

Republic of the Philippines
Department of Labor and Employment
National Wages and Productivity Commission
REGIONAL TRIPARTITE WAGES AND PRODUCTIVITY BOARD
Cordillera Administrative Region
Baguio City

WAGE ORDER NO. RB-CAR-19

**PRESCRIBING THE NEW MINIMUM WAGE RATES
OF PRIVATE SECTOR WORKERS IN THE
CORDILLERA ADMINISTRATIVE REGION**

WHEREAS, R.A. No. 6727, otherwise known as the Wage Rationalization Act, empowers the Regional Tripartite Wages and Productivity Boards to determine and fix minimum wage rates applicable in the regions and to issue the corresponding Wage Orders subject to the guidelines issued by the National Wages and Productivity Commission, particularly NWPC Guidelines No. 01, Series of 2007, as amended by NWPC Guidelines No. 02 Series of 2012;

WHEREAS, in consonance with the aforementioned guidelines for the implementation of RA 6727, the Regional Tripartite Wages and Productivity Board – Cordillera Administrative Region (hereinafter referred to as the Board) adheres to policy requirements of the Two-Tiered Wage System (TTWS) in the exercise of its minimum wage fixing authority, consistent with the policy of the government to provide safety measures for lowly paid workers, attain a higher level of productivity in the work area, increase employment and augment the income of workers through incentives, without necessarily impairing the growth of business and interest of employers;

WHEREAS, in the absence of any petition for a wage adjustment filed, the Board in its meeting on February 23, 2018, resolved to *motu proprio* initiate a wage review of the required socio-economic data and indicators obtaining in the region as key information sources in determining if a new wage order shall be issued to adjust the minimum wage rates of private sector workers in the region;

WHEREAS, after publication of notice of public hearing in Baguio Midland Courier on June 10, 2018 and due notice to concerned stakeholders, the Board conducted public consultations on June 26, 2018 in Bangued, Province of Abra; June 27, 2018 in Tabuk City for the clustered Provinces of Kalinga and Apayao; July 3, 2018 in Lagawe for the clustered Provinces of Ifugao and Mountain Province; and a public hearing on July 4, 2018 in Baguio City, to determine the propriety of issuing a new wage order;

WHEREAS, during the scheduled public consultations and hearing, sectoral workshop for participants was carried out to elicit their respective positions focused on the issue of wage adjustments in the existing minimum wage levels;

WHEREAS, based on the results derived from the consultations and hearing conducted, the Board determined that there is a need to increase the prevailing minimum wage rates without impairing the viability of existing business and industry;

WHEREAS, in adjusting the First Tier or the regional minimum wage rates through this new wage order, the Board primarily takes into account Section 3a of NWPC Guidelines No. 2 Series of 2012 which provides that the same shall be set higher than the Poverty Threshold, along with the Standards/Criteria for Minimum Wage Fixing under Rule II Section 2 of NWPC Guidelines No. 1 Series of 2007, the impact of the socio-economic indicators in the region, the principle of wage simplification, and other policy directives;

NOW THEREFORE, by virtue of the power and authority vested under Republic Act No. 6727, the Board, hereby issues this Wage Order.

Section 1. COVERAGE

This Wage Order shall apply to all minimum wage earners in the private sector in the Cordillera Administrative Region regardless of their position, designation or status and irrespective of the method their wages are paid.

The following are not covered:

- a) Persons employed in the personal service of another;
- b) Domestic workers by virtue of R.A. 10361, otherwise known as the Batas Kasambahay; and
- c) Workers in the registered Barangay Micro Business Enterprises with Certificate of Authority pursuant to R.A. 9178, otherwise known as "Barangay Micro Business Enterprises (BMBE) Act of 2002".

