

WORKER RIGHTS CONSORTIUM FACTORY ASSESSMENT

Metro Wear 2 (The Philippines)

*Findings, Necessary Corrective Actions, and Company
Response*



October 3, 2025



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I. Introduction and Executive Summary

This report details the findings and remediation of violations of workers' rights of freedom of association and collective bargaining at Metro Wear Inc. – Factory 2, (“Metro Wear 2”), a garment manufacturing facility located in Cebu, the Philippines. The factory is owned by Sports City International (“SCI”), a Taiwan-based producer of sports apparel with other facilities in China, Vietnam, and Cambodia.

In the Philippines, SCI owns at least five facilities, including: Metro Wear 2, which employs 1,927 workers, and has been disclosed by lululemon as a producer of its university-licensed apparel; Metro Wear 1, which employs 1,365 workers and also produces primarily for lululemon; and Vertex One (previously named Globalwear), a factory which employs 2,081 workers, and produces non-collegiate apparel for Nike and Under Armour.

In May 2024, the WRC received a complaint from SCI factory workers who were members of the union, Organization of Metrowear Employees for Genuine Advocacy–Pinag-isang Tinig at Lakas ng Anakpawis (“OMEGA-PIGLAS”)¹; regarding labor rights violations at both the Metro Wear 2 and Vertex One (then-Globalwear) facilities.

The complaint centered on retaliatory actions that SCI’s management took in response to the factory workers, first, exercising their freedom of association by forming the OMEGA-PIGLAS union, and, subsequently, voting by a nearly two-thirds majority, in an election conducted by the Philippine government, to be represented by that union in collective bargaining with the factory’s management. Workers told the WRC that they decided to form their union to address longstanding employee concerns about reported low pay, excessive production quotas, and unfair job evaluations.

Based on the evidence subsequently gathered through an investigation of the workers’ complaint, which included obtaining firsthand testimony and relevant documents from both the workers and their union, and SCI’s factory management, the WRC found that at the Metro Wear 2 factory SCI had violated Filipino law, international labor standards, and university codes of conduct by:

- Violating workers’ freedom of association by threatening workers with retaliatory plant closure, firing, and blacklisting if workers voted for union representation;
- Violating workers’ right to collective bargaining, by refusing, for nearly a year, to honor the results of a democratic union election, overseen by the Philippine Government, in which workers voted overwhelmingly to join the new union;
- Firing five employees who were elected officers of the new union in retaliation for the decision of the factory’s workers to exercise their associational rights by unionizing; and
- Discriminatorily targeting the factory’s workforce for furlough, on account of employees’ decision to exercise their associational rights by voting for the union.²

¹ PIGLAS is the Philippine labor union confederation with which the Metro Wear factory workers’ union, OMEGA, is affiliated.

² Labor Code of the Philippines (“Philippines Labor Code”), Presidential Decree No. 442 of 1974, as amended and renumbered, by the Department of Labor and Employment, 2022, § 259 <https://natlex.ilo.org/dyn/natlex2/files/download/15242/PHL15242%202022.pdf>, (“It shall be unlawful for

As the WRC will discuss in a separate forthcoming report, SCI also violated workers' freedom of association at its Vertex One factory, which produces non-collegiate apparel, including by harassing and illegally terminating the worker who is the employee union's president at that factory.³

After completing our investigation of the freedom of association and collective bargaining violations at both factories, the WRC shared our findings, and engaged extensively with both SCI, as the factories' owner, and lululemon, as the university licensee sourcing collegiate apparel from Metro Wear 2 and the primary buyer from Metro Wear 1 (of non-collegiate apparel). The WRC identified to both companies the corrective actions that were necessary for compliance with university codes of conduct.

Following further discussions between SCI and the factory workers' union, the company agreed to and implemented several crucial corrective actions to remedy the company's violations of workers' associational and collective bargaining rights at its Metro Wear 2 factory. These remedial measures have included, as a preliminary matter, reinstating the five fired workers who are the union's officers at the factory, with payment of full back wages.

