. The natural calamities, such as earthquakes, lahar flow, typhoons, volcanic eruptions, fire, floods and similar occurrences, must have occurred within 6 months prior to the effectivity of the Order.

3. Losses suffered by the establishment as a result of the calamity that exceed the insurance coverage should amount to 20% or more of the stockholders' equity as of the last full accounting period in the case of corporations and cooperatives, total invested capital in the case of partnerships and single proprietorship and fund balance/members' contribution in the case of non-stock non-profit organizations.

Only losses or damage to properties directly resulting from the calamity and not incurred as a result of normal business operations shall be considered.

4. Where necessary, the Board or its duly-authorized representative shall conduct an ocular inspection of the establishment or engage the service of experts to validate the extent of damages suffered.

SECTION 3. DOCUMENTS REQUIRED TO SUPPORT THE APPLICATION FOR EXEMPTION:

The following supporting documents shall be submitted together with the application:

FOR ALL APPLICANT ESTABLISHMENTS:

Proof of notice of filing of the application to the President of the Union/contracting party if one is organized in the establishment, or if there is no union, a copy of a circular giving general notice of the filing of the application to all workers in the establishment. The proof of notice, which may be translated in the vernacular, shall state that the workers' representative was furnished a copy of the application with all the supporting documents. The notice shall be posted in a conspicuous place in the establishment.

A. For Distressed Establishments:

1. For corporations, cooperatives, single proprietorship, partnership, non-stock, non-profit organizations:
 - a. Full or Partial Exemption
 - a.1 Audited financial statements (together with the Auditor's opinion and the notes thereto) for the last two (2) full accounting periods preceding the effectivity of the Order filed with and stamped "received" by the appropriate government agency.

b. Conditional Exemption

b.1 Audited financial statement (together with the Auditor's opinion and the notes thereto) for the last full accounting period and interim quarterly financial statement/s for the period immediately preceding the effectivity of the Order.

b.2 To confirm the grant of conditional exemption, audited financial statements for the last full accounting period, stamped received by the appropriate government agency, to be submitted within 30 days from the lapse of the one-year exemption period.

2. For Banks and Quasi-banks:

Certification from Bangko Sentral ng Pilipinas that the establishment is under receivership/liquidation.

3. For Establishments Under Corporate Rehabilitation:

Order from a court of competent jurisdiction that the establishment is under rehabilitation.

B. For Retail/Service establishments Employing Not More Than Ten (10) Workers:

1. Affidavit from employer stating the following:

- a. It is a retail/service establishment.
- b. It is regularly employing not more than ten (10) workers for at least six months in any calendar year.

2. Business Permit for the current year from the appropriate government agency.

C. For Establishments Adversely Affected by Natural calamities

1. Affidavit from the General Manager or Chief Executive Officer of the establishment regarding the following:

- a. Date and type of calamity
- b. Amount of losses/damages suffered as a direct result of the calamity
- c. List of properties damaged/lost together with estimated valuation
- d. For properties that are not insured, a statement that the same are not covered by insurance.

2. Copies of insurance policy contracts covering the properties damaged, if any.
3. Adjuster's report for insured properties.
4. Audited financial statements for the last full accounting period preceding the effectivity of the Order stamped received by the appropriate government agency.

The Board may further require the submission of other supporting documents pertinent to the determination of applicant's eligibility for exemption.

SECTION 4. PROCEDURES ON EXEMPTION

A. Filing an Application

An application under oath in three (3) legible copies may be filed with the Board or with the Regional, District or Provincial Offices of the Department not later than *seventy five (75) days* from publication of this Rules by the owner/manager or duly authorized representative of an establishment, in person or by registered mail.

The date of mailing shall be deemed as the date of filing.

B. For Filing of Opposition

Any worker/employee or, if unionized, the union in the applicant establishment, may file with the Board within fifteen (15) days from receipt of the notice of filing of the application, an opposition to the application for exemption stating the reasons why the same should not be approved, furnishing the applicant a copy thereof. The opposition shall be in three (3) legible copies, under oath and accompanied by pertinent documents, if any.

C. For Filing of Motion for Reconsideration

The aggrieved party may file with the Board a motion for reconsideration of the decision on the application for exemption within ten (10) days from its receipt and shall state the particular grounds upon which the motion is based, copy furnished the other party and the DOLE Regional Office No. 1.