Section 2. NEW MINIMUM WAGE RATES

Upon effectivity of this wage order, the COLA under Wage Order No. RB-CAR-18 is integrated into the increased basic wage rates, and the new rates shall be as follows:

Sector/Industry	NEW DAILY BASIC MINIMUM WAGE RATES								
	Baguio City & La Trinidad			Tabuk City , Bangued, Bontoc, Banaue, Lagawe, Bauko, Sagada, Buguias, Itogon, Mankayan, Tuba, & Tublay			Other Areas in the Region		
	Under WO No. RB-CAR-18	Wage Increase	New Minimum Wage	Under WO No. RB-CAR-18	Wage Increase	New Minimum Wage	Under WO No. RB-CAR-18	Wage Increase	New Minimum Wage
All Industries / Sectors employing 11 or more	₱300.00	₱20.00	₱320.00	₱290.00	₱25.00	₱315.00	₱280.00	₱20.00	₱300.00
All Industries/Sectors employing 10 or less	₱285.00	₱25.00	₱310.00	₱280.00	₱25.00	₱305.00	₱270.00	₱30.00	₱300.00

Section 3. BASIS OF MINIMUM WAGE

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

Section 4. NON-DIMINUTION OF BENEFITS

Nothing in this Wage Order shall be construed to reduce or eliminate 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 and employers or employer practices or policies being enjoyed by the workers prior to the issuance of this Order.

Section 5. PRODUCTIVITY AND OTHER PERFORMANCE INCENTIVE PROGRAMS

In order to sustain rising levels of wages and enhance competitiveness, labor and management, as partners, are encouraged to adopt productivity improvement schemes that will improve the quality of life of workers and in turn enable them to produce more and earn more, such as time and motion studies, good housekeeping, quality circles, labor and management cooperation as well as implement gainsharing and other performance incentives programs.

Pursuant to the Two-Tiered Wage System, Wage Advisory No. 01, Series of 2013 and Wage Advisory No. 02, Series of 2014 have been issued to guide private establishments in the formulation, adoption, and implementation of productivity programs and performance and productivity-based incentive schemes that an enterprise may provide based on agreement between workers and management.

Section 6. CREDITABLE PRODUCTIVITY BASED PAY

For establishments identified as priority industries and already granting Productivity Based Pay or its equivalent to their workers, this may be credited as compliance to the Second Tier. Merit increases, anniversary increases or wage increases resulting from the regularization or promotion of the employees per company policy or as provided by law are not credited as compliance to the Second Tier.

Section 7. APPLICATION TO PRIVATE EDUCATIONAL INSTITUTIONS

In the case of private educational institutions, the share of covered workers and employees in the increase in tuition fees for School Year 2018-2019 shall be considered as compliance with the wage rates prescribed herein. Where the share of the workers and employees is less than what is provided herein, the employer shall pay the difference starting school Year 2019-2020.

Private educational institutions that have not increased their tuition fees for the School Year 2018-2019 may defer compliance with the wage rates prescribed herein until the beginning of School Year 2019-2020.

In any case, all private educational institutions shall implement the wage rates prescribed herein starting School Year 2018-2019.

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Section 8. 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 9. WORKERS PAID BY RESULTS.

All workers paid by results, including those who are paid on piecework, "takay", "pakyaw", or task basis, shall be entitled to receive the prescribed wage rates per eight (8) hours work a day, or a proportion thereof for working less than eight (8) hours.

Section 10. APPRENTICES AND LEARNERS

Persons employed under recognized apprenticeship or learnership agreement shall be entitled to not less than Seventy Five Percent (75%) of the applicable minimum wage rates prescribed in this Order.

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

Section 11. MOBILE AND BRANCH WORKERS

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

In the case of workers working in branches or agencies of establishments in or outside the Region shall be those applicable in the place where they are stationed.

Section 12. EXEMPTION

Applications for exemption from compliance with this Order shall not be allowed. However, in case of a calamity, the Board may accept applications for exemption for establishments adversely affected by calamities such as natural or human-induced disasters, pursuant to NWPC Guidelines No. 02, Series of 2007 as amended by NWPC Resolution 01, Series of 2014.

Section 13. TRANSFER OF PERSONNEL

The transfer of personnel from one province or region to another shall not be a valid reason for the reduction of the wage rate being enjoyed by the worker prior to the transfer.

Section 14. APPEAL TO THE COMMISSION

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

Section 15. 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 increases for covered employees in the event this Order is affirmed.

Section 16. EFFECTS ON EXISTING WAGE STRUCTURE

Where the application of the wage rates prescribed in this Order results in distortions in the wage structure within an establishment, the same shall be corrected in accordance with the procedure provided for under Art. 124 of the Labor Code, as amended.

Section 17. 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-Cordillera Administrative Region (DOLE-CAR) having jurisdiction over the workplace and shall be subjected to the mandatory thirty (30) day conciliation and mediation process under the Single Entry Approach (SEnA). However, if settlement fails, the case becomes subject of enforcement proceedings under Article 128 and 129 of the Labor Code, as amended.

