



Corporate Governance

HUMAN RIGHTS POLICY

Version 1.0
February 28, 2022

SENSITIVITY CLASSIFICATION: [Confidential]

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Revision History

Revision Number	Revision Date	Nature of Revision	Approved By
0	February 28, 2022	Initial Release	Board of Directors

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Approval Sheet

We have reviewed the contents of this document described as **Human Rights Policy** and hereby approve its implementation effective February 28, 2022.

Reviewed by:

Sgd. ATTY. RAY C. ESPINOSA

President and CEO

Endorsed by NOMINATION AND GOVERNANCE COMMITTEE:

Sgd. Mr. PEDRO EMILIO O. ROXAS

Chairman

Approved by BOARD OF DIRECTORS:

Sgd. Mr. MANUEL V. PANGILINAN

Chairman

Prepared by:

Sustainability

Corporate Governance

**Employee and
Labor Relations**

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1. General Statement of the Policy

- 1.1 The Manila Electric Company ("MERALCO" or the "Company") recognizes that human rights are essential to achieving sustainable development. Accordingly, the Company shall remain committed to safeguarding and championing human rights and integrating human rights principles and standards—including all applicable legal and regulatory requirements and best practices related to employee welfare, health and safety, fair conditions of labor, human dignity, and freedom of association—into its business operations and dealings.
- 1.2 To fulfill this commitment, the Company developed this Human Rights Policy ("Policy"), taking into consideration the best interest of its internal and external stakeholders, to ensure that fundamental human rights are protected and that any violation is prevented and/or addressed in its business operations and dealings.

2. Scope and Applicability

- 2.1 This Policy applies to MERALCO, its directors, officers, and employees, and, insofar as applicable, to transactions entered into with third-party business partners.
- 2.2 The Company is committed to working with and encouraging its external stakeholders, such as, subsidiaries, affiliates, vendors, and other business partners to uphold the principles laid down in this Policy. In this regard, the Company shall ensure, through contractual stipulations or other commitments and representations, that its third-party business partners uphold the same principles and implement within their own jurisdiction pertinent policies and conditions that protect and promote human rights.

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3. Commitments

3.1 International Human Rights Principles and Covenants

The Company shall abide by the United Nations' Guiding Principles on Business and Human Rights, the International Bill of Human Rights, the International Labor Organization's Declaration on Fundamental Principles and Rights at Work, and all other covenants and principles aimed at protecting and promoting internationally recognized human rights standards.

4. Respect for Human Dignity and Prevention of Any Form of Discrimination

- 4.1 The Company remains committed to the advancement and well-being of all its stakeholders. Consequently, the Company shall treat everyone—regardless of age, religion, gender identity and expression, marital and family status, race, nationality, disability, and other analogous factors — fairly and without discrimination and maintain a business environment that is completely free from harassment, violence, intimidation, coercion, undue force, and other physically, mentally, and emotionally unsafe and disruptive conditions.
- 4.2 The Company shall provide adequate security safeguards, especially in relation to privacy and human dignity.
- 4.3 With respect to its workforce, the Company likewise strives to ensure that all employees receive a fair and adequate remuneration package and are given equal opportunities for career advancement that will support their long-term financial aspirations.

5. Prevention of Child Labor, Forced Labor, and Human Trafficking

The Company strictly prohibits the hiring of individuals who are under eighteen (18) years old, especially for positions and undertakings in which hazardous work is required. Whenever applicable, any employment of a child shall be strictly carried out

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in accordance with the guidelines, terms, and provisions laid down by applicable laws, including, but not limited to, the Labor Code of the Philippines. The Company likewise prohibits the use of all forms of forced labor and human trafficking.

6. Freedom of Association and Collective Bargaining

The Company recognizes and respects its employees' freedom of association, including the right to strike. It is committed to not impede its employees' basic right to form or join any workers' union without fear of reprisal, intimidation, injury, or harassment. Whenever applicable, the Company shall hold and maintain constructive and efficient dialogue with the legitimate representative(s) of any legally recognized union representing the employees' interest and shall, at all times, bargain in good faith within appropriate legal frameworks.