On September 6, 2025, SCI further committed that it will reinstate the worker who is the president of the employees' union at its Vertex One factory, with full back pay. The WRC will soon report separately on SCI's pending fulfillment of this commitment.

Most recently, SCI also agreed to multiple corrective measures that address the company's decision in March 2025 to furlough the employees of the Metro Wear 2 factory, for reasons that the WRC found to be at least partially retaliatory in nature. First, SCI has recalled to work the employees from 10 of the factory's 28 production lines and has agreed that it will shortly recall the workers of four more of these lines. Moreover, SCI also has announced that, although the furlough of part of the

an employer to commit any of the following unfair labor practice: (a) To interfere with, restrain or coerce employees in the exercise of their right to self-organization; (b) To require as a condition of employment that a person or an employee shall not join a labor organization or shall withdraw from one to which he belongs. ... (g) To violate the duty to bargain collectively as prescribed by this Code. ..."; International Labor Organization, Convention 98 (Right to Organise and Collective Bargaining), 1949, Articles 1 ("Workers shall enjoy adequate protection against acts of anti-union discrimination in respect of their employment. ... Such protection shall apply more particularly in respect of acts calculated to-- (a) make the employment of a worker subject to the condition that he shall not join a union or shall relinquish trade union membership; [or] (b) cause the dismissal of or otherwise prejudice a worker by reason of union membership or because of participation in union activities outside working hours or, with the consent of the employer, within working hours.") and 4 ("Measures appropriate to national conditions shall be taken, where necessary, to encourage and promote the full development and utilisation of machinery for voluntary negotiation between employers or employers' organisations and workers' organisations, with a view to the regulation of terms and conditions of employment by means of collective agreements."); Collegiate Licensing Company, Standard Retail Product License Agreement (2023), Article 14 "Code of Conduct" ("CLC Code of Conduct"), Secs. 14(a)(ii) (i) ("Freedom of Association and Collective Bargaining. Licensee shall recognize and respect the right of employees to freedom of association and collective bargaining.").

³ Philippines Labor Code, § 259 ("It shall be unlawful for an employer to commit any of the following unfair labor practice: (a) To interfere with, restrain or coerce employees in the exercise of their right to self-organization; (b) To require as a condition of employment that a person or an employee shall not join a labor organization or shall withdraw from one to which he belongs.").

factory's workforce will continue until December 2025, the burden of the reduction in working hours will now be shared between the Metro Wear 2 facility and SCI's non-unionized Metro Wear 1 facility. The WRC is monitoring the implementation of these corrective measures to ensure compliance with protections for workers' rights under Filipino law and university codes of conduct.

Finally, SCI has now engaged in and concluded collective bargaining with the factory workers' union. These negotiations have resulted in, among other terms, an agreement for: yearly wage increases, a collective grievance mechanism, and revisions to the factory's disciplinary system, including union representation of workers in such proceedings.

These corrective actions by SCI promise a fundamental reform of the company's labor relations policies and practices in the Philippines. In addition to addressing the previous violations of workers' rights that the WRC's investigation identified, these measures by the company will hopefully establish a stronger basis for the factory's compliance with labor laws, international labor standards, and university codes of conduct going forward.

II. Methodology

A. Sources of Evidence

The findings of labor rights violations at SCI's Metro Wear 2 factory, as outlined in this report, are based on the following sources of evidence:

- Interviews with 15 former and current workers employed by SCI at Metro Wear 2;
- Written communications and verbal discussions with representatives of SCI;
- A review of relevant documentation provided by the factory workers, including a petition from the workers to the Philippines Department of Labor and Employment (DOLE), a notice of an inspection of the factory conducted by DOLE, minutes of a settlement agreement reached on June 26, 2025, between the union and management, and audio recordings of informal meetings held by the factory management;
- A review of relevant documentation provided by SCI concerning its labor practices at Metro Wear 2, including the factory's official workplace rules and disciplinary procedures, company announcements related to policies and hiring, data on dismissals and employee transfers or demotions, and letters sent by the factory management to the officers of the workers' union;
- Documents certifying the union election at the Metro Wear 2 factory on May 14, 2024, election results, ground rules, list of eligible voters, and documents related to the appeal of the election results to the Bureau of Labor Relations' (BLR);
- Documentation related to disciplinary actions taken by the factory management, including the terminations of the five employee union officers dismissed from Metro Wear 2 in 2025; and
- Other company communications and filings related to the factory's labor relations.

