

VOLUNTARY CODE OF GOOD PRACTICES IN THE RUBBER INDUSTRY OF ZAMBOANGA SIBUGAY

INTRODUCTION:

Rubber is a key commercial crop of Zamboanga Peninsula (ZamPen) Region, specifically in the Province of Zamboanga Sibugay. The Province is in fact being touted as the "rubber capital" considering its share in the rubber production of the Region (81% of the total Western Mindanao Production, source: WPRIDP-2000). ZamPen is the largest and a major key player in rubber production, contributing about 59% of the country's total production. Identified as potential areas for rubber is about 128,940 hectares but only 44,503 hectares are utilized.

The economic importance of rubber cannot be underestimated. Several sectors benefit from the rubber industry. In ZamPen, rubber ranks 3rd to coconut and banana in terms of volume of production but second to coconut in terms of estimated areas planted. However, it is the highest, in terms of family income by crop. This is so because rubber has been flourishing since the last five (5) years when the market prices of rubber lumps increased from as low as P7.50/kg in year 2001 to as high as Php75/kg sometime between the periods 2010-2011.

In Zamboanga Sibugay, rubber is the oldest industry as plantation development programs in the Province started in 1919 by the Goodyear Tire and Rubber Company. At present, rubber plantations in Agrarian Reform Communities are placed at 3, 514 hectares. Small rubber farmers on the other hand have developed the farm areas totaling 20,592 hectares (DA and DTI data) spread in 13 rubber-producing municipalities of the Province.

The rubber industry of Zamboanga Sibugay has a total employment more or less of 8,879 distributed as follows:

- | | | |
|----|---------------------------------|---------|
| a. | In rubber farms and plantations | : 8,036 |
| b. | In trading activities | : 632 |
| c. | In milling | : 211 |

More than 35,000 families are directly or indirectly dependent on this industry and more than 80% of these families consist of farmers holding small farms with 5 hectares or less.

The constant soaring of prices of CRUDE OIL raised costs for the production of synthetic rubber, which makes up for 59% of the world's rubber requirements. Thus increasing demands in NATURAL RUBBER which makes up 41% of the world's rubber

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DEPARTMENT OF LABOR AND EMPLOYMENT
REGISTRATION SECTION
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2010 Sibugay

requirements. The world consumption of natural rubber is projected to continue to rise up to 2020 with supply lagging behind demand. According to industry estimates there will be a 3 million MT shortage in natural rubber supply by 2020. To meet the demand, 3 to 4 M. hectares of rubber plantations will have to be developed by 2020.

This prospect has led to the expansion of rubber farms which in turn increase employment in the industry and improved the economy of the province. Despite the big potential and strong promise of this industry, it is still confronted with various concerns and problems. For this industry to fully realize its potential and promise three areas of concern; the institutional, agricultural and marketing aspect must be addressed and acted upon.

Several efforts from different line agencies and LGUs to develop the industry are already on the way. On the part of the Department of Labor and Employment, efforts were already made since 2009 for a convergence program towards a comprehensive rubber development in Zamboanga Sibugay. Series of activities were already conducted for this purpose. As a result, one significant event was undertaken, the creation of the Industry Tripartite Council for the Rubber Industry in November 2011 wherein a covenant was signed among key players re-affirming their support and commitment to advance the 22-point Labor and Employment Reform Agenda of the Aquino Administration, expressing preferences for social dialogue and strengthening multi-partite co-operation and consultation in protecting the welfare and interest of the workers while at the same time promoting the culture of productivity, competitiveness, industrial peace and voluntary compliance with labor laws.

RATIONALE:

The formation of the Industry Tripartite Council for Rubber (ITCR) is a crucial move for the Industry stakeholders and key players to push forward to a more developed and competitive Sibugay Rubber Industry.

Putting these into action the Voluntary Code of Good Practices is drafted as an alternative approach to address concerns and needs of labor and management in the Rubber Industry while at the same time maintaining productivity and competitiveness.

In essence, the Voluntary Code of Good Practices allows for setting benchmarks for labor and management for behaviour and conduct in ways that will benefit both themselves and the community. It is in this context that the Voluntary Code of Good Practices came into being.

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DECLARATIONS:

We, the members and stakeholders of the Industry Tripartite Council for the Rubber in Zamboanga Sibugay, hereby bind ourselves faithfully to the agreements stipulated in this Voluntary Code, and hereby declare our unwavering support to the advancement of the companies, the cooperatives, the farmers and of the workers.