Section 18. PENAL PROVISION

Any person, corporation, trust, firm, partnership, association or entity which refuses or fails to pay any of the prescribed increases or adjustments in this Order, shall be subject to the penalties provided under Sec. 12 of R.A. 6727, as amended by RA 8188.

Section 19. PROHIBITION AGAINST INJUNCTION

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

Section 20. FREEDOM TO BARGAIN

This Order shall not be construed to prevent workers from bargaining for higher wages with their respective employers.

Section 21. REPORTING REQUIREMENT

Any person, company, corporation, partnership or any entity engaged in business shall submit a verified report on their wage structure to the Board not later than January 31, 2019 and every year thereafter, in accordance with the form prescribed by the Commission.

Section 22. REPEALING CLAUSE

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

Section 23. IMPLEMENTING RULES

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

Section 24. SEPARABILITY CLAUSE

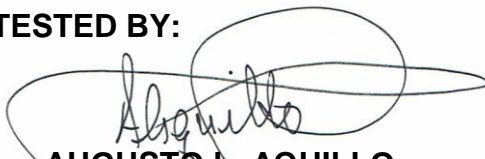
If, for any reason, a section or provision of this Order is declared unconstitutional or illegal, the other provisions or parts shall remain valid.

Section 25. EFFECTIVITY


This Order shall take effect fifteen (15) days after its publication in at least one (1) local newspaper of general circulation in the Region.

UNANIMOUSLY APPROVED on July 20, 2018, in Baguio City, Philippines.


ATTESTED BY:



AUGUSTO L. AQUILLO
Board Secretary VI


APPROVED BY:

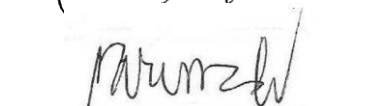

MILTON L. BALAGTEY
Workers' Representative


ALFONSO T. LAO
Employers' Representative


RENERIO C. LARDIZABAL, JR.
Workers' Representative


JUAN JOHNNY R. DE LA CRUZ
Employers' Representative


MYRNA P. PABLO
Vice-Chairperson


MILAGROS A. RIMANDO
Vice-Chairperson


EXEQUIEL RONIE A. GUZMAN
Chairperson

RULES AND REGULATIONS IMPLEMENTING WAGE ORDER NO. RB-CAR-19

Pursuant to Section 6, Rule IV of the NWPC Revised Rules of Procedure on Minimum Wage Fixing, series of 2007, and Section 23 of Wage Order No. RB-CAR-19, the following Rules are hereby issued for guidance and compliance by all concerned in the Cordillera Administrative Region.

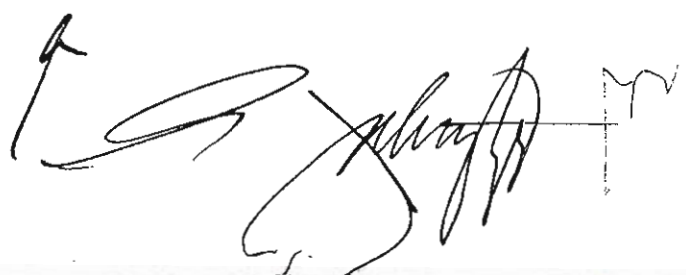
RULE I

GENERAL PROVISIONS

Section 1. Title. These Rules shall be known as the "The Rules Implementing Wage Order RB-CAR-19".

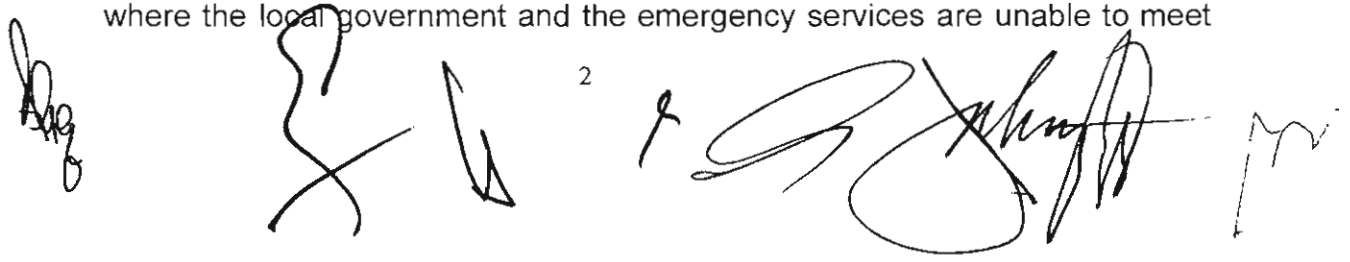
Section 2. Definition of Terms as used in these Rules.

