



# HUMAN RIGHTS IMPACT ASSESSMENT (HRIA)

Prepared for  
**PENGERANG ENERGY**

**10.05  
2022**



# Human Right Impact Assessment (HRIA)

## For Pengerang Energy Complex (PEC) Sdn Bhd

For and on behalf of  
EnviroSolutions & Consulting Sdn Bhd,

Approved by,

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## ABBREVIATIONS

CRC	Convention on the Rights of the Child
CSR	Corporate Social Responsibility
CSO	Chief Security Officer
DOE	Department of Environmental
EHS	Environmental, Health and Safety
EIS	Employee Insurance System
EP	Equator Principles
EPAP	Equator Principles Action Plan
EPF	Employees Provident Fund
ESC	EnviroSolutions & Consulting Sdn Bhd
ESHIA	Environmental Social and Health Impact Assessment
ESI	Environmental Site Investigation
ESMS	Environmental and Social Management Plan
GDP	Gross Domestic Product
GIIP	Good International Industry Practice
HR	Human Resources
HRIA	Human Right Impact Assessment
IFC	International Finance Corporation
ILO	International Labour Organization
IP	Indigenous People
JPDC	Johor Petroleum Development Corporation
KEJORA	<i>Lembaga Kemajuan Johor Tenggara</i>
NGO	Non-Governmental Organization
OKU	Disable Persons
PAP	Project Affected People
PDT	Pengerang Deepwater Terminal
PEC	Pengerang Energy Complex
PEIP	Pengerang Eco-Industrial Park
PICC	Pengerang Commercial Centre
PIDP	Pengerang Integrated Development Project
PIP	Pengerang Industrial Park
PIPC	Pengerang Integrated Petroleum Complex
PS	Performance Standard
SEN	Special Educational Needs
SEP	Stakeholder Engagement Plan
SIA	Social Impact Assessments
SOCISO	Social Security Organization
UDHR	Universal Declaration of Human Rights
UNGPs	United Nations Guiding Principles on Business and Human Rights
WBG	World Bank Group
WWF	World Wide Fund for Nature Malaysia



## Executive Summary

The Pengerang Energy Complex (PEC) will be one of the world's largest and most competitive integrated condensate splitter and aromatics facilities located in Johor, Malaysia. It also aims to become a world-class petrochemical hub adding value to the downstream oil and gas value chain in Malaysia. PEC will have a processing capacity of 16.7 kilometric tonnes per day (kMtpd) and 5.844 million metric tonnes per annum (MMtpa) of aromatic petrochemicals and oil products.

The proposed Project is located within the Pengerang Integrated Petroleum Complex (PIPC site) and has supporting infrastructures such as roadways, electricity substation, drainage and a centralised sewage treatment system. Within the PIPC, there are existing industrial and petrochemical projects including the Petronas Refinery and Petrochemical Integrated Development (RAPID), and Pengerang Deepwater Terminal (PDT), making the PIPC site a centre for Refinery and Petrochemical in Asia.

There remain several settlements and public amenities located within 1-3km of the PEC site, including settlements of Kg. Lepau, Sebana Mixed Development and settlements at Bukit Pelali and Kg Bukit Gelugor. Settlements within this radius are used mostly as workers' settlements for RAPID and DIALOG. Based on the latest interview conducted by EnviroSolutions & Consulting Sdn Bhd (ESC), approximately 30 households live within a 1 km radius, with a further 326 households within a 5 km radius from the PEC site. These households are primarily ethnic Malay, with no indigenous people (IPs) identified as present within these households. The closest IPs reside about 25 km away from the PEC site.

ESC has been engaged by PEC to prepare a Human Rights Impact Assessment (HRIA) in advance of PEC operational activity and assess PEC's policies, practices, and plans of PEC's activities against Equatorial Principle 4, Malaysian law and regulations, and applicable international standards. HRIA analysis was prepared based on the risks and impacts that could arise from the project activities to rights-holders, considering the severity (scale, scope, and available remedies) and likelihood levels.

