

Annex 1

Title: Human Rights

Document Type: Guidelines

Process Owners: Corporate Sustainability Corporate Governance
Human Resources Legal
Project Management Security
Corporate Social Responsibility

Purpose: These guidelines are being issued to guide First Philippine Holdings inclusive of all its subsidiaries in implementing the Company's "Human Rights Policy" in order for them to fulfill their obligations to their co-employees and external stakeholders.

Scope : The guidelines cover all units of First Philippine Holdings inclusive of all its subsidiaries where it has management and operational control. They apply to all its employees regardless of rank, consultants, contract personnel, and other co-creators within the company's administration, regardless of rank or employment. Further, the guidelines cover all locations where they perform their jobs or services out of official business or related tasks for the Company.

Definitions:

Based on local regulations and International Human Rights conventions:

Company - refers to First Philippine Holdings (FPH), unless otherwise specified.

Complicity – legal accountability of the Company based on the offense of an external party by contributing to the violation of the party or is linked to the violation of the party that is involved in its operation, products and services (e.g. contractors and other business partners).

Human rights - privileges and freedoms that all people are entitled to that lead to a life of fundamental welfare, dignity and equality.

Human rights due diligence - a risk management process that a reasonable and prudent Company needs to follow in order to identify its actual and potential human rights impacts so they can prevent or address them properly

Human rights governance - all policies, control mechanisms and the other instruments and Company practices that support the respect for human rights in the Company

Human risk impact assessment - the review of the potential and actual human rights impacts of the Company's activities, products and services

Salient risks – risks with the most severe negative impact from the Company's activities and business relationships

Stakeholder- a person or a group with interest in or has influence on the business activities, as well as those potentially affected by it.

Legal Mandates:

- Philippine Constitution and related local issuances
- International Conventions signed by the Philippines
 - UN Declaration of Human Rights (1948)
 - International Covenant on Civil and Political Rights (1966)
 - International Covenant on Economic, Social and Cultural Rights (1966)
 - International Labor Organization Declaration on Fundamental Principles and Rights at Work (1998)

Related Documents:

- FPH Code of Conduct and Business Ethics
- FPH Environmental and Social Safeguards Policies
 - Corporate Sustainability
 - Human Rights
 - Health Safety and Environment
 - Gender and Diversity
 - Corporate Social Responsibility
 - Responsible Asset Protection
 - Culture and Heritage

Fundamental Principles:

Human rights are basic rights and freedoms that every human is entitled to without discrimination. These human rights are universal, inalienable, indivisible and interdependent. The United Nations Human Rights Framework has three pillars: a) State's duty to protect human rights, b) business' duty to respect human rights and c) provision of access to remedy in case the business caused or contributed to the transgression of human rights.

According to the UN Guiding Principles on Business and Human Rights, the responsibility of the Company to respect human rights "...exists independently of the State's ability and/or willingness to fulfill their own human rights obligation. It exists over and above the compliance with national laws and regulations protecting human rights".

The Company's obligation to respect human rights is manifested through its policy commitment, its due diligence (identification of actual and potential human rights impacts and their mitigation) and the provision of a grievance redress mechanism to act on the concerns of its stakeholders.

Guidelines for Respect of Human Rights:

1.0 Human Rights Governance

Human rights governance includes all policies, control mechanisms and the other instruments and Company practices that support the Company's respect for human rights.

- 1.1 The Company's commitment to respect the rights of its internal and external stakeholders are contained in the FPH Human Rights Policy approved by the Board in November 2018. A copy of the policy is attached as Annex A.
- 1.2 The FPH Board through its Corporate Governance Committee has oversight responsibility in the implementation of the Human Rights Policy.
- 1.3 The Company upholds all universal rights declared by the UN except for those outside its control as listed in Annex B. These human rights are embedded in the various environmental and social safeguards policies of the Company.
- 1.4 The Company shall conduct information education seminars on the Human Rights Policy for all its officers and employees to ensure compliance with the policy.
- 1.5 The Company shall embed sustainable behaviors in employees. Acquiring a "human rights" lens is part of the program.

2.0 Human Rights Due Diligence

The Company shall conduct human rights due diligence consistent with local and international norms affirmed in the FPH Human Rights Policy.

2.1 Human Rights Impact Assessment (HRIA)

The Company shall identify the actual and potential risks and impacts of the Company's activities, products and services to its stakeholders so that Company may take proper action to prevent or mitigate them.

2.1.1 Because of the similarity in the basic objective and for efficient use of time and resources, the HRIA shall be conducted with the Environmental and Social Impact Assessment (ESIA) process. However due to the difference in standards and oversight agency a separate report shall be prepared.

2.1.2 The human rights responsibility of the Company extends to its subsidiaries. As defined by the UN human rights framework, a business group or network is considered a single economic entity where the core Company has a responsibility to exercise its leverage over its affiliates.

2.1.3 HRIA must be started at the earliest stages of the business, namely during planning, pre-feasibility, feasibility, exploration or project design. It will also be conducted when there are major changes in the business (e.g. expansion, merger and acquisition, decommissioning, etc.).