- a. **Order** - refers to Wage Order No. RB-CAR-19;
- b. **Commission or NWPC** - refers to the National Wages and Productivity Commission;
- c. **Board** - refers to the Regional Tripartite Wages and Productivity Board of the Cordillera Administrative Region;
- d. **DOLE-CAR** - Refers to the regional Office of the Department of Labor and Employment, Cordillera Administrative Region;
- e. **Micro Enterprises** - refer to enterprises with ten (10) or less employees AND with capitalization of not more than Three Million pesos (Php. 3,000,000.00).
- f. **Minimum Wage** - refers to the lowest wage rates that an employer is obliged to pay his workers as fixed by the Board which may consist of the basic wage only or the sum of the basic wage and COLA;
- g. **Basic Wage** - refers to all remunerations or earnings paid by an employer to a worker for services rendered on normal working days and hours but does not include cost of living allowance, profit sharing payments, premium payments, 13th month pay and other monetary benefits which are not considered as part of or integrated into the regular salary of the worker on the date the wage became effective;
- h. **Wage Distortion** – refers to 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 employees groups in an establishment as to effectively obliterate the distinctions embodied in such wage structure based on the skills, length of service, or other logical basis of differentiation.
- i. **Productivity-Based Incentive Scheme**- refers to the Second Tier or additional income given to workers as incentives derived from successful implementation of productivity programs through any gain-sharing scheme designed by the employer or by virtue of any agreement with his workers;



- j. **Poverty Threshold** – refers to the minimum income or expenditure required for a family or individual to meet the basic food and non-food requirements.
- k. **Cordillera Administrative Region (CAR)** - covers the Provinces of Mountain Province, Abra, Benguet, Ifugao, Kalinga and Apayao and the Cities of Baguio and Tabuk;
- l. **Two-Tiered Wage System (TTWS)** - refers to a two-pronged regional wage structure comprising of the First Tier which is mandatory for implementation, and the Second Tier which is voluntary and is designed to allow employers and their workers agree on how to improve the existing terms and conditions of employment including levels of incentives based on labor productivity and business performance;
- m. **Advisory 01, Series of 2013** - refers to the set of guidelines issued by the Board for the proper implementation of the Second Tier of Wage Order No. RB-CAR-19;
- n. **Advisory 02, Series of 2014** - refers to the set of guidelines issued by the Board for the proper implementation of the Second Tier of Wage Order No. RB-CAR-19;
- o. **RA 6971** - refers to the Productivity Incentives Act of 1990 which encourages companies to adopt productivity-based incentive and gain-sharing schemes for their workers due to good business performance or labor productivity;
- p. **Resolution No. 01-2014** - refers to a Resolution by the National Wages and Productivity Commission amending NWPC Guidelines No. 02, series of 2007, mandating all Wage Orders issued by the Boards to include natural calamities and human-induced disasters as grounds for filing application for exemption;
- q. **RA 8188** – an Act increasing the penalty and imposing double indemnity for violation of the prescribed wage increases in the wage rates amending for the purpose Section 12 of Republic Act numbered sixty-seven hundred twenty-seven (RA 6727), otherwise known as the Wages Rationalization Act of 1989;
- r. **State of Calamity** - refers to a condition involving mass casualty and/or major damages to property, disruption of means of livelihoods, roads and normal way of life of people in the affected areas as a result of the occurrence of natural or human-induced hazard, as defined by RA 10121, "Philippine Disaster Risk Reduction and Management Act of 2010;
- s. **Hazard** - a dangerous phenomenon, substance, human activity or condition that may cause loss of life, injury or other health impacts, property damage, loss of livelihood or services, social and economic disruption, or environmental damage; any potential threat to public safety and/or public health; any phenomenon which has the potential to cause disruption or damage to people, their property, their services or their environment, i.e., their communities. The four classes of hazards are natural, technological, biological and societal hazards;
- t. **Disaster** - a serious disruption of the functioning of a community or a society involving widespread human, material, economic or environmental losses and impacts, which exceeds the ability of the affected community or society to cope using its own resources; an actual threat to public health and safety where the local government and the emergency services are unable to meet