The HRIA concludes PEC has already addressed many of its fundamental human rights obligations as measured against Malaysian laws and regulations as well as the international standards. However, it is found that cumulative impacts on human rights mainly on Livelihood and Land, and Rights to Healthy Environment do exist and additional remedies may be necessary. Thus, it has been recommended that PEC work with other companies around the project site to address those cumulative impacts on human rights through an overarching Cumulative Impact Management Framework. Nevertheless, PEC has shown its commitment to respecting and encouraging human rights through the development and implementation of company policies. A summary of the risks and compliance status is shown in *Table ES-1* below.

**Table ES-1: Human Right Impact Assessment**

Human Rights Issues	Potential Impacts	Compliance Status
Child Labour	<ul style="list-style-type: none"> <li>Exposure to hazardous working environments e.g., construction sites; and</li> <li>Loss of rights to education, an adequate standard of living and security of the child and young labour.</li> </ul>	PEC operation complies with the following Act, Regulations & Guidelines: <b>Local</b> <ul style="list-style-type: none"> <li>The Federal Constitution of Malaysia (Article 12);</li> <li>Child Act 2001 (Act 611);</li> <li>Children and Young Persons (Employment) Act 1966 (Act 350); and</li> <li>Education Act, 1996.</li> </ul> <b>International</b> <ul style="list-style-type: none"> <li>International Labour Standards on Child Labour;</li> <li>Convention on the Rights of the Child; and</li> <li>IFC PS 2 Labour and Working Conditions.</li> </ul>
Collective Bargaining and Freedom of Association <ul style="list-style-type: none"> <li>Presently there is no union association in Pengerang, also during construction phase company don't see any union activities as most of the workforce will be migrant labours".</li> </ul>	Denying workers from forming or joining trade unions or associations may create barriers among employees and contract workers. Grievances may arise from the contract workers if their rights are violated or denied.	PEC operation partially complies with the following Act, Regulations and Guidelines: <b>Local</b> <ul style="list-style-type: none"> <li>The Federal Constitution of Malaysia (Article 10);</li> <li>Employment Act, 1955; and</li> <li>Freedom of Association and the Right to Collective Bargaining.</li> </ul> <b>International</b> <ul style="list-style-type: none"> <li>International Bill of Human Rights (Article 3); and</li> <li>International Labour Standards on Freedom of Association.</li> </ul>
Modern Slavery (Forced Labour/Human Trafficking)	<ul style="list-style-type: none"> <li>Workers may be in debt due to false promises which will lead to difficulty for the workers to leave employment;</li> <li>Victims of forced labour may suffer intimidation and threats when they complain about their conditions or wish to quit their employment; and</li> <li>Workers are vulnerable to mistreatment by the employers which may lead to unfairness, and harmful situations e.g., unsafe working conditions or unsafe accommodation.</li> </ul>	PEC operation complies with the following Act, Regulations & Guidelines: <b>Local</b> <ul style="list-style-type: none"> <li>The Federal Constitution of Malaysia (Article 6); and</li> <li>Anti-Trafficking in Persons and Anti-Smuggling of Migrants Act 2007 (Act 670).</li> </ul> <b>International</b> <ul style="list-style-type: none"> <li>International Bill of Human Rights (Article 3);</li> <li>IFC PS 2 Labour and Working Conditions; and</li> <li>International Labour Standards on Forced Labour.</li> </ul>
Grievance Mechanism and Remedy (Internal and external grievance mechanism)	Employers should provide a mechanism for employees/workers to channel their grievances. Failure to provide the right will lead to employees/ workers feeling they are treated	PEC operation complies with the following Act, Regulations & Guidelines: <b>International</b>