No second motion for reconsideration shall be entertained in any case. The decision of the Board shall be final and executory unless appealed to the Commission.

For Filing of Appeal to the Commission:

1. Appeal - Any party aggrieved by the decision of the Board may file an appeal to the Commission, through the Board, in two (2) legible copies, not later than ten (10) days from date of receipt of the decision.

The appeal, with proof of service to the other party, shall be accompanied with a memorandum of appeal which shall state the date appellant received the decision, the grounds relied upon and the arguments in support thereof.

The appeal shall not be deemed perfected if it is filed with any office or entity other than the Board.

2. Grounds for Appeal - An appeal may be filed on the following grounds:
 - a. Non-conformity with the prescribed guidelines and/or procedures on exemption;
 - b. Prima facie evidence of grave abuse of discretion on the part of the Board; or
 - c. Questions of law.
3. Opposition - The appellee may file with the Board his reply or opposition to the appeal within ten (10) days from receipt of the appeal. Failure of the appellee to file his reply or opposition shall be construed as waiver on his part to file the same.

SECTION 5. EXTENT AND DURATION OF EXEMPTION

A full exemption of one (1) year shall be granted to all establishments that meet the applicable criteria for exemption, in accordance with the provisions of Section 2, Rule III of this Rules.

However, partial exemption of 50% with respect to the amount or period of exemption shall be granted only in the case of distressed establishments.

SECTION 6. EFFECT OF FILING OF APPLICATION FOR EXEMPTION

Whenever an application for exemption has been duly filed with the Board, the Regional Office of the Department shall be notified and any complaint for alleged non-compliance with the Order shall be deferred pending resolution of the application for exemption.

**SECTION 7. APPLICATION FOR PROJECT/
BRANCHES/DIVISIONS**

Where the exemption being sought is for a particular project/branch/division not separately registered and licensed, the consolidated audited financial statements of the establishment shall be used as basis for determining its distressed condition.

SECTION 8. DISTRESSED PRINCIPAL

Exemption granted to a distressed principal shall not extend to its contractor in case of contract(s) for construction, security, janitorial and/or similar services with respect to the employees of the latter assigned to the former.

**SECTION 9. EFFECT OF DISAPPROVED APPLICATION
FOR EXEMPTION:**

In the event that the application for exemption is not approved, covered workers shall be paid the mandated wage increase as provided for under the Order retroactive to the date of effectivity of the Order plus simple interest of one percent (1%) per month.

RULE IV - CREDITABLE INCREASE

**SECTION 1. ESTABLISHMENTS WITH COLLECTIVE
BARGAINING AGREEMENTS**

If expressly provided and agreed upon in the collective bargaining agreements, wage increases granted by employers three (3) months prior to the effectivity of the Order shall be credited as compliance.

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**SECTION 2. ESTABLISHMENTS WITHOUT COLLECTIVE
BARGAINING AGREEMENTS**

Wage increases granted by employers without collective bargaining agreements six (6) months prior to the effectivity of the Order shall also be credited as compliance therewith.

SECTION 3. WHERE CREDITABLE INCREASE IS LESS THAN THE PRESCRIBED INCREASE

In cases where the wage increases granted are less than the prescribed increases in the Order, the employer shall pay the difference. Such increases shall not include anniversary wage increases provided in collective bargaining agreements, merit wage increases and those resulting from the regularization or promotion of workers/employees.

RULE V - SPECIAL PROVISIONS

SECTION 1. EFFECT ON EXISTING WAGE STRUCTURE

Should any dispute arise as a result of wage distortion, the employer and the union shall negotiate to correct the distortion through the grievance procedure under their Collective Bargaining Agreement, and if it remains unresolved, through voluntary arbitration. Unless otherwise agreed by the parties in writing, such dispute shall be decided by the voluntary arbitrator or panel of voluntary arbitrators within ten (10) calendar days from the time said dispute was referred for voluntary arbitration.

In cases where there are no Collective Bargaining Agreements or recognized labor unions, the employers and workers/employees shall endeavor to correct such distortions. Any dispute arising therefrom shall be settled through the National Conciliation and Mediation Board (NCMB) and if it remains unresolved after ten (10) calendar days of conciliation, the same be referred to the appropriate branch of the National Labor Relations Commission (NLRC). The NLRC shall conduct continuous hearings and decide the dispute within twenty (20) calendar days from the time said dispute is submitted for compulsory arbitration.