For operating projects and/or existing businesses, an initial HRIA shall be conducted and the HRIA shall be updated regularly depending on the nature of the operations of the business and/or socio-cultural situation of the project location.

2.1.4. The HRIA must include an evidence-based description of the level of enjoyment of human rights by the stakeholders.

2.1.5 The human rights assessment will focus on salient issues. These are human rights risks with the most severe negative impacts from the Company's activities and business relationships. They will be assessed based on the severity of impact (determined by its scale, scope and ease of remediation) and likelihood.

2.1.6 The HRIA must define the scope and conduct the following assessment:

2.1.6.1 Identify the human rights that can be negatively affected by the Company's activities and relationships, considering:

- a. all main functions and units across the business
- b. all stages of the business life cycle
- c. the stakeholders that may be affected and their perspectives
- d. impacts that the business causes, contributes to or that are linked to potential risks posed by its business partners

2.1.6.2 Prioritize the potential negative impacts based on:

- a. severity (gravity, widespread impact and difficulty in correcting the situation)
- b. likelihood (consider the high risks circumstances where risks likely occur)

2.1.6.3 Check for cumulative impacts due to successive, incremental or combined effects from multiple projects.

2.1.6.4 Consider the ways a Company can commit a human right violation:

- a. causing the violations directly because of its conduct
- b. complicity by contributing to the offense of external parties by enabling, exacerbating or facilitating the human rights abuse
- c. complicity by being linked to the violation through business relationships connected to its operation, products and services

2.2 Mitigation and Management of Human Rights Impacts

The company shall:

2.2.1 Develop an action plan that will reduce the negative human rights impacts from its operation as well as exercise leverage to prevent human rights risks from its business partners. The Company is encouraged to adhere to the mitigation hierarchy in order of importance: avoidance of impact, reduction of impact, restoration of status and compensation of loss, damage or inconvenience.

2.2.2 Be guided by the following parameters on successful measures:

2.2.2.1 Feasible:

- a. practical and cost effective
- b. implementable at the local level using local expertise
- c. adopted by all business partners

2.2.2.2. Culturally acceptable:

- a. consider local situation and aligned with local culture and norms
- b. accepted by local stakeholders
- c. supportive of international norms and national condition

Attached as Annex C is a template for the action plan matrix.

2.2.3 Human rights actions are lodged but not limited to the following business functions:

Group	Role
Project Management	Perform oversight role in the implementation of the human rights action plan and progress.
Human Resources	Address labor, diversity and discrimination issues based on internal policies and national laws. As the main contact point of all employees, human rights awareness and training can be effectively conducted through this group.
Operations	Build local capacity to respond to any emerging risk and/or opportunity. The group is in charge of the common sources of risks like land acquisition, resettlement, access to basic services and community relations concerns.
Finance	Allocate funds for the mitigation and improvement plans, stakeholder engagement and grievance mechanisms.

Security	Ensure the adherence of its security contractors with the Company's human rights policy, especially towards the employees, community and customers.
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2.3 Monitoring of Human Rights Performance

2.3.1 A monitoring program to track the Company's performance shall be installed by the various FPH units. As appropriate, qualitative and quantitative indicators shall be identified to measure the promotion or enjoyment of human rights by the Company's stakeholders. There are three types of indicators that may be used:

2.3.1.1 Structural indicators that relate to institutional frameworks that are put in place to recognize human rights (e.g. recognition of national laws, ratification of treaties, institutional mechanisms to promote human rights, control mechanisms, etc.).

2.3.1.2 Process indicators that measure the efforts taken to respect human rights (e.g. policy, budget allocation, program coverage, complaints addressed, awareness level and other interventions).

2.3.1.3 Outcome indicators that measure the level of attainment of human rights (e.g. delivery of justice and compensation of victims, labor force provided social security, etc.).

2.3.2 The following information shall be gathered to assess the Company's performance. These and other appropriate monitoring data shall be used to evaluate the effectiveness of the processes and the measures of the Company as well as in the improvement of their design.

2.3.2.1 Existing and potential human rights risks and impacts, affected stakeholders and resolution of concerns

2.3.2.2 Unforeseen impacts experienced and affected stakeholders

2.3.2.3 Recurring grievances and affected stakeholders

2.3.2.4 Fulfillment of commitments and legal obligations

2.3.2.5 Lessons learned from the process and improvement of the system

2.4 Communication and Reporting

- 2.4.1 The performance of the Company in respecting human rights shall be communicated through the annual corporate report.
- 2.4.2 The human rights report must be made accessible to rights holders, duty bearers and relevant parties to encourage dialogue and accountability.
- 2.4.3 There may be situations where reporting the HRIA findings would be risky to the rights holders or it may affect the relationship of the Company with its critical business partner. In these cases, the informed consent of the parties must be secured prior to the publication of the report. An alternative mode of communication, which considers confidentiality concerns, may be chosen (e.g. meeting with concerned stakeholders or preparing a summary report) until the matter is resolved.

3.0 Stakeholder Engagement and Grievance Redress Mechanisms (GRM)

- 3.1 Stakeholders who are negatively impacted by business activities must be listened to for the resolution of their concerns and to improve the design of the work.
- 3.2 A human right-aligned engagement will conform to the following:
 - 3.2.1 Engage the stakeholders throughout the HRIA process.
 - 3.2.2 Encourage the participation of the affected individuals/groups.
 - 3.2.3 Adopt a gender balance approach.
 - 3.2.4 Include vulnerable groups.
 - 3.2.5 Consider the specific IP rights during consultation.
 - 3.2.6 Prioritize engagement with the affected people over representatives.
 - 3.2.7 Provide information to stakeholders for their meaningful participation.
 - 3.2.8 Provide capacity building as needed, to allow good participation.

3.3 Install a Grievance Redress Mechanism (GRM) that is sensitive to human rights to allow the Company to systematically act on issues early and respond to them. The mechanism may differ per stakeholder. In general, a GRM process must consist of the following steps:

- Uptake -grievance collection, identification of location and channels for collection and organizational structure for grievance handling
- Sorting and processing- grievance categorization, logging and prioritization
- Acknowledgement and follow up- provision of receipts and provision of updates to complainants
- Verification, investigation and action-processing for fact finding and escalation to higher levels as needed
- Monitoring and evaluation-tracking of grievances, analyses of data and trends, submission of reports and modification of processes to avoid recurrence
- Feedback-communication to potential users, provision of information to complainants on the results of investigations and action taken

Annex A

Human Rights Policy Statement

Consistent with the Lopez Values, First Philippine Holdings Corporation recognizes and respects the rights and dignity of each individual. The Company commits to respect human rights in the conduct of its business and comply with applicable local laws and international human rights standards and protocols. The Company shall avoid causing adverse human rights impacts in its operations and if it occurs, it shall facilitate access to a grievance redress mechanism. In addition and to every extent possible, the Company shall prevent or mitigate adverse human right impacts in the provision of its products or services.

Annex B

HUMAN RIGHTS

A. Universal Declaration of Human Rights	
1. Right to life. All human beings are born free and equal in dignity and rights	16. Right to marry and form a family
2. Right to all freedoms set forth in the declaration without distinction of any kind	17. Right to own property
3. Right to liberty and security	18. Right to freedom of thought, conscience and religion
4. Right not to be subjected to slavery, servitude or forced labor	19. Right to freedom of opinion, information and expression
5. Right not to be subjected to torture, cruel, inhuman and/or degrading treatment or punishment	20. Right to freedom of peaceful assembly and association
6. Right to recognition as a person before the law	21. Right to participate in public life or government activities*
7. Right to equality before the law	22. Right to social security
8. Right to access effective remedy for acts violating fundamental rights granted by law or the Constitution*	23. Right to work, enjoy just and favorable work conditions and to join trade unions to protect his personal interests
9. Right not to be subjected to arbitrary arrest, detention and exile*	24. Right to rest and leisure, including reasonable limitation of working hours and periodic holidays with pay
10. Right to a fair trial	25. Right to an adequate standard of living
11. Right to be assumed innocent until proved guilty according to law	26. Right to education
12. Right to privacy	27. Right to take part in cultural life, benefit from scientific progress, material and moral rights of authors and inventors
13. Right to freedom of movement*	28. Right to social and international order where rights can be fully realized*
14. Right to seek asylum from persecution in other countries*	29. Right to free and full development of personality
15. Right to have a nationality*	
B. ILO Core Conventions **	
30. Rights against child labor	
C. International Covenant on Civil and Political Rights**	
31. Right of self-determination	33. Right to child protection
32. Right to freedom from war propaganda and freedom from incitement to racial, religious or national hatred	34. Right of minorities
D. International Covenant on Economic, Social and Cultural Rights (ESC) **	

35. Right to education	36. Right to health
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* Human rights outside the control of the Company

** These ILO and ESCR conventions contain some of the Universal Declared Human Rights. Therefore, only the new right provisions are listed.

Annex C

Human Rights Impacts Mitigation and Management Matrix

Human Rights ¹	Type of Risks & Impacts ²	Source of Risks ³	Stage of Project	Affected Stakeholders	Management Measure ⁴	Indicator	Budget ⁵	Focal Group

Source: Modified from IFC (2010). Guide to human rights impact assessment and management (HRIAM). Retrieved from https://www.globalgovernancewatch.org/docLib/20140206_hriam-guide-092011.

Legend:

¹ Refer to Annex 1 for the list of UN declared human rights

² Identify the risks/impacts that are actual, ongoing and potential

³ Source of risks and impacts may be business activity, contractor, supplier, government or partner. Indicate the level of Company influence or control to prevent or mitigate a human rights impact of business partners,

⁴ Mitigation or improvement action that considers technical and financial feasibility. Identify the indicator to measure progress.

⁵ Indicate the budget allocated, if needed