Human Rights Issues	Potential Impacts	Compliance Status
	unfairly and may lead to employees/ workers wishing to quit their employment.	<ul style="list-style-type: none"> <li>• IFC PS 1 Assessment and Management of Environmental and Social Risks and Impacts</li> <li>• IFC PS 2 Labour and Working Conditions</li> </ul>
Job Security / Right to Work	Terminating employees or workers without a proper plan will cause the employees to lose their jobs and source of income. Action may be taken by the affected employees or workers such as submitting complaints to the Labour Department will tarnish the image of the company and organization.	<p>PEC operation complies with the following Act, Regulations &amp; Guidelines:</p> <p><b>Local</b></p> <ul style="list-style-type: none"> <li>• Employment Act 1955.</li> </ul> <p><b>International</b></p> <ul style="list-style-type: none"> <li>• International Labour Standards on Employment security; and</li> <li>• IFC PS 2 Labour and Working Conditions.</li> </ul>
Non-discrimination	Discrimination might occur in a variety of circumstances. It is the risk that workers may be treated unfairly (either through recruitment, hiring, management, compensation, career progression/ opportunities, or termination practices) due to certain attributes such as the basis of their disability, religion, health, ethnicity, gender, sexual orientation, gender, age, indigenous origin, migrant worker status, etc. Discrimination may lead to workers quitting their job and eventually losing their sources of income.	<p>PEC operation complies with the following Act, Regulations &amp; Guidelines:</p> <p><b>Local</b></p> <ul style="list-style-type: none"> <li>• The Federal Constitution of Malaysia (Article 8).</li> </ul> <p><b>International</b></p> <ul style="list-style-type: none"> <li>• International Bill of Human Rights (Article 2); and</li> <li>• International Labour Standards on Equality of Opportunity and Treatment.</li> </ul>
Occupational health and safety	Inadequate workplace safety and health may cause hazards to the workers e.g., unsafe working areas, working at height places, fire and communicable diseases. Lack of awareness concerning safety and health at the workplace could expose the workers to accidents and injuries that lead to loss of man-days, hospitalization and fatality.	<p>PEC operation complies with the following Act, Regulations &amp; Guidelines:</p> <p><b>Local</b></p> <ul style="list-style-type: none"> <li>• Occupational Safety and Health Act 1994.</li> </ul> <p><b>International</b></p> <ul style="list-style-type: none"> <li>• IFC PS 2 Labour and Working Conditions;</li> <li>• World Bank Group (WBG) Environmental Health and Safety (EHS) Guidelines; and</li> <li>• International Labour Standards on Occupational Safety and Health.</li> </ul>
Wages (pay equity, standard of living)	Wages should be given to the workers in a fair manner where the workers will have enough for them to have a decent living, especially migrant workers. If the employer fails to provide wages as stated in the contract, workers may: <ul style="list-style-type: none"> <li>• live in poor conditions e.g., unable to buy necessary items;</li> <li>• feel deceived when the wages received are not as stated in the contract; and</li> </ul>	<p>PEC operation partially complies with the following Act, Regulations and Guidelines:</p> <p><b>Local</b></p> <ul style="list-style-type: none"> <li>• The Federal Constitution of Malaysia (Article 8); and</li> <li>• Employment Act, 1955.</li> </ul> <p><b>International</b></p> <ul style="list-style-type: none"> <li>• International Bill of Human Rights (Article 3);</li> </ul>