We further signify our commitment to the following undertakings to ensure that all stakeholders will equitably take advantage of the fruits of the Rubber Industry in Zamboanga Sibugay.

I. CONDITIONS OF WORK

A. GENERAL LABOR STANDARDS

We shall abide by the applicable laws pursuant to the Labor Code of the Philippines as amended and its implementing rules and regulations.

- 1.1. We shall promote a culture of compliance with basic labor standards among key players in the industry;
 - 1.1.a. A massive community-based campaign on Labor Education and Productivity shall be conducted to the members of small rubber associations in coordination with their Education Committees;
- 1.2. We encourage and respect the rights of working men and women and provide equal opportunities to working youth, differently-abled persons and indigenous people;
- 1.3. We commit to perform our obligations under the Social Security System, PAG-IBIG and Phil Health to enable our employees to fully enjoy their benefits in the event of contingency;
 - 1.3.a. In order for small rubber farmers to provide social protection to their workers, the employer shall set aside a certain amount for the social protection coverage from the gross income of the monthly sales of produce;
- 1.4. Without prejudice to our exercise of well-established management prerogatives in the running of the enterprise including the power to discipline and sever the employment relationship, we shall apply the law and jurisprudence on substantive and procedural due process;
- 1.5. We shall collaborate and network with the Family Welfare Federation of Zamboanga Peninsula Region to benchmark and learn good practices on

Family Welfare Program as mandated by Department Order 56-03, to benefit our employees and their families;

1.6. We shall to the fullest extent, refrain from retrenching or laying-off people during times of economic downturn and energy crisis, and shall apply job preservation measures, such as job rotation, compressed workweek and other flexible work arrangements. Affected establishments shall immediately report related incidents/conditions to DOLE for appropriate assistance;

1.7. We shall not engage the services of a child labor. In cases where working parents offer their minor children to work for an employer, management shall advise the latter to bring the child to the DOLE for appropriate service.

1.8.a. The Technical Working Group shall coordinate closely with DepEd and PTAs of schools to conduct community based campaign on the prevention of child labor.

B. OCCUPATIONAL SAFETY AND HEALTH

The Rubber Industry stakeholders shall ensure protection and well-being of every working man and woman against work-related injury, sickness or death through a just and humane working condition.

Pursuant to this commitment, we shall recognize occupational safety and health as a critical factor in workers' productivity and firm competitiveness, and for this purpose, we shall:

1.1. We shall abide with the provisions of Anti- Sexual Harassment Act (RA 7877), Philippine AIDS Prevention and Control Act (RA 8504), Comprehensive Dangerous Drugs Act of 2002 (RA 9165) with Department Order 53-03 Guidelines in the Implementation of Drug Free Workplace Policies and Programs for the Private Sector, and other appropriate national policies and its continuing advocacy to all employees and management;

2.1. Formulate an occupational health and safety policy and program to address all safety and health concerns in workplaces and worksites in the industry, in accordance with the Occupational Safety and Health Standards (OSHS) and other related OSH issuances;

2.2. Organize safety and health committees in our respective companies, and encourage the training and accreditation of safety practitioners and advocates among our workforce;

2.3. Constructively engage the Department of Labor and Employment, the Occupational Safety and Health Centre, and other safety organizations to implement occupational safety and health programs;

2.3.a In order to advance the implementation of OSH in the rubber industry, a massive community based campaign/orientation on OSH shall be conducted in cooperatives, milling companies, small farmer groups and other related worksites;

2.3.b All OSH trainings shall be coordinated with the Education Committee of each organization to ensure proper scheduling;

* required safety officer/estab

2.4. Personal Protective Equipment (PPE) shall be implemented pursuant to the provisions of Rule 1080. All PPE shall be of the approved design and construction appropriate for the risk exposure and the work to be performed;

2.4.a Technical Visits and on-site validation shall be conducted to evaluate implementation and wearing of PPE

2.5. Always bear in mind that the culture of Occupational Safety and Health shall be upheld and organized as a basic component of productivity. DOLE and the ZamPen OSHNet shall give full assistance to ensure safe and healthful working conditions through a comprehensive education campaign on OSH.

2.5.a The management without prejudice to the exercise of its prerogatives shall discipline malingering workers using sickness as an excuse to avoid work and responsibilities;

2.6. OSH signage and other OSH promotional materials/posters shall be visible in the work premises. DOLE shall ensure availability of these materials for reproduction by the companies;

2.7. We commit to provide reasonable working conditions to make the workplace safe and healthy which includes provision of comfort rooms and enough supply of potable water.