B. Terms of Reference

The WRC assessed the labor practices of SCI at its Metro Wear 2 factory in relation to the company's obligations under Filipino law, international standards, and university codes of conduct. With respect to the violations discussed in this report these terms of reference include:

- The Labor Code of the Philippines, Presidential Decree No. 442 of 1974, amended by the DOLE in 2022;⁴ and
- University codes of conduct and relevant international labor standards.⁵

⁴ Philippines Labor Code § 259.

⁵ CLC Code of Conduct; ..."); International Labor Organization, Convention 98.

III. Findings of Violations of Freedom of Association and Right to Collective Bargaining

Filipino law prohibits employers from discriminating against workers based on union membership or office; engaging in acts of intimidation, hate speech, or retaliation against workers on account of union leadership and membership; and failing to fulfill a legal duty to engage in collective bargaining with workers' chosen representatives.⁶

The WRC's investigation found that Metro Wear 2 violated workers' rights to freedom of association and collective bargaining under Filipino law and, by extension, university codes of conduct, by: (1) Intimidating workers and threatening them with blacklisting to discourage workers from voting in favor of representation by the OMEGA-PIGLAS union; (2) Refusing for nearly a year to honor the results of a democratic union election, overseen by the Philippine Government, in which workers voted overwhelmingly to join the new union; (3) Firing five workers who are elected officers of the new union in retaliation for the decision of workers to unionize; and (4) Targeting the workforce of the Metro Wear 2 plant for furlough, as a means of causing workers to fear that the factory would close and they would face blacklisting if workers voted for the OMEGA-PIGLAS union in the certification election; and (5) Refusing to engage in collective bargaining with the workers' union for nearly a year after a majority of workers voted for representation by the union in the certification election.

The following subsections of this report detail the WRC's findings of violations, the remedial measures the WRC identified as necessary for the factory to implement, and the corrective actions that the factory management has taken.⁷

A. Threats of Retaliatory Plant Closure, Firing, and Blacklisting if Workers Voted for Union Representation

Workers reported to the WRC that, in the months leading up to the government-run union certification election at the factory in May 2024, the company's line leaders (supervisors) held mandatory "informal discussions" (*pulong-pulong*) with large groups of workers in which they threatened that if workers exercised their freedom of association by voting for representation by the OMEGA-PIGLAS union, the company would shut down the factory. The supervisors warned that the workers would then lose their jobs and be blacklisted, as they would be identified as union members to other employers, making it impossible for them to secure employment at other

⁶ Philippines Labor Code § 259 ("It shall be unlawful for an employer to commit any of the following unfair labor practice: (a) To interfere with, restrain or coerce employees in the exercise of their right to self-organization; (b) To require as a condition of employment that a person or an employee shall not join a labor organization or shall withdraw from one to which he belongs. ... (g) To violate the duty to bargain collectively as prescribed by this Code. ...").

⁷ The WRC's complaint-based investigation in this case was confined to examining the factory's compliance with applicable standards concerning respect for workers' rights of freedom of association and collective bargaining. The fact that the WRC's investigation, as reported in this document, did not yield findings of violations in any other particular areas of the factory's labor practices should not be construed as an affirmation of the factory's overall compliance with respect to its practices in those general areas.

factories in the future. Threatening workers for exercising their right to freedom of association violates Filipino law, international labor standards, and university codes of conduct.⁸

B. Refusal to Respect Workers' Democratic Vote for Union Representation in Government-Run Election and Engage in Collective Bargaining

On May 14, 2024, a majority of Metro Wear 2 employees voted, in an election conducted by the Philippine Government, to be represented by the OMEGA-PIGLAS in collective bargaining with the factory's management. Out of the 1,571 workers at the factory who were eligible to vote in the election, 1,489 (94.8 percent) cast ballots. Among those who voted, 912 workers—64.6 percent—cast ballots in favor of union representation. Representatives of the factory management attested at the time of the balloting, in writing, that the election was free and fair.