Human Rights Issues	Potential Impacts	Compliance Status
	<ul style="list-style-type: none"> <li>may suffer intimidation or threats when they complain or wish to quit their employment.</li> </ul>	<ul style="list-style-type: none"> <li>International Labour Standards on Wages; and</li> <li>International Labour Standards on Working time.</li> </ul>
Working Hours	Working hours and rest days should be clearly explained to the workers in writing to avoid misunderstanding on their schedule. Workers may be exposed to poor health conditions if they are forced to work long hours e.g., fatigue.	<p><b>International</b></p> <ul style="list-style-type: none"> <li>International Bill of Human Rights (Article 3);</li> <li>International Labour Standards on Wages; and</li> <li>International Labour Standards on Working time.</li> </ul>
Right to education	<ul style="list-style-type: none"> <li>Employing child and young labour will interrupt their rights to education which will raise concerns of government, NGOs and the international community.</li> <li>The project development may interrupt the ongoing educational process i.e., excessive noise from construction activities and damage to the schools' buildings. These will lead to the grievance from the community.</li> </ul>	<p>PEC operation partially complies with the following Act, Regulations and Guidelines:</p> <p><b>Local</b></p> <ul style="list-style-type: none"> <li>The Federal Constitution of Malaysia (Article 12); and</li> <li>Education Act, 1996.</li> </ul> <p><b>International</b></p> <ul style="list-style-type: none"> <li>International Labour Standards on Education for All.</li> </ul>
Right to health	<p>Employees and workers have their right to health, especially in working place and accommodations provided by employers. Employers should ensure both places are safe for their employees and workers. Risks/ impacts if the employer neglects the right to occupational health are:</p> <ul style="list-style-type: none"> <li>Spreading of diseases at workplace/ accommodation;</li> <li>Loss of man-days and hospitalization; and</li> <li>Fatality.</li> </ul>	<p>PEC operation complies with the following Act, Regulations &amp; Guidelines:</p> <p><b>Local</b></p> <ul style="list-style-type: none"> <li>Occupational Safety and Health Act 1994.</li> </ul> <p><b>International</b></p> <ul style="list-style-type: none"> <li>IFC PS 2 Labour and Working Conditions;</li> <li>World Bank Group (WBG) Environmental Health and Safety (EHS) Guidelines; and</li> <li>International Labour Standards on Occupational Safety and Health.</li> </ul>
Right to Water	The construction activities may consume a great amount of water or may cause water disruption to the worker's accommodation and surrounding local communities. Grievance/ complaints from the worker's accommodation and local communities may arise due to low pressure of water or disruption of water supply.	<p>PEC operation complies with the following Act, Regulations &amp; Guidelines:</p> <p><b>International</b></p> <ul style="list-style-type: none"> <li>OHCHR and The Right to Water and Sanitation</li> </ul>
Livelihood and Land	The construction and operational activities of the PEC project may disturb the livelihood of the communities, especially in Kampung Lepau which is located approximately 2km from the project site. A cumulative impact of RAPID operational activities, PEC and other development surrounding the area	<p>PEC operation complies with the following Act, Regulations &amp; Guidelines:</p> <p><b>International</b></p> <ul style="list-style-type: none"> <li>International Covenant on Economic, Social and Cultural Rights; and</li> <li>UNHCR Land and Human Rights.</li> <li>IFC PS 5 Land Acquisition and Involuntary Resettlement.</li> </ul>



Human Rights Issues	Potential Impacts	Compliance Status
	may worsen the impacts, especially on the fishermen in Sg. Lepau.	
Rights to Healthy Environment	Pollution such as air, noise and vibration are significantly impacting the environment surrounding the development area of RAPID and other development projects under JCORP e.g., PEC. Construction activities will increase dust pollution while operational activities may produce high noise levels and vibration which will be impacting the nearest sensitive receptor, Kg. Lepau.	PEC operation complies with the following Act, Regulations & Guidelines: <b>International</b> <ul style="list-style-type: none"> <li>The Human Rights Council's Resolution 48/13 of October 8, 2021.</li> </ul>
Children's Rights	Employing child and young labour will give negative impacts on the company and raise concerns of government, NGOs and the international community. It will also intersect with the prohibition of child labour and the right to education.	PEC operation complies with the following Act, Regulations & Guidelines: <b>Local</b> <ul style="list-style-type: none"> <li>The Federal Constitution of Malaysia (Article 12);</li> <li>Child Act 2001 (Act 611);</li> <li>Children and Young Persons (Employment) Act 1966 (Act 350); and</li> <li>Education Act, 1996.</li> </ul> <b>International</b> <ul style="list-style-type: none"> <li>International Labour Standards on Child Labour;</li> <li>Convention on the Rights of the Child; and</li> <li>IFC PS 2 Labour and Working Conditions.</li> </ul>
Disability Rights	Fatal and non-fatal incidents and injuries could happen when non-appropriate job tasks are given to a person with disabilities.	PEC operation complies with the following Act, Regulations & Guidelines: <b>Local</b> <ul style="list-style-type: none"> <li>Persons with Disabilities Act 2008.</li> </ul> <b>International</b> <ul style="list-style-type: none"> <li>International Bill of Human Rights (Article 1).</li> </ul>
Indigenous Peoples	The construction and operational phase of the PEC project might disturb activities or cultural heritage sites of indigenous people.	NA
Migrants Rights	Migrant workers may be subjected to a lack of equal opportunity for promotion, due to discrimination against workers from other cultures or races. They may also be favouritism about working hours, pay, training, housing conditions and access to health care or education.	PEC operation complies with the following Act, Regulations & Guidelines: <b>Local</b> <ul style="list-style-type: none"> <li>The Federal Constitution of Malaysia (Article 8).</li> </ul> <b>International</b> <ul style="list-style-type: none"> <li>International Bill of Human Rights (Article 2); and</li> </ul>



