**A Study on the Working Conditions within the Post-Consumer PET Waste Materials Flow and Recycling Value Chain in the Philippines**

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# Executive Summary

This study inquired into the current state of PET recycling in the Philippines, with a particular focus on the areas of Metro Manila and its neighboring provinces of Cavite and Rizal. It provides a snapshot of the supply chain, the various supply chain actors, and the different categories of workers, and the conditions that characterize workplaces; and explores the potential solutions to improve the situation of the workers in the sector.

It sought to document and analyze the drivers and root causes of the labor conditions of workers in the PET recycling in the Philippines, and to flag other risk sources that impact the vulnerability of workers across the chain.

***Methodology***

The study focused on the PET recycling supply chain and involved collecting data from various sources, including workers, business owners and managers of the different tiers in the recycling supply chain. Representatives of relevant government offices and industry associations were also interviewed. Data collected from primary sources were complemented by desk research and a review of the legal and regulatory framework. A dedicated chapter provides an overview of the legal and regulatory environment governing the PET recycling industry. It explains the different laws, regulations, and standards that apply to PET recycling, and discusses their impact on the industry.

Data from both primary and secondary sources were analyzed using both quantitative and qualitative methods to identify key trends and challenges in the PET recycling industry. Despite the limitations, the methodology allowed for comprehensive and in-depth mapping and analysis of the working conditions in the PET recycling supply chain.

***Highlights / Key Research Findings***

The report found that the recycling industry faces significant challenges in ensuring safe and fair working conditions for its workers. It showed that working conditions in the PET recycling sector are generally poor and characterized by various health and safety hazards, with widespread employment arrangements and practices that exacerbate workers’ vulnerability to a host of human rights issues.

Most workers in the PET recycling sector were employed under precarious arrangements, such as temporary contracts or self-employment. This was especially true for workers in the informal sector such as the collectors and waste pickers, junkshop workers, and garbage collectors, who often lacked any formal employment contracts or legal protections. They also typically worked long hours, with some working up to 14 hours per day, often without adequate breaks or rest periods. Additionally, the wages of workers in the recycling sector were generally low, with many workers earning less than minimum wage. This was especially true for workers in the informal sector, who often earned less than those in the formal sector and lacked access to benefits such as health insurance and pensions.