The Philippine Government DOLE officially certified the election on May 20, 2024, designating the OMEGA-PIGLAS union as the sole and exclusive bargaining agent of the factory's workers and, thereby, legally authorizing the union to negotiate a collective bargaining agreement (CBA) with the factory's management.⁹

Despite the clear outcome of the election, the factory management refused to engage in collective bargaining with the workers' chosen union. Instead, in June and July 2024, the factory management backed a series of what both the WRC, and the Philippine Government DOLE, determined were entirely baseless complaints of "irregularities" in the election, including allegations that the employees who were union officers prevented some workers from voting and bribed other workers to vote in favor of the union.¹⁰

These company-backed objections to the election results were not only unsupported by any credible evidence but also entirely disingenuous, since, as discussed, the factory management and its supervisors had repeatedly attempted to coerce workers to vote against the union by illegally threatening workers with job loss and blacklisting. Despite the clearly specious nature of these complaints, the factory management cited these objections to the election result as justification for its refusal to engage in collective bargaining with the workers' union.

On February 18, 2025, the DOLE rejected the company-backed complaints about the election as baseless, unsubstantiated, and improperly filed.¹¹ Nevertheless, the factory management appealed the DOLE's decision, again citing the objection as justification for continuing to refuse to bargain. Only after the DOLE reaffirmed to the company in March 2025, 11 months after the election, that the government would not entertain any further objections to the election results¹² did SCI agree to

⁸ Philippines Labor Code § 259; CLC Code of Conduct, Secs. 14(a)(ii) (i); International Labor Organization, Convention 98, Article 1 ("Workers shall enjoy adequate protection against acts of anti-union discrimination in respect of their employment. ... Such protection shall apply more particularly in respect of acts calculated to-- (a) make the employment of a worker subject to the condition that he shall not join a union or shall relinquish trade union membership; [or] (b) cause the dismissal of or otherwise prejudice a worker by reason of union membership or because of participation in union activities outside working hours or, with the consent of the employer, within working hours.").

⁹ DOLE certification on file with the WRC.

¹⁰ Employee complaints against the Certification Election on file with the WRC.

¹¹ DOLE decision on file with the WRC.

¹² DOLE decision on file with the WRC.

commence collective bargaining with the union. However, even after negotiations commenced, the company embarked on a transparent attempt at “surface bargaining” (i.e., sham negotiations), by insisting on only meeting with the union on one occasion per month and on prefacing any actual bargaining over working conditions with a lengthy negotiation of “ground rules”.

Refusing to engage in negotiations with a union that workers have chosen to represent them, by nearly a two-thirds majority, in a democratic government-supervised election, which the employer has admitted was free and fair, violates workers’ fundamental right to engage in collective bargaining with their employer. Filipino law, international labor standards, and university codes of conduct all require employers to respect the right to collective bargaining.¹³ SCI’s refusal to negotiate in good faith with the workers’ union, in a timely manner, following the May 2024 DOLE election clearly violated this right.

C. Retaliatory Firing of Five Worker Union Leaders

On February 28, 2025, less than two weeks after the DOLE issued its final ruling affirming the certification of the workers’ union as their collective bargaining representative, Metro Wear 2 began retaliating against the workers who were officers of the new union. Over the following three months, the company dismissed five employees who were the union’s top officers in the factory.

The WRC found *prima facie* evidence that the employee union leaders’ terminations were in retaliation for the workers’ associational activities. First, while SCI initially claimed, falsely, that the factory management was unaware that the dismissed employees were union leaders when it terminated them, the company’s human resources manager subsequently admitted that she knew that these workers were union officers, because they regularly wore union t-shirts with their position in the union printed on the back of the shirt.