II. HUMAN RESOURCE DEVELOPMENT

As part of the industry's commitment to the development of its human resources, each cooperative/establishment/rubber farmers' group shall be encouraged to formulate a human resource development plan that shall build and enhance the capabilities of the workers. Our specific initiatives and interventions:

1.1. We shall develop personal and organizational skills, knowledge, and abilities of the Rubber Industry workers such as opportunities to employees' training, career development, performance management and development, coaching,

mentoring, succession planning, awards and recognition, productivity and quality improvement, benchmark visits and other organization development initiatives;

1.1.a. The education committee of each cooperative, company and farmer's association shall formulate a 3-year Human Resource Development Plan for the development of human capital;

1.1.b. The DOLE, CDA, DAR, DTI, DOST, TESDA and PCO through the *University on the Road* Program shall facilitate training and assist the Education Committees in the formulation of a 3-year Human Resource Development Plan;

1.1.c. The DOST shall provide technology assistance for improved productivity of rubber products;

1.2. We shall provide opportunities to our workers and collaborate with TESDA in coordination with accredited TESDA assessors for their skills competency certification, as such increasing their level of professionalism and employability; (

1.2.a. Provide skills training to qualified rubber worker trainee candidates in rubber production and rubber processing related qualifications in TESDA-registered TVET institutions, subject to the availability of funds.

1.2.b. Administer competency assessment to rubber workers and trainers.

1.2.c. Provide Assessors Training and Training on Trainers Methodology for the sector's assessors and trainers.

1.2.d. Award National certificate or Certificate of Competency and national Trainers Certificate to the trainees and trainers who will pass the competency assessment.

1.2.e. Facilitate the conduct of entrepreneurial management skills training to qualified rubber workers in collaboration with the partners.

1.3. We shall actively collaborate with government and non-government agencies in the implementation of training programs to improve the capability of the workforce;

1.4. We shall register vacancies in the Phil-Jobnet to give access to new graduates and out-of-school youth the opportunities to work in the Rubber Industry. The DOLE shall orient personnel of each cooperative and milling on the Phil-Jobnet;

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- 1.5. We shall involve ourselves actively in programs aimed at making the labor market more efficient.
- 1.6. We shall observe and promote Gender and Development Programs and provide equal opportunities to both men and women in terms of promotion, training and career development of workers;
- 1.7. We commit to the application of good agricultural practices to enhance sustainability and productivity of the plantations and product quality. Along this line we shall discipline our ranks to ensure quality of our produce for better economic returns;
- 1.8. We commit to pursue aggressively quality advocacy the industry's end products starting at the farm level
- 1.9. We shall make accessible to worker-leaders a flexible, non-institutional leadership, management and skills development training programs, to promote a culture of excellence and strengthen our organizations.

III. LABOR - MANAGEMENT COOPERATION

This is a mechanism by which the terms and conditions of employment are negotiated, and shall be enforced in accordance with the agreement of employers and employees on how rights and duties are exercised, and how workplace relationship is enhanced.

- 1.1 We shall organize and strengthen labor and management council of each cooperative to constantly be on the lookout for emerging good practices in labor management relations, human resource development, occupational safety and health, and other fields related to labor relations and basic labor standards, and study them for possible application in the rubber industry.
- 1.2 We shall promote the principle of shared responsibility between workers and employers and the preferential use of voluntary modes of settling issues and concerns to foster industrial peace at the workplace.
- 1.3 We shall observe due process relative to termination of employment on the ground of just and authorized causes pursuant to Book VI of the Labor Code.
- 1.4 The Education Committees shall orient and educate workers on company policy relative to administrative processes in disciplinary actions.
- 1.5 We view Labor Management Cooperation as essential to the success of our business enterprises and shall cooperate with the Department of Labor and Employment (DOLE) and its attached agencies in the introduction of the

concept and practice of Labor Management Cooperation to unorganized establishments in the rubber industry

- 1.6 We consider the labor education program of the Department of Labor and Employment, National Conciliation and Mediation Board and the Regional Tripartite Wages and Productivity Board and other government agencies as a vital tool for effective labor-management relations
- 1.7 We shall promote the organization of volunteer labor educators from the Industry Tripartite Council for Rubber(ITCR);