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immediate needs of the community; an event in which the local emergency management measures are insufficient to cope with a hazard, whether due to lack of time, capacity or resources, resulting in unacceptable levels of damage or number of casualties;

RULE II

WAGE ADJUSTMENTS

Section 1. Coverage

Covered private sector workers and employees receiving the minimum wage in the Cordillera Administrative Region regardless of their position, designation or status and irrespective of the method their wages are paid are covered by the Wage Order.

Not covered are persons employed in the personal service of another, domestic workers by virtue of R.A. 10361, otherwise known as the Batas Kasambahay and workers in the registered Barangay Micro Business Enterprises with Certificate of Authority pursuant to R.A. 9178, otherwise known as "Barangay Micro Business Enterprises (BMBE) Act of 2002".

Section 2. The Minimum Wage Levels

Upon effectivity of the Wage Order, the COLA under Wage Order No. RB-CAR-18 is integrated into the increased basic wage rates, and the new rates shall be as follows:

Sector/Industry	NEW DAILY BASIC MINIMUM WAGE RATES								
	Baguio City & La Trinidad			Tabuk City, Bangued, Bontoc, Banaue, Lagawe, Bauko, Sagada, Buguias, Itogon, Mankayan, Tuba, & Tublay			Other Areas in the Region		
	Under WO No. RB-CAR-18	Wage Increase	New Minimum Wage	Under WO No. RB-CAR-18	Wage Increase	New Minimum Wage	Under WO No. RB-CAR-18	Wage Increase	New Minimum Wage
All Industries / Sectors employing 11 or more	₱300.00	₱20.00	₱320.00	₱290.00	₱25.00	₱315.00	₱280.00	₱20.00	₱300.00
All Industries/Sectors employing 10 or less	₱285.00	₱25.00	₱310.00	₱280.00	₱25.00	₱305.00	₱270.00	₱30.00	₱300.00

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 a day.

Section 4. Implementation of Second Tier

The Second Tier or the Productivity Based Pay shall continue to be implemented following the guidelines provided by Advisory No. 01, series of 2013 and Advisory No. 02, series of 2014 and other board advisories that may be subsequently issued.

But nothing shall prevent other industries or companies outside the identified priority industries from having their own initiative or desire to adopt and implement the Second Tier in their workplaces.

Section 5. Creditable Productivity Based Pay

For establishments identified as priority industries and already granting Productivity Based Pay or its equivalent to their workers, the same may be credited as compliance to the Second Tier. Merit increases, anniversary increases or wage increases resulting from the regularization or promotion of the employees per company policy or as provided by law are not credited as compliance to the Second Tier.

Section 6. Suggested Formula in Determining the Equivalent Monthly Regional Minimum Wage Rates

Without prejudice to existing company practices, agreements or policies more beneficial to workers, the following suggested formula maybe used as guides in determining the Equivalent Monthly Rate of workers:

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

$$\text{Equivalent Monthly Rate (EMR)} = \frac{\text{Applicable Daily Rate (ADR)} \times 393.5 \text{ days}}{12 \text{ Months}}$$

Where 393.5 days/year	=	298.0 - ordinary working days	
		24.0 - regular holidays	
		67.6 - 52 rest days x 130%	
		3.9 - 3 special days x 130%	
		393.5	Total no. of days/year

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

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

Where 365 days/year	=	298 - ordinary working days	
		52 - Sundays/rest days	
		12 - regular holidays	
		3 - special days	
		365	Total no. of days/year

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

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

Where 313 days / year	=	298 - ordinary working days	
		12 - regular holidays	
		3 - special days	
		313	Total no. of days/year

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

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

$$\begin{array}{rcl} \text{Where 261 days/year} & = & 246 - \text{ordinary working days} \\ & & 12 - \text{regular holidays} \\ & & \underline{3 - \text{special days}} \\ & & \mathbf{261 \text{ Total no. of days/year}} \end{array}$$

Section 7. Application to Private Educational Institutions

In the case of private educational institutions, the share of covered workers and employees in the increase in tuition fees for School Year 2018-2019 shall be considered as compliance with the wage rates prescribed herein. Where the share of the workers and employees is less than what is provided herein, the employer shall pay the difference starting school Year 2019-2020.