Second, the timing of the firings was suspicious. The terminations of all five workers, who were long-term factory employees, occurred within three months of the DOLE conclusively rejecting the company-backed complaints of irregularities in the certification election. Third, the company displayed substantial animus against the union and the workers who were its supporters, both by having threatened workers with job loss and blacklisting if they voted for the union and by continuing to refuse to recognize and bargain with the union, on baseless grounds, after workers resisted these threats and chose to vote for union representation.

The company claimed to the WRC that the management dismissed four of the worker union leaders because they had accumulated more than 35 “demerit points”, in the factory’s then-current disciplinary system. However, the WRC determined that the demerit point system was highly

¹³ Philippines Labor Code, § 259 (“It shall be unlawful for an employer to commit any of the following unfair labor practice: ... (g) To violate the duty to bargain collectively as prescribed by this Code. ...”); CLC Code of Conduct, Secs. 14(a)(ii) (i); International Labor Organization, Convention 98, 4 (“Measures appropriate to national conditions shall be taken, where necessary, to encourage and promote the full development and utilisation of machinery for voluntary negotiation between employers or employers’ organisations and workers’ organisations, with a view to the regulation of terms and conditions of employment by means of collective agreements.”); International Labour Organization. *Freedom of Association. Compilation of Decisions of the Committee on Freedom of Association*, Geneva: 2018, Sixth edition, para 1330. (“The principle that both employers and trade unions should negotiate in good faith and make efforts to reach an agreement means that any unjustified delay in the holding of negotiations should be avoided.”).

subjective, since managers could award demerit points for ill-defined minor infractions (e.g. “loitering”) and could arbitrarily decide whether and when points should be removed from a workers’ total.

Moreover, the management was unable to identify any other workers it had dismissed for accumulating excessive demerit points during the same time period. The WRC therefore concluded that, absent provision of evidence that the company had applied the “demerit point” system to the worker union leaders in an objective and nondiscriminatory manner, the company’s dismissal of these workers was retaliatory and pretextual.

The fifth worker union leader that SCI fired was allegedly dismissed for theft of two pairs of pants manufactured at the facility and for instigating a fight with another employee. However, the company was unable to provide the WRC with credible evidence to support the allegation of theft. Moreover, an inquiry into the circumstances of the fight that the worker leader, who is a woman, supposedly instigated revealed that it involved an incident *that the worker leader, herself, had reported*, where a male employee first verbally sexually harassed her and, when she objected, threatened to assault her with a sharp object. Using a worker leader’s truthful complaint of sexual harassment and physical violence as justification to terminate the affected worker leader, herself, is clearly pretextual. Therefore, in the case of all five dismissed worker union leaders, the WRC found an unrefuted *prima facie* case that they had been fired in retaliation for their associational activities. Terminating workers for exercising their associational rights violates Filipino law, international labor standards, and university codes of conduct.¹⁴

D. Retaliatory Furlough of Employees for Exercising Associational Rights

In March 2025, one month after the Philippine Government DOLE reaffirmed the registration of the union that the factory workers had chosen in a democratic election, SCI announced that it was furloughing all workers at Metro Wear 2 from June through August 2025. Workers reported that the factory management stated that the factory had no work for employees to perform due to insufficient orders and poor performance of the workforce. In May 2025, the company issued a written notice describing the furlough as a “forced leave program” the company had adopted due to declining orders.

In June 2025, SCI claimed to the WRC that the factory’s buyers had reduced their orders by approximately 20 percent, necessitating a total suspension of production for three months, and that the furlough was implemented at the Metro Wear 2 facility because it was less productive than the company’s other factories. However, this explanation for the furlough appears to have been, at least in part, a pretext for retaliatory targeting of Metro Wear 2’s unionized workforce.

The Metro Wear 2 factory has only a single buyer, the university licensee, lululemon. Lululemon also is the primary buyer from SCI’s Metro Wear 1 factory. Together, the two facilities employed at the time roughly 3,300 workers, 1,927 at Metro Wear 2 and 1,365 at Metro Wear 1. Even if lululemon’s orders amounted to only half of Metro Wear 1’s production, a reduction of 20 percent in the brand’s overall orders would be expected to affect roughly 520 workers between the two factories, rather

¹⁴ Philippines Labor Code § 259; CLC Code of Conduct; and International Labor Organization, Convention 98.

than necessitating the layoff of nearly 2,000 workers at the unionized Metro Wear 2 factory—and no layoffs at the non-union Metro Wear 1 factory.