**Other research findings that are worth highlighting are the following:**

* There were significant differences in the conditions of employment tied to how the workers were recruited and contracted for their jobs, and these conditions were closely linked to the level of formality or informality of the arrangements and the operations they were involved in.
  + The study found that no employment contracts were signed between junk shop owners and workers, which meant that workers could leave at any time they wanted. However, this lack of a formal agreement also meant that the workers had no legal protection or job security and were vulnerable to exploitation or abuse. Without a contract, workers face challenges in asserting their rights or seeking compensation or remediation for any grievances they may have against their employers.
  + Aside from junkshop workers and waste pickers and collectors, other types of workers in the supply chain such as garbage truck drivers and helpers employed by private companies or local governments, MRF workers, or workers in processing facilities, had contracts in place. However, despite this, some workers were still vulnerable to labor abuses, especially when the terms and conditions of their contracts do not comply with labor laws. These workers were found to have inadequate social benefits and low wages (that often did not meet the legal minimum wage), leaving them struggling to make ends meet. Workers who faced this particular challenge were garbage truck drivers and helpers.
* The majority (80%) of the workers interviewed reported working more than 8 hours a day, closer to 10 to 11 hours per day or a total of about 60 to 66 hours per week, including breaks.
  + This risk is particularly evident among junkshop workers and garbage truck drivers and helpers.
  + Junk shop workers follow their junkshops operating schedules. This schedule translates to rendering 10 to 11 hours per day, and about 60 to 66 total hours per week, inclusive of breaks.
  + Junk shop drivers' working hours are difficult to predict and control, as they are heavily influenced by traffic conditions in Metro Manila, as well as potentially long waiting times at recycling facilities. On the other hand, garbage truck drivers and helpers employed by government and private contractors have more defined working hours, but they are also at risk of working excessive hours.
  + There is also a lack of a systematic mechanism to monitor work hours in the aggregation tier, specifically in junkshops.
  + Workers in material recycling facilities and in processing facilities, on the other hand, given the more formal nature of their work, followed a stricter work schedule.
  + Collection workers reported that they need to spend at least 5 to 10 hours daily collecting recyclables in order to make a significant earning.
* Wages in the collection and aggregation tiers of the supply chain tend to be lower, primarily because of the high concentration of informal actors in these processes. The research identified that this was particularly true for certain types of workers, including piece-rate junkshop workers responsible for cleaning PETs and helpers at garbage haulers. The study also found that truck drivers, whether working in junkshops or for garbage hauling companies, were more likely to receive wages that were at or above the minimum wage, whereas their helpers (or "paleros") typically earned below the legal rate.
  + Workers in junkshops in Quezon City, Makati City, and Marikina City were found to receive the highest wages, but still, many don’t meet the minimum wage. Of the 26 junk shops that were visited, only five (5) were found to provide wages that are on a par with or higher than the applicable legal minimum wages rates, which are PhP570.00 (US$9.64) in the National Capital Region and PhP435.00 (US$7.36) in the Cavite province. On the other hand, junkshop workers in the City of Manila receive the lowest daily wage with an average of PhP250.00 (US$4.23) based on the sampled junkshops.
  + PET cleaners earned less than most regular junkshop workers, with an average of PhP3.00 (US$0.05) per kilo of cleaned and sorted PET bottles. To increase their income to at least PhP250.00 (US$4.23) a week, some PET cleaners prefer to have their bottles weighed weekly instead of daily.
* Social welfare benefits were provided to only a few workers in the supply chain.
  + Benefits like paid vacation, sick, and maternity leaves as well as the annual 13th-month pay were provided to recycling facility workers. The employer also paid for workers’ SSS, PhilHealth, and PAG-IBIG funds.
  + Garbage truck haulers employed by both government and private companies were registered to the SSS, PhilHealth, and PAG-IBIG as self-employed (without employers’ counterpart contribution), and their employers merely assisted in filing and paying for these benefits by automatically deducting monthly premiums from their salary.
  + Only one junkshop interviewed, located in Makati City, provided employer contribution for their workers’ SSS, PhilHealth, and PAG-IBIG funds, and pays their workers minimum wage.
* Junk shops tend to assign job roles based on gender, with men workers often assigned to more physically demanding tasks such as lifting heavy recyclable waste and delivery, while female workers are typically assigned to tasks such as sorting and cleaning PETs. Women personnel are also often preferred for cashiering and shop managing.
  + Researchers found that this gender-based assignment of job roles can reinforce stereotypes and lead to unequal treatment and opportunities for workers based on their gender. Furthermore, this practice can result in gender-based wage disparities, such as delivery truck drivers, who are mostly men, receiving higher wages compared to PET cleaners, who are mostly women and receive lower wages.
  + In the province of Cavite, there is a woman-owned and an all-women operated junkshop where the women workers perform tasks typically associated with men, such as driving the delivery truck and lifting or moving heavy materials. This challenges traditional gender roles and stereotypes often present in the junkshop industry.
* During the research interviews and visits, child or young waste pickers were observed to be selling recyclable waste to junkshops. Despite efforts by some junkshops to prohibit such transactions, it was difficult to restrain children and young persons from transacting with them because this provides a means of earning or augmenting their families’ income, especially for those living on the streets. Also, some junk shops were managed by stay-in families who may have children helping out in operations.
* Most junk shop owners leased the space for their business since they could not afford to build their own shops because of the expensive land and material costs. Moreover, small-scale junk shop owners often operate from their homes to minimize operational costs.  These resource-related challenges often faced by junkshops may hinder their ability to provide better wages and benefits, and other social and H&S protections, to their workers, especially without any industry-wide changes or support from their buyers.

It is worth noting, moreover, that in terms of supply chain monitoring, there were limited transparency and traceability mechanisms, and still-undefined accountability among various actors in the PET recycling supply chain. The research team found almost no traces of a process to cascade information on social and labor standards, or any resources and support for lower-tier supply chain actors to understand and implement these standards, from the part of their buyers, all the way to the processing facilities where their products end up in and which form part of a larger, global supply chain.

***Moving Forward: Key Points for Consideration***

The recommendations or key points for consideration presented in this report are developed in response to these complex issues faced by the workers and the different stakeholders in the PET recycling sector.

1. **A strategic, collaborative, and multi-stakeholder approach is necessary.**

Given the complexity and the systemic nature of some of the issues, and the wide gamut of actions that must be taken to address them, there is a need for increased collaboration and coordination among various actors. Solutions may be best approached as a multi-stakeholder effort that takes into account the specific needs and vulnerabilities of the workers, the limited capacity and capabilities of small and informally-organized businesses, the legal and regulatory environment; and the resources, accountability, and responsibility of downstream supply chain actors.