IV. CORPORATE SOCIAL RESPONSIBILITY

- 1.1. We are committed to apply our corporate social responsibility to benefit the communities around plantations and mills and other areas near our worksites needing our assistance.
- 1.2. We shall promote the adoption of social partnership models, not limited to 'Kapatiran System' (Big brother and Small brother concept) or 'Bayanihan System', wherein, the big brother and small brother become social and economic partners in the enforcement of labor standards while nurturing mutual growth and development of the industry.
- 1.3. We shall promote and practice transparency in our transactions between and among ourselves and with national and local governments, without prejudice to the protection of trade and industry secrets, and to resist anomalous and corrupt transactions.
- 1.4. We shall commission the ITC to mediate complaints of workers;
- 1.5. For unresolved complaints, we shall submit to the appropriate agencies for conciliation-mediation thru the use of Single Entry Approach (SEnA);
- 1.6. We shall promote the creation of green jobs in our industry that contribute substantially to the preservation or restoration of environmental quality by:
- 1.6.1. Engaging our employees and their families, suppliers, or immediate communities in a campaign to conserve and efficiently use energy, materials and water consumption at the workplace, in our communities and in our individual homes;

1.7. We support every initiative that creates decent and productive jobs for the unemployed and the vulnerable sectors of our society.

V. SPECIAL PROVISIONS

- 1.1. Any amendments to this Code shall require the vote of 2/3 of the total members of the Industry Tripartite Council for Rubber.
- 1.2. We shall monitor the implementation of Code and meet regularly once every quarter to trace issues and concerns relative to the implementation and compliance of the Code.
- 1.3. We shall encourage our contractors and sub-contractors to abide by the provisions as stipulated in Department Order No.18-A (contracting/subcontracting arrangement) and other related labor laws and issuances.
- 1.4. A Technical Working Group (TWG) would be organized to conduct regular monitoring and updating on the industry specific issues, concerns and practices. This Code shall take effect immediately upon approval of the duly recognized members of both industries in partnership with other stakeholders (DOLE RCC Family, ZAMPEN OSHNET, other related government agencies and non-government organizations). (See attached Monitoring Form).

In pursuance of the above, we, the members and stakeholders of the Industry Tripartite Council for the Rubber Industry in Zamboanga Sibugay, recognizing the strategic role of the industry in national development and in advancing the country's competitiveness in the global marketplace, recognizing the imperative of sustainable economic development through tripartism, social partnership and dialogue, acting on our responsibility as employers, rubber growers, workers and government have, after due deliberation, agreed to the following terms and conditions of the aforementioned Voluntary Code of Good Practices of the Rubber Industry in Zamboanga Sibugay.



In witness whereof, we have hereunto affixed our signatures this 16th day of December 2013 at Ipil, Zamboanga Sibugay, Philippines.


AGRARIAN REFORM BENEFICIARIES COOPERATIVES


NELSON T. DADAN
Chairman, ARBEMCO


DIOSDADO LARATO
Worker, ARBEMCO

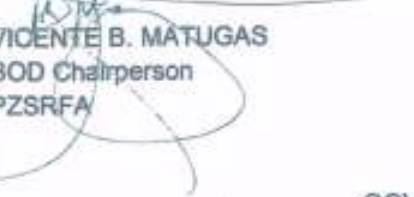

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NOEL PANTARIA
Member, FAARMCO


ROBERTO LUAB
Member, FAARMCO


NOLY LAGURA
Member, FAARMCO


SMALL RUBBER FARMERS
ORGANIZATION REPRESENTATIVE

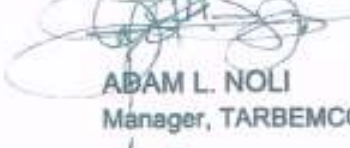

VICENTE B. MATUGAS
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TEODORO SABANAL
Chairman, GARBEMCO


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ROMEL C. CONA
Worker, SARBEMCO



ADAM L. NOLI
Manager, TARBEMCO

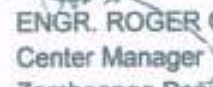

HECTOR N. IGOT
Chairperson, FAARMCO


RUBBER PROCESSORS REPRESENTATIVE

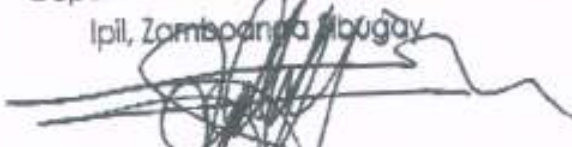

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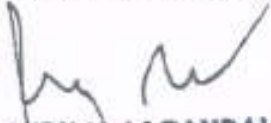

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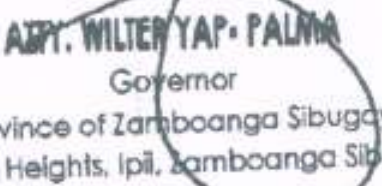

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Witnessed by:

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Department of Labor and Employment