Private educational institutions that have not increased their tuition fees for the School Year 2018-2019 may defer compliance with the wage rates prescribed herein until the beginning of School Year 2019-2020.

In any case, all private educational institutions shall implement the wage rates prescribed herein starting School Year 2019-2020.

Section 8. Application to Contractors

In the case of contracts for construction projects and for security, janitorial and other similar services, the prescribed increase shall be borne by the principals or clients of the construction/service contractors and the contract 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 9. Workers Paid by Results

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

The increases for the workers paid by results shall be computed in accordance with the formula provided hereunder.

$$1. \frac{\text{Amount of Increase in AMW}}{\text{Previous AMW}} \times 100 \% = \% \text{ increase}$$

2. Existing rate/piece x % increase = increase in rate/piece;
 3. Existing rate/piece + increase in rate/piece = adjusted rate per piece.

*where: **AMW** is Applicable Minimum Wage Rate

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- b. In order to ensure payment of fair and reasonable wage rates, the same shall be determined through time and motion studies or in consultation with representatives of workers and employer's organizations;

Section 10. *Wages of Special Groups of Workers*

Apprentices or learners shall receive not less than Seventy Five Percent (75%) of the new minimum wage prescribed in the Order.

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

All qualified handicapped workers shall receive the full amount of increases pursuant to RA 7277.

Section 11. *Mobile and Branch Workers*

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

Section 12. *Transfer of Personnel*

The transfer of personnel from one province or region to another shall not be a valid ground for the reduction of the wage rate being enjoyed by the worker prior to the transfer. Workers transferred to other Regions with higher wage rates shall be entitled to the minimum wage rate applicable therein.

R U L E I I I

EXEMPTIONS

Section 1. *Exemption from Compliance with the Wage Order*

Applications for exemption from compliance with the Order shall not be allowed except in cases of establishments adversely affected by calamities such as natural and/or human induced disasters pursuant to Section 2 of NWPC Resolution 01, Series of 2014.

Section 2. *Criteria for Exemption*

The following criteria shall be used to determine whether an applicant establishment adversely affected by calamity is qualified for exemption:

1. The establishment must be located in an area declared by a competent authority as under a state of calamity;
2. The calamity must have occurred within 6 months prior to the effectivity of this Order. However, if based on the assessment by a competent authority, the damage to properties is at least 50% and the period of recovery will exceed one (1) year, the 6-month period may be extended to one (1) year;

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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 partnership and single proprietorships 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 services of experts to validate the extent of damages suffered.

Section 3. Documents Required

Application for exemption must be accompanied by the following documents:

1. 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 the 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.
2. Affidavit from the owner/manager or duly authorized representative 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.
3. Copies of insurance policy contracts covering the properties damaged, if any.
4. Adjuster's report for insured properties.
5. Audited financial statements for the last full accounting period preceding the effectivity of the Order stamped received by the appropriate government agency. In case of severe damage to properties caused by the calamity, a certification by the Barangay and pictures of the damaged property/ties may be submitted in lieu of the audited financial statements.
6. Applicant's certification that a general assembly to explain to its employees its intent to file an application for exemption, has been conducted prior to the filing of the application and an undertaking to conduct another general assembly informing its employees of the decision of the Board on its application.

The Board may require the submission of other pertinent documents to support the application for exemption.

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Section 4. *Procedures on Exemption*

A. For Filing of Application

1. An application, in three (3) legible copies may be filed with the Board 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.

Applications for exemption filed with the DOLE regional, district or provincial offices are considered filed with the appropriate Regional Board in the region.

2. The Board may accept applications for exemption on the basis of the effects of the occurrence of the calamity provided that the applicants shall comply with the documentary requirements provided under Rule III, Section 3, of this IRR.
3. The application shall be under oath and accompanied by complete supporting documents as enumerated under Rule III, Section 3 of this IRR.

B. For Filing of Opposition

Any worker or, if unionized, the union in the applicant establishment, may file with the appropriate Board within fifteen (15) days from receipt of the notice of the 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 - CAR.

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.