Specifically, **Verité puts forward the following recommendations for consideration of a** **multi-stakeholder initiative:**

* Develop a governance structure for the multi-stakeholder initiative and determine the roles and responsibilities of participating stakeholders;
* Develop a general set of standards on human rights and labor rights in the PET value chain in particular, and recycling sector in general, which is consistent with existing legal and regulatory framework and attuned to the circumstances of the various tiers in the sector; and
* Develop and implement adequate, effective, and sustainable programs and projects in support of and to ensure compliance with the general set of standards across the PET value chain / recycling sector. Incorporate communication and training programs for the PET value chain / recycling sector in general; and monitoring systems, which include risk assessment and management, audits and assessments, and corrective and preventive action management, as well as monitoring for improvement.

1. **Supply chain compliance and monitoring mechanisms should be strengthened.**

Regardless of whether a multistakeholder platform or organization is established, specific steps and actions are offered for consideration by buyers/customers sourcing recycled materials from the Philippines and countries (where the conditions are the same), and processors in the PET value chain. Coca-Cola Beverages Philippines, Inc. (CCBPI) is in a strategic position to carry out such specific steps and actions independent of multi-stakeholder efforts described in No. 1. ​

**In addition, buyers, such as CCBPI, can consider the following key action points:**

* Establish and communicate written policy commitments specifically to minimize and address adverse impacts on workers in the PET recycling sector, which adhere to international legislations and customer requirements;
* Embed these commitments not just in the programs of sustainability and human rights departments, but also in sourcing and procurement, supplier selection, and other business units;
* Prioritize specific issues – among the ones identified in the report – and develop clear targets, making them a basis for the development of practical and results-oriented programs that can be implemented in cooperation with other stakeholders;
* Develop and implement a compliance program in support of said commitments (for labor and human rights) for PET supply chain actors, or review and revise existing compliance programs to include said actors within their scope, with such programs consisting of the following components, among others:
  + Risk assessment and management;
  + Audits and assessments;
  + Corrective and preventive action management;
  + Monitoring for improvement and effectiveness.
* Clearly communicate these commitments and requirements to supply chain actors, and initiate capacity-building and support programs to ensure everyone in the supply chain understands and implements the requirements;
* Develop and implement strategies and schemes to ensure that PET supply chain actors remain in business relationships within the chain, while concurrently ensuring compliance with applicable standards on labor / human rights:
  + Pricing mechanisms may be reviewed, and incentive programs implemented (e.g., premiums on sustainable products are provided as an incentive for compliance);
  + Higher tier / formal processing facilities can be capacitated to implement supplier management and monitoring programs, to ensure all operations and production processes across the value chain are sustainable and meet legal and customer requirements;
  + Lower-tier supplier facilities and work sites (e.g., junk shops) can be included in capacity-building programs designed specifically to address the most salient issues in their operations.

Sustainability, supplier engagement, procurement, legal and social compliance, and other related functional units are the key business units for these action points.

1. **Other key actors must be involved.**

The responsibility to address these challenges, and work towards creating more just and equitable workplaces, and ensure the long-term sustainability of PET recycling in the Philippines, need not fall solely on the shoulders of the private sector.

Other actions for consideration by government and civil society stakeholders are forwarded as well, such as incorporating human rights and labor rights in the solid waste management system; and providing assistance and support (e.g., training), notably to the most vulnerable actors in the PET value chain.

**Verité also highlights that there is already much to learn from multi-stakeholder initiatives in other sectors, such as seafood/fishing, palm oil, cocoa/chocolate, and cotton industries. Top players like The Coca-Cola Company can align with their peers on standards and commitments to ensure that PET recycling and informal workers are protected and recognized by regulatory frameworks, and that they do not remain at the fringes of society and the economy.**

This document provides a summary of the main findings and recommendations. Readers are encouraged to review the [full report](https://www.verite-sea.org/a-study-on-the-working-conditions-within-the-post-consumer-pet-waste-materials-flow-and-recycling-value-chain-in-the-philippines-final-report-documents/) for a more detailed understanding of the conducted research and its outcomes. For any questions or comments about the report, please email Verité Southeast Asia at [vsea@verite.org](mailto:vsea@verite.org).