Given the timing of the furlough, one month after the DOLE affirmed the company's duty to bargain with the workers' union; the apparent targeting of the workforce of Metro Wear 2 as a unionized factory; and the company's previously expressed threats of job loss if workers voted for union representation, the WRC found that, in the absence of compelling evidence to the contrary, SCI had imposed the furlough in retaliation for workers' associational activities and in furtherance of its efforts to avoid meaningful collective bargaining with the workers' union. Such retaliation violates Filipino law, international labor standards, and, by extension, university codes of conduct.¹⁵

¹⁵ Philippines Labor Code § 259; CLC Code of Conduct; International Labor Organization, Convention 98.

IV. Necessary Corrective Actions, Company Response, and Current Status

A. Reinstatement of Five Fired Worker Union Leaders, with Full Back Pay

The WRC recommended to SCI that, unless the company were able to provide credible and objective evidence that the terminations of the five worker leaders were warranted on nondiscriminatory disciplinary grounds, all five employees should be reinstated with full back pay. On June 23, 2025, the company agreed to reinstate the five worker leaders to their former jobs, with full back pay, in a total amount of PHP 157,000 (US\$2,673). SCI also agreed to develop a new disciplinary system for the factory in cooperation with the workers' union.

B. Recognition of Workers' Democratically Chosen Union, and Good Faith Collective Bargaining

The WRC repeatedly emphasized to both SCI and lululemon the need for the factory management to respect workers' democratic decision to be represented by the union and to immediately negotiate with the union in good faith toward a CBA. On June 26, 2025, during a meeting between the union and SCI at the DOLE, the company committed to fast-track the collective bargaining process, with the aim of concluding the negotiations by the end of July.

On September 7, 2025, the union and SCI concluded a CBA which includes yearly wage increases for workers, union representation in disciplinary proceedings and on internal committees, and commitments from the factory to work with the employees' union going forward to: (1) revise the company's disciplinary system; (2) establish a protocol to protect workers' health from excessive workplace heat levels; and (3) establish a grievance mechanism to discuss disputes over the implementation of the CBA.

C. Ending Targeting of Workers for Furlough in Retaliation for Associational Activities

The WRC communicated to SCI and lululemon the concern that the furlough of the factory workforce appeared to be targeting the Metro Wear 2 factory's employees in retaliation for their having voted for union representation, with the intent to undermine the collective bargaining process.

On June 26, 2025, SCI and the workers' union reached an agreement in this regard, committing the company to:

- Increase the monetary subsidy it was providing the furloughed workers from PHP 100 to 125 per day (from US\$1.73 to US\$2.17);¹⁶
- Provide 25 kilograms of rice to each furloughed worker;

¹⁶ Using the rate of US\$1 PHP 56.5 pesos as per Oanda Currency Converter on July 4, 2025.

- Pay all social security and pension contributions for each affected worker during the furlough; and
- Advance the furloughed workers their annual bonus of one month's wage (roughly PHP 6,000 or US\$104);¹⁷ and
- Partially resume production at the factory in July 2025.¹⁸

On August 22, 2025, the factory management notified the workers' union that it needed to continue the furlough until December due to ongoing reduced order levels from buyers. However, the management committed to recall workers and resume operations on 10 of the factory's production lines in September and on four additional lines in October.

Finally, SCI also informed the workers' union that the furlough policy would also be implemented at the company's non-union Metro Wear 1 factory, addressing the concern that the unionized workforce of the Metro Wear 2 plant was being singled out for layoff.

The WRC will continue to monitor the further implementation of all of these corrective measures to ensure compliance with Filipino law, international labor standards, and university codes of conduct.

¹⁷ Minutes of the meeting at the DOLE on file with the WRC.

¹⁸ Company statement on file with the WRC.