Human Rights Issues	Potential Impacts	Compliance Status
		<ul style="list-style-type: none"><li>International Labour Standards on Equality of Opportunity and Treatment.</li></ul>
Women's Rights	Employer preferences on specific gender for certain job scopes as well as employing a high proportion of male workers. These can lead to mistreatment of women and a lack of equal opportunity.	PEC operation complies with the following Act, Regulations & Guidelines: <b>Local</b> <ul style="list-style-type: none"><li>The Federal Constitution of Malaysia (Article 8);</li><li>National Policy on Women, 1989; and</li><li>Employment Act, 1955.</li></ul> <b>International</b> <ul style="list-style-type: none"><li>International Bill of Human Rights (Article 1); and</li><li>International Labour Standards on Equality of Opportunity and Treatment.</li></ul>
Crime & Employing security force	<ul style="list-style-type: none"><li>A large population of immigrants, especially men, can disrupt social cohesion and can cause alcohol-related problems like violence and fights, drug abuse and an increase in criminal activities like theft etc. to the existing population;</li><li>Raising concern from stakeholders if hiring non-license security; and</li><li>Threatening the safety of the communities and disturbing the peace of daily life of the locals.</li></ul>	PEC operation complies with the following Act, Regulations & Guidelines: <b>International</b> <ul style="list-style-type: none"><li>International Labour Standards on Social Security.</li></ul>

## 1 INTRODUCTION

### 1.1 Project Background

The proposed Pengerang Energy Complex Sdn Bhd (PEC) will house a world-scale condensate splitter and aromatics complex, on a 250-acre site in the Pengerang Industrial Park (PIP) and Pengerang Integrated Petroleum Complex (PIPC), Kota Tinggi District, Johor (refer to *Figure 1.1*).

The PEC production capacity will be 5.9 million metric tonnes per annum (MMtpa), or 16.7 kilometric tonnes per day (kMtpd), of aromatic petrochemicals and oil products, processed from 6.324 MMtpa of condensate feedstock, using the latest generation UOP technology.

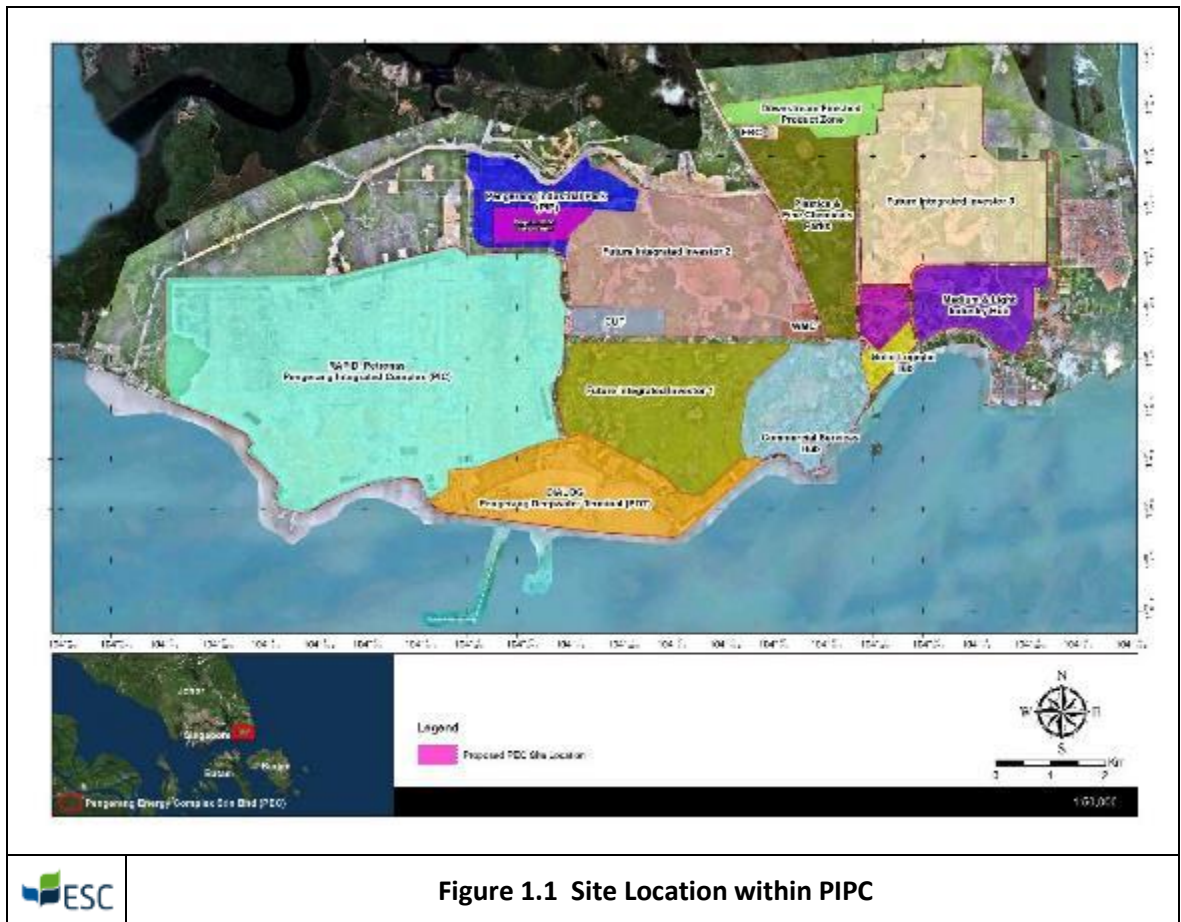


Figure 1.1 Site Location within PIPC

The PEC project is estimated to cost about RM13.0 billion (~US\$ 3.4 billion) and is expected to spur economic activities in the local area. The PEC project is also in-line with the Johor State Government's development policy to develop Pengerang into a major oil & gas, and petrochemical hub for Malaysia, via the development of the wider areas into the Pengerang Integrated Petroleum Complex (PIPC), with numerous downstream oil and gas investments. Pengerang is considered a strategic location due to:

- Access to existing major international shipping lanes; Middle East – Singapore – China;
- Water depth of 24m enables Very Large Crude Carriers (VLCCs) and Ultra Large Crude Carriers (ULCCs) to berth right at the jetty;
- Safe and sheltered harbour;

- No breakwater is required with sufficient seagoing passage for Very Large Crude Carriers (VLCCs) and Ultra Large Crude Carriers (ULCCs);
- Low negative socio-economic impact;
- Availability of sufficient development land;
- A single candidate plot over 20,000 acres;
- Very few Environmentally Sensitive Areas (ESAs) that easily preserved; and
- Proximity to an existing major trading hub adjacent to Singapore.

The project site is located within PIPC where the location has been designated as an industrial area for refinery and petrochemical. The project location also bordered some villages within 1-3km and 3-5km (detail of the villages is provided in Chapter 4). There are about 30 households in the local community living within a one (1) km radius (mainly in Kg Leupau), and about 326 households, of which most of them are Malays, residing within a 5 km radius from the PEC site. In addition to that, PEC expected several numbers of workers that will be employed throughout the project phases, the Peak anticipated workforce size is around 7,000 workers which will last about 12 months.

## 1.2 Objective of Study

This Human Right Impact Assessment (HRIA) is undertaken to identify, understand, assess, and address any adverse effects of PEC's project or activities on the human rights of workers and nearby community members. The list of Aol is as described in the ESHIA document (Chapter 8, Section 8.1.1). The objectives of the HRIA are to:

1. Identify affected and potentially affected stakeholders with a particular focus on those vulnerable to Human Rights impacts.
2. Meaningfully engage with stakeholders, mainly communities and workers (rights-holders).
3. Evaluate the level of vulnerability of PAPs to impacts.
4. Identify and assess positive and negative Human Rights impacts resulting from the Company's activities.
5. To check the compliance status against national laws and regulations and international standards.
6. Propose measures to mitigate identified negative impacts.
7. Propose measures to maximize potential positive impacts.
8. Propose indicators to track the performance of impacts management measures.

## 1.3 Assessment Methodology

In assessing the impact on Human Rights, ESC used methodology to outline data gathering, and approach to identify Human Rights risks. As described in the Guidance Note on Implementation of Human Rights Assessments under the Equator Principles, the methodology describes, at a minimum:

1. which Human Rights issues were evaluated;
2. concerning which affected groups; and
3. the outcome of those evaluations, including



- a. the level of risk to the respective affected group;
- b. the extent to which the risk can be mitigated; and
- c. whether any impacts may not be mitigated and may instead require other remedial action.

### 1.3.1 Data Gathering Method

#### 1. Primary Data

Primary data is gathered through tabulated questionnaires sent by email, interviews of key stakeholders, and FGD. Details of methods are presented below:

**Table 1-1 List of Primary Data Collection**

Method	Respondent	Determination of Respondent selection	Time of Consultation
Tabulated questionnaires & confirmation through phone call	<ul style="list-style-type: none"> <li>• Head Human Resources and Social Relations (Riaz Saiyed)</li> <li>• Senior HR Executive (Theresa Ang Chen Hui)</li> </ul>	ChemOne internal Manager	3 September 2021
Key Informant Interview	<ul style="list-style-type: none"> <li>• Village Heads</li> <li>• Women Representative</li> <li>• Fishing Association</li> <li>• Elderly</li> </ul>	Key informants were selected based on their positions and level of influence within the community	22 September 2018
	<ul style="list-style-type: none"> <li>• Village Sub-head (Kg. Lepau)</li> <li>• Women Representative</li> <li>• Fishermen Representative</li> </ul>	Kg Lepau representatives	22 April 2022 25 April 2022
FGD	<ul style="list-style-type: none"> <li>• Affected communities (Residents of Kg Lepau, Penghulu of Mukim Pengerang and Pantai Timur, Former village head of Kg Lepau, Former village head of Kg Bukit Buloh, Village head of Kg Bukit Raja, Kg Bukit Gelugor and Kg Bukit Pelali, Fishermen of Kg Lepau).</li> <li>• Women in affected communities (5 women participated in the FGD – they were part of a larger FGD)</li> <li>• Elderly in affected communities (1 elderly person attended the FGD)</li> </ul>	The affected community who participated in the FGD was selected based on consultation with village heads	27 October 2018

In the process of accommodating and facilitating women respondents, a woman interviewer from ESC is assigned to interview and understand their views and potential impacts.

#### 2. Secondary Data

In the process of developing HRIA, a list of internal and external ChemOne documents was reviewed to understand the human rights context and issues related to human rights in Malaysia within specific industries and projects. Lists of documents reviewed are shown below:

- Environmental Impact Assessment (EIA), (2019);

- Environmental Social Health Impact Assessment (ESHIA), (2020);
- Environmental and Social Management Plan (ESMP), (2020);
- Social Impact Assessment (SIA), (2020);
- Conflict of Interest Policy, (2020);
- Anti-Harassment Policy, (2020);
- Anti-Bribery and Corruption (ABC) and Anti-Money Laundry (AML) Policy, (2020);
- Human Resources Policy Manual, (2022);
- Stakeholder Engagement Plan and Grievance Mechanism Framework, (2020);
- Land Acquisition and Resettlements Framework; and
- Relevant policies and procedures (e.g., human resources, security, cultural heritage).

In developing this HRIA, the reference is made to:

- Equatorial Principle (EP) IV;
- United Nations Guiding Principles on Business and Human Rights (UNGPs);
- International Bill of Human Rights (i.e., the Universal Declaration of Human Rights, International Covenant on Civil and Political Rights and International Covenant on Economic, Social and Cultural Rights);
- International Bill of Human Rights that has been ratified and implemented by Malaysia;
- ILO – Eight core Labour Conventions (ILO Convention 87 on Freedom of Association and Protection of the Right to Organise; ILO Convention 98 on the Right to Organize and Collective Bargaining; ILO Convention 29 on Forced Labour; ILO Convention 105 on the Abolition of Forced Labour; ILO Convention 138 on Minimum Age (of Employment); ILO Convention 182 on the Worst Forms of Child Labour; ILO Convention 100 on Equal Remuneration; ILO Convention 111 on Discrimination (Employment and Occupation));
- ILO conventions that have been ratified and implemented by Malaysia;
- International Financial Corporation (IFC) Performance Standard (PS) 2 - Labour, 5 - Land Resettlement, 7 - Indigenous People, and 8 – Cultural Heritage;
- Malaysian regulations (The Federal Constitution of Malaysia; Employment Act, 1955; Employment (Restriction) Act 1968 (Act 353) (Revised 1988); Employees Provident Fund Act 1991; Employment Insurance System Act 2017; Minimum Wages Order 2018 & 2022; Minimum Retirement Age Act 2012; Child Act 2001 (Act 611); Human Resources Development Act 2001 (Act No. 612); Personal Data Protection Act 2010; Persons with Disabilities Act 2008; Industrial Relations Act 1967 (2010 Revision); Factory and Machinery Act 1967 (Revised 1974); Occupational Safety and Health Act 1994 (Act 154); Children and Young Persons (Employment) Act 1966 (Act 350); Children and Young Persons (Employment) Act 1966 (Act 350) (Amendment 2010); Persons with Disabilities Act 2008; National Policy on Women, 1989; Anti-Trafficking in Persons and Anti-Smuggling of Migrants Act 2007 (Act 670); Education Act, 1996; Trade Unions Act 1959; Freedom of Association and the Right to Collective Bargaining);
- NGOs report on human rights in Malaysia (the Human Rights Watch, Transparency International, Freedom House), and;

- Reports from the Department of Statistic Malaysia (DOSM).

### 1.3.2 Human Right Issue and Affected Group Evaluated

Human rights issues were evaluated for HRIA related to labour, economic, social, and culture, and Group Rights/ 'Heightened Risk of Vulnerability'. The risks of Human Rights issue is checked against the affected groups (workers and communities). Detail of the Human issue evaluated and affected groups are described below:

**Table 1-2 List of Human Right Issues & Affected Group Evaluated**

Rights Category	Human Rights Issues Evaluated	Risk to Workers	Risk to Communities
Labour	Child Labour	√	-
	Collective Bargaining and Freedom of Association	√	-
	Modern Slavery (Forced Labour/Human Trafficking)	√	-
	Grievance Mechanism and Remedy (Internal and external grievance mechanism)	√	√
	Job Security/Right to Work <input type="checkbox"/> The termination of an employment	√	-
	Non-discrimination <input type="checkbox"/> Regardless of class, race, colour, sex, religion, gender, age, political or other opinions, national or social origin, property, sexual orientation, disability, employee status, marital status, familial <input type="checkbox"/> Ensuring employees are free from harassment.	√	-
	Occupational health and safety <input type="checkbox"/> Safe and healthy working conditions for workers. <input type="checkbox"/> Standards of OHS application to reduce accidents (provision of training, use of material element of works), etc.	√	-
	Wages (pay equity, standard of living). Also, to refer to the government regulation	√	-
Working Hours	√