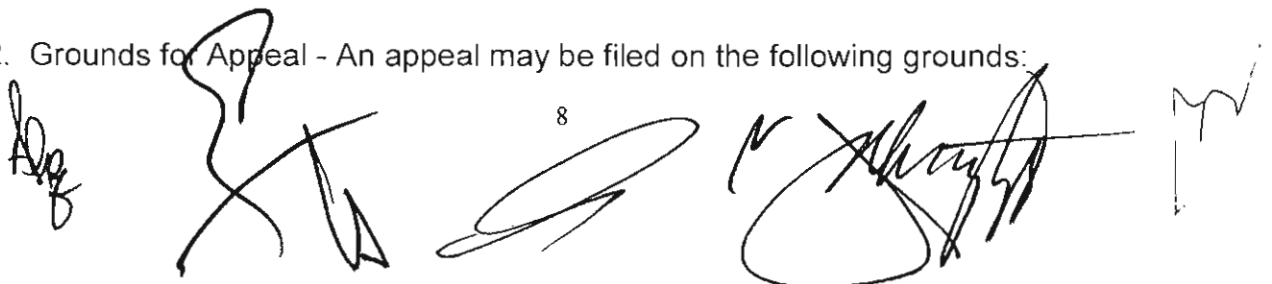
D. For Filing of Appeal to the Commission

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 the 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:

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- 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.
4. Transmittal of records - Within five (5) days upon receipt of the reply or opposition of the appellee or after the expiration of the period to file the same, the entire records of the case which shall be consecutively numbered, shall be transmitted by the Board to the Commission.

Section 5. *Extent and Duration of Exemption*

A full exemption of one (1) year from effectivity of the Order shall be granted to applicants that meet the applicable aforementioned criteria.

Section 6. *Action on Application for Exemption*

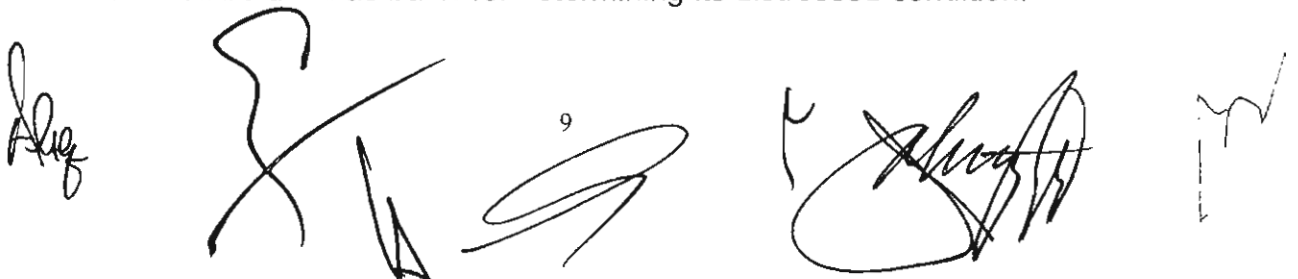
Upon receipt of an application with complete documents, the Board shall take the following steps:

- a. Notify the DOLE Regional Office of the pendency of the application requesting that action on any complaint for non-compliance with the Order be deferred pending resolution of the application by the Board.
- b. Request the DOLE Regional Office to conduct ocular inspection, if necessary, of establishments applying for exemption to verify number of workers, nature of business and other relevant information.
- c. Act and decide on the application for exemption with complete documents, as much as practicable, within 45 days from the date of filing. In case of contested application, the Board may conduct conciliation or call hearings thereon.
- d. Transmit the decision of the Board to the applicant establishment, the workers or president of the union, if any, and the Commission, for their information; and the DOLE Regional Office, for their implementation/enforcement.

The Board may create a Special Committee with one representative from each sector to expedite processing of applications for exemption.

Section 7. *Application for Projects/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.



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Section 8. Effect of Disapproved Application.

In the event that the application for exemption which has been filed is not granted, covered workers shall be paid the mandated wage increases as provided for under the Order plus an interest of one (1%) percent per month retroactive to the date of effectivity of the Order.

R U L E I V

SPECIAL PROVISIONS

Section 1. Complaints for Non-Compliance

Complaints for non-compliance with the Wage Order shall be filed with the Regional Office of the Department of Labor and Employment-Cordillera Administrative Region (DOLE-CAR) and shall be subjected to the mandatory thirty (30) day conciliation and mediation process under the Single Entry Approach (SEnA). However, if settlement fails, the case becomes subject of enforcement proceedings under Article 128 and 129 of the Labor Code, as amended.