The pendency of a dispute arising from a wage distortion shall not in any way delay the applicability of any wage adjustment prescribed by the Wage Order. (See attached Annex "A")

SECTION 2. COMPLAINTS FOR NON-COMPLIANCE

Complaints for non-compliance with the wage increase prescribed under the Order shall be filed with the Department of Labor and Employment - Regional Office No. I and shall be the subject of enforcement proceedings under Articles 128 and 129 of the Labor Code, as amended.

SECTION 3. NON-DIMINUTION OF BENEFITS

Nothing in the Order and in this Rules shall be construed as authorizing the reduction of any existing wage rates, allowances and benefits of any form under existing laws, decrees, issuances, executive orders, and/or under any contract or agreement between workers and employers or employer practices and policies.

SECTION 4. FREEDOM TO BARGAIN

The Order shall not be construed to prevent workers/employees in particular firms or enterprises of industries from bargaining for higher wages and flexible working arrangements with their respective employers.

SECTION 5. REPORTING REQUIREMENT

Any person, company, corporation, partnership or any entity engaged in business shall submit annually a verified itemized listing of their labor component to the Board not later than January 31, 2013 and every year thereafter in accordance with Section 3 of RA 6727 in relation to Art. 124 of the Labor Code as amended, and the form as prescribed by the Commission.

SECTION 6. PROHIBITION AGAINST INJUNCTION.

No preliminary or permanent injunction or temporary restraining order may be issued by any court, tribunal or other entity against any proceedings before the Board.

SECTION 7. PENAL PROVISION

Any person, corporation, trust, firm, partnership, association or entity which refuses or fails to pay the prescribed wage rate under the Order shall be punished by a fine not less than Twenty Five Thousand Pesos (P25,000) nor more than One Hundred Thousand Pesos (P100,000) or imprisonment of not less than two (2) years nor more than four (4) years or both such fine and imprisonment at the discretion of the court pursuant to the provision of Section 12 of R. A. 6727, as amended by R. A. 8188.

If the violation is committed by a corporation, trust or firm, partnership, association or any other entity, the penalty of imprisonment shall be imposed upon the entity's responsible officers, including but not limited to the president, vice-president, chief executive officer, general manager, managing director or partner.

SECTION 8. SEPARABILITY CLAUSE

If any provision or part of the Order and this Rules, or the application thereof to any person or circumstance is held invalid or unconstitutional, the remainder of the Order and this Rules or the application of such provision or part thereof to other persons or circumstances shall not be affected thereby.

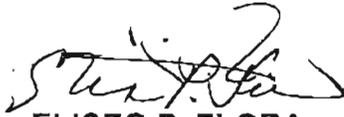
SECTION 9. EFFECTS ON OTHER ISSUANCES

The provisions of existing orders, issuances, rules and regulations not otherwise repealed, modified or inconsistent with the Order and this Rules shall continue to have full force and effect.

SECTION 10. EFFECTIVITY

This Rules shall take effect on _____.

Approved this 21st day of June 2012 in the City of San Fernando, La Union.



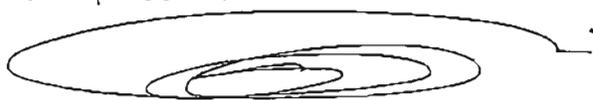
ELISEO P. FLORA

Member, Workers' Representative



JERRY V. PARLAN

Member, Employers' Representative



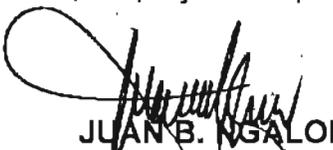
SALVADOR R. POSERIO

Member, Employers' Representative



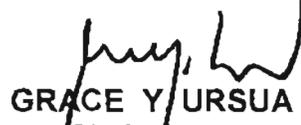
FLORANTE O. LEAL

Vice-Chairperson
and
Regional Director, DTI



JUAN B. NGALOB

Vice-Chairperson
and
Regional Director, NEDA



GRACE Y. URSUA

Chairperson
and
Regional Director, DOLE

Attested by:



NATHANIEL L. PINEDA

OIC - Board Secretary VI

Approved this 16th day of July, 2012.



ROSALINDA DIMAPILIS-BALDOZ
Secretary
Department of Labor and Employment

Dept. of Labor & Employment
Office of the Secretary



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