7. Promotion of Safe and Healthy Workplace

- 7.1 The Company shall comply with appropriate labor standards on wages and benefits (including parental protection and other conditions of labor such as working hours) and provide a safe and healthy working environment that is compliant with applicable laws and regulations pertaining to the well-being of its employees and the prevention and mitigation of work-related hazards. The Company shall maintain an efficient and productive workplace while protecting its employees from accidents and injuries as well as exposure to various forms of health hazards.
- 7.2 The Company shall continue to educate its employees through the conduct of regular trainings and release of communication materials regarding the Company's health and safety systems and protocols.
- 7.3 The Company's efforts in promoting a safe and conducive business environment is not limited to the Company's workplace alone, as the same principle shall be implemented in carrying out any activity or initiative led or sponsored by the Company and across all of the Company's subsidiaries and their networks.

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8. Compliance

- 8.1 The Company shall strive to integrate human rights in its business processes, training, communication, management systems, among others, and for this purpose, consider human rights performance review, ensure alignment of new acquisitions or partnerships to the Company's human rights practices, and undertake stakeholder consultation and engagement, as may be necessary and insofar as practicable.
- 8.2 The Company encourages open and honest communication among all its stakeholders, and it is the Company's firm commitment to follow all applicable human rights laws and regulations wherever it operates. Therefore, any violation of this Policy committed by any MERALCO employee, officer, or director must be reported through appropriate channels.

9. Advocacy, Education, and Training

- 9.1 Human Resources, with the assistance of Corporate Communications, directors, officers, and organizational heads in charge of managing relations with different stakeholders, are tasked to ensure the thorough dissemination of this Policy to all directors, officers, employees, consultants, vendors, and other third-party business partners, and to likewise enjoin compliance to this Policy in the process.
- 9.2 Human Resources – Learning and Development Unit shall conduct appropriate training and provide learning and development programs and tools to ensure sufficient understanding of this Policy by all employees.

10. Roles and Responsibilities

- 10.1 Human Resources shall:
 - 10.1.1 Oversee the implementation of this Policy;
 - 10.1.2 Implement and monitor compliance with this Policy by officers and employees throughout the organization;

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- 10.1.3 Define the process by which this Policy is implemented and monitored, including appropriate mechanisms and control to ensure compliance across the organization;
- 10.1.4 Facilitate the conduct of investigation of any alleged violation of this Policy; and
- 10.1.5 Ensure timely review and updating of this Policy, in consultation with the Sustainability Office and the Corporate Governance and Compliance Office, to align with sustainability and governance reporting requirements and best practices.

10.2 Directors, Officers, and Employees shall:

- 10.2.1 Commit to strictly comply with this Policy and endeavor the same commitment from the Company's third-party business partners;
- 10.2.2 Report any potential or actual violation of this Policy that may come to their knowledge.

10.3 Organizational Heads and Next Level Superiors shall:

- 10.3.1 Monitor, ensure, and enforce compliance with this Policy within their area of jurisdiction;
- 10.3.2 Report non-compliance with this Policy to their hierarchy and to the HR, including taking or implementing disciplinary actions after proper exercise of due process.

10.4 Employee and Labor Relations shall:

Conduct necessary administrative investigation and monitor imposition of corresponding disciplinary actions for confirmed violation of this Policy and its corresponding sanction under the Code of Right Employee Conduct (COREC).

10.5 Corporate Communications shall:

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Assist Human Resources in disseminating this Policy to all officers and employees, and support in the internal communication of information and compliance programs relating to this Policy.

- 10.6 Human Resources – Learning and Development Unit shall:
Provide officers and employees the necessary training and learning programs and tools related to compliance with this Policy.

11. Reference Documents

- 11.1 United Nations’ Guiding Principles on Business and Human Rights
- 11.2 International Bill of Human Rights
- 11.3 International Labor Organization’s Declaration on Fundamental Principles and Rights at Work
- 11.4 Labor Code of the Philippines
- 11.5 Code on Right Employee Conduct
- 11.6 Revised Code of Ethics
- 11.7 Suppliers’ Business Conduct Policy

12. Effectivity

- 12.1 This Policy was approved by the Company on February 28, 2022 and shall take effect immediately.
- 12.2 This Policy shall supplement all existing applicable laws, rules, regulations, and other pertinent policies of the Company.
- 12.3 In the event of inconsistency between this Policy and domestic and/or international human rights laws or standards, the Company shall endeavor to harmonize both provisions; otherwise, the domestic or international laws or standards shall prevail. In the event of inconsistency between domestic and international human rights laws or standards, the domestic laws or standards shall take precedence.