Section 2. Non-Diminution of Benefits

Nothing in the Order shall be construed to reduce or eliminate 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 and employers or employer practices or policies being enjoyed by the workers prior to the issuance of the Order.

Section 3. Effects on Existing Wage Structure

Where effects of the wage increases provided for by the 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 Art. 124 of the Labor Code as amended. The following formula may be used to correct the same.

$$\frac{\text{Previous Minimum Wage (Wage Order RB-CAR-18)}}{\text{Actual Salary}} \times \text{Prescribed Increase} = \text{Amount of wage adjustment due to distortion}$$

Section 4. Penal Provision

Pursuant to the provision of Section 12 of Republic Act No. 6727, as amended by Republic Act No. 8188, any person, corporation, trust, firm, partnership, association or entity which refuses or fails to pay the prescribed increase in the Order shall be punished by a fine not less than Twenty-Five Thousand Pesos (Php.25,000.00) nor more than One Hundred Thousand Pesos (Php.100,000.00) 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; Provided, that any person convicted under the Order shall not be entitled to the benefits provided under the Probation Law.

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The employer concerned shall be ordered to pay an amount equivalent to double the unpaid benefits owing to the employees; Provided, that payment of indemnity shall not absolve the employer from the criminal liability imposable under the aforementioned Act.

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 5. Appeal to the Commission

Any party aggrieved by the Wage 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.

Section 6. Effect of Appeal

The filing of appeal shall not suspend the effectivity of the Wage 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 increases for covered employees, in the event the Order is affirmed.

Section 7. Prohibition Against Injunction

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

Section 8. Freedom to Bargain

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

Section 9. Reporting Requirement

Any person, company, corporation, partnership or any entity engaged in business shall submit a verified itemized listing of their labor component to the Board not later than January 31, 2019, and every year thereafter in accordance with the form prescribed by the Commission.

Section 10. Repealing Clause

All orders, issuances, rules and regulations on wages, or parts thereof inconsistent with the provisions of the Order and these Rules are hereby repealed, amended or modified accordingly.

Section 11. Separability Clause

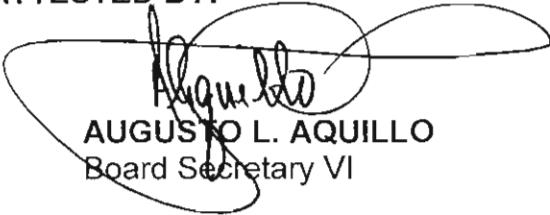
If any provision or part of the Order and this Rules, or the application thereof to any person or circumstance is held invalid or unconstitutional, the remainder of the Order and this Rules or the application of such provision or part thereof to other persons or circumstances shall not be affected thereby.

Section 12. Effectivity

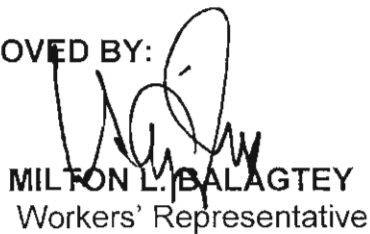
This Implementing Rules and Regulations shall have the same date of effectivity as that of the Wage Order.

Done this 20th day of July 2018, Baguio City, Philippines.

ATTESTED BY:


AUGUSTO L. AQUILLO
Board Secretary VI

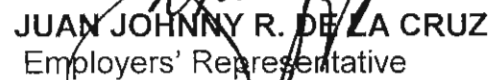
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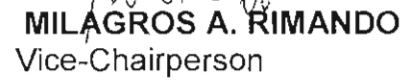

MILTON L. BALAGTEY
Workers' Representative


RENERIO C. LARDIZABAL Jr.
Workers' Representative


MYRNA P. PABLO
Vice-Chairperson



ALFONSO T. LAO
Employers' Representative


JUAN JOHNNY R. DE LA CRUZ
Employers' Representative


MILAGROS A. RIMANDO
Vice-Chairperson


EXEQUIEL RONIE A. GUZMAN
Chairperson

Approved this 25th day of SEPTEMBER 2018, in the City of Manila,
Philippines.


SILVESTRE H. BELLO III
Secretary
Department of Labor and Employment

Dept. of Labor & Employment
Office of the Secretary



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