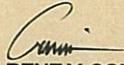



A Mine of Child-Friendly Initiatives

The Employers Confederation of the Philippines has recognized Philex Mining Corporation as a "child-friendly firm" since 31 January 2001. Philex Mining has kept its reputation of implementing strict policies against child labor within the company, even as it strictly monitors its contractors and subcontractors on the implementation of its policy on the non-employment of minors, and other employee-friendly policies as well. This policy has been in existence since the start of the company's operation long before the movement to stop child labor was born.

Having child-friendly policies is a way of life at Philex Mining. These policies and programs reflect the kind of attitude Philex Mining has on its business dealings – responsible and responsive – to meet the needs of its workers and their families. It is not surprising, therefore, that Philex has been recognized for its programs and policies to eliminate child exploitation. It is even more meaningful and significant that Philex serves its community, thereby sharing a part in making this society a better place for our children.

ECOP is, indeed, proud to have Philex Mining Corporation as a member actively providing benchmark initiatives on children's health and education as a corporate social responsibility to its community.

RENE Y. SORIANO
President
Employers Confederation of the Philippines



Eliminating Child Labor in Mines: An Achievable Goal

We congratulate the International Labour Organization-International Programme on the Elimination of Child Labour (ILO-IPEC) for publishing this handy Guidebook, which showcases our initiative in eliminating child labor in mines.

The lessons learned from our experience may hopefully stimulate new ideas and encourage other companies to adopt our social development programs, which have been consistently cited by the Employers' Confederation of the Philippines (ECOP) as "child labor-free" and "child friendly."

Consistent with our corporate vision and mission, we join ILO-IPEC in the fight to eliminate child labor, particularly its worst forms. As we celebrate the 50th year of incorporation of Philex this year, we are grateful that we have been singularly chosen by ILO-IPEC for this project. This is, indeed, a clear testimony that our corporation has set an example of being a responsible mining firm in the Philippines.

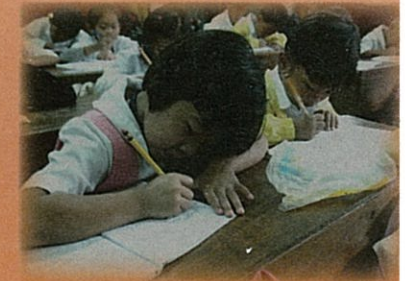
Through this documentation, we hope that other mining enterprises in the country would be assured that removing child labor in their workplaces is an achievable goal.

WALTER W. BROWN
Chairman and Chief Executive Officer
Philex Mining Corporation

ELIMINATING CHILD LABOR IN MINES

**The Philex
Initiative:
A Good Practice
in the Philippines**



A Documentation of the Anti-Child Labor
Initiative of the Philex Mining Corporation of the Philippines
Prepared by the International Labour Organization
International Programme on the Elimination of Child Labour

Funding for this Guidebook was provided by the United States Department of Labor

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The Philex Initiative: A Good Practice in the Philippines

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The World Day Against Child Labor (WDACL) 2005 focused on one of the most hazardous forms of child labor – children who work in mines and quarries. It was an awareness-raising event and also featured a new initiative to bring an end to child labor in mines worldwide. A “Call to Action” was launched, bringing together governments, workers’ unions and employers’ organizations associated with the mining sector to help remote mining and quarrying enterprises become economically and environmentally sustainable without the use of children as workers. In response to the Call, the Philippines’ tripartite constituents signed an accord committing to eliminate child labor in small-scale mines and quarries in a time-bound manner. Together with tripartite delegations from 14 other countries similarly responding to the call to action, ILO constituents from the Philippines presented the accord to ILO Director-General Juan Somavia on 10 June 2005 at the sidelight of the International Labour Conference.

To take concrete action and as a direct follow-up to the 2005 WDACL accord, the ILO’s International Programme on the Elimination of Child Labour (IPEC) is documenting the initiative of a mining company in the Philippines – the Philex Mining Corporation. By publicizing the good practice of Philex, it is hoped that the corporate sector in general, and the mining enterprises in particular, would be convinced and assured that removing child labor in their own workplaces is an achievable goal.

Through this documentation, ILO-IPEC hopes to distill the Philex experience as a showcase for replication or to stimulate new ideas in child labor elimination. This will be an especially useful tool for employers groups in pursuing their respective corporate social responsibility programs. Moreover, it would be useful as an advocacy and capacity building material for organizations and institutions involved in the campaign against child labor in general, and child labor in mines, in particular.



School children playing at the Philex Elementary School Annex grounds.

As part of the company's community development and outreach programs, Philex has built and continues to maintain the 21-kilometer Philex-Kias Provincial Road, which also benefits neighboring communities. Likewise, it embarks on health, education, livelihood and infrastructure projects, which include farm-to-market road improvements and provision of construction materials for schools, churches, water systems, footbridges and multi-purpose buildings, among others.

Livelihood Projects. Various livelihood projects have been initiated for the dependents of Philex employees, as well as other residents in the community to encourage collective work and self-reliance. These include loom weaving, sewing, bag and stuffed toy making, food processing, candle and floor wax making, and flowerpot making. Minimal financial assistance is given to help pump-prime their income-generating projects after training in basic enterprise management. Philex made sure that livelihood associations were established to ensure the sustainability of these projects.



Blankets woven by Philex dependents.

Even before the Employers Confederation of the Philippines (ECOP) recognized Philex Mining Corporation as a "Child Labor-Free" and "Child-Friendly Firm" in 2000 and 2001, the company already had implemented anti-child labor policies.

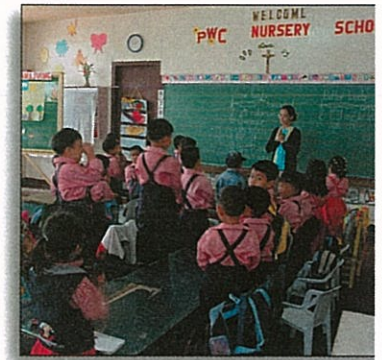
The most concrete anti-child labor policy of Philex is its hiring policy, which requires that applicants must be at least 18 years old for vacancies at its surface work areas, and 21 years old for underground mining activities, in accordance with the law.

Such age requirement and other related company policies are also enforced by contractors that operate within the mine site. Philex has a Legal Mining Claims and Contract Management Department that monitors the compliance of its contractors to company policies and government laws. Contractors are also encouraged to have their firms recognized as free from child labor.

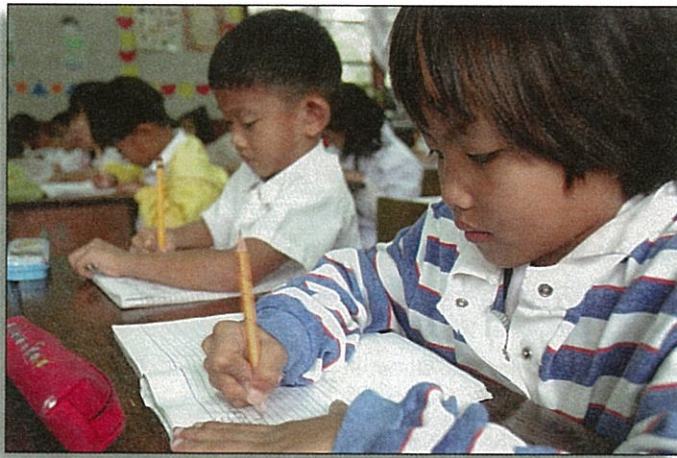
Education. Knowing the importance of education, Philex provides free elementary education, and subsidizes high school education for its employees' children. The Philex Mine Elementary School was established in School Year 1961-1962. A non-revenue educational institution, the school has three annexes within the Philex community. It has an average annual enrolment of 2,500 pupils, with an annual operating budget of P15 million.

Philex also supports pre-schools within the community by allowing the free use of company facilities for classrooms, and providing whatever assistance is needed by these pre-schools. Part of the cash prize for being a Child-Friendly Firm was used to purchase some computer units for these pre-schools.

The nursery school run by the Ph Women's Center.



Grade 2 pupils in class at the Philex Elementary School.



Since 1975, Philex subsidizes about 70 to 75 percent, or roughly P12 million, of the annual operating costs of St. Louis High School-Philex. Under the administrative supervision of the Vicariate of Baguio-Benguet, St. Louis HS-Philex has an average annual enrolment of 1,500 students. Students also fare well in inter-school contests such as quiz bees, skills Olympics, and school organ competitions, which mirror the school's quality of education.



The Saint Louis HS Building built by Philex.



Some of the vocational courses taught at Philex High School.

VOCATIONAL COURSES

Aside from the school curriculum of the Department of Education, St. Louis HS-Philex incorporates vocational courses, such as automotive/diesel mechanics, welding, auto and practical electricity, drafting, tailoring, woodworking and carpentry for boys; and knitting, dressmaking, cosmetology and food technology for girls. These courses provide the students skills and opportunity for employment in case they could not afford to pursue a college education. The school also scouts for college scholarships from government and other organizations for its poor but deserving graduating students.

Philex Mining Company has likewise entered into a Memorandum of Agreement with various technical schools in Baguio, Benguet and nearby provinces, where the company accommodates their students for on-the-job trainings as a requirement of their courses. In return, Philex endorses scholars to these schools from among its employees' qualified children. A good number of Philex employees' children already graduated from college and vocational courses through this scheme.

Philex also has an annual Mine and Mill Practicum Program, which accommodates graduating Engineering students from various schools throughout the Philippines for on-the-job training. Schools that have availed of this program include the University

of the Philippines, Mapua Institute of Technology, Mindanao State University, and St. Louis University, among others.

All these efforts are geared toward encouraging the dependents of Philex employees to finish a college or vocational education as a means to a more comfortable and fulfilling work life in the future. As further motivation, these dependents get hiring preference. A significant number of Philex employees are actually second or third generation employees, a number of whom are occupying key positions in the company.



MEDICAL SERVICES

Medical and dental services are provided free of charge to Philex employees and their dependents. The company's Sto. Niño Hospital has a 46-bed capacity, inclusive of five private rooms. It is equipped with a dental clinic, medical laboratory, X-ray machine, ECG unit, and two ambulances, among other facilities. It is staffed with five doctors, 12 nurses, five medical aides and three



The Sto. Niño Hospital built by Philex to serve Padcal community's health needs.

midwives on a 24-hour work-shift. An average of 300 out-patients are treated daily, while emergency cases are brought to hospitals in Baguio City.

In coordination with various civic organizations, medical outreach missions continue to be an annual activity, which provide free consultation, medicine, dental check-up, and circumcision to residents of the outlying communities. Other medical programs that have been sustained support the government's health programs for children. The immunization drive protected more than 3,000 children in 2004, and more than 1,100 children from January to April 2005 from childhood communicable disease and adult illnesses.

In line with the anti-measles or the "Ligtas Tigdas" program of the Department of Health, the Sto. Niño Hospital, in coordination with the Rural Health Units, vaccinated more than 2,600 children against measles, and provided Vitamin A supplements to almost 1,500 children for its "Garantisadong Pambata" program. It also continues to treat and support physically disabled children through its established Stimulation and Therapeutic Activity Center.

Employees making use of credit facility to buy goods.



Without a bank in the community, the company supports the Philex Community Credit Cooperative (PCCCO) and the Philex Mines Community Consumers Cooperative (PMCCCO), which provides high school and college scholarships for their members' children, and encourages thrift and savings through its Youth Savings Program.

COMBATING CHILD LABOR: A CORPORATE SOCIAL RESPONSIBILITY

The initiative of Philex Mining Corporation is a testimony to its strong sense of social responsibility. Among other things, its success lies in the “partners” that made it work and continue to sustain it. As all projects are implemented in partnership with local government units, people’s organizations and community members, Philex management also gives credit to the national and local government officials, the trade and labor unions, creditors and financial institutions, the suppliers, the community residents, and the support of its workforce.

Philex employees have always been encouraged to live out the Philex core values – integrity, teamwork, respect for individual rights, efficiency and social-ecological responsibility. As a signatory to the Global Compact Initiatives, Philex Mining Corporation has

committed itself to respect basic human rights, core labor standards and the environment. Indeed, Philex has demonstrated that its vision is achievable – a socially responsible Filipino company striving for excellence in mining.

Without doubt, Philex Mining Corporation is a forerunner in the Philippine mining industry, not only in terms of its exemplary efforts in upholding environmental concerns and social responsibilities, but more importantly, in its fight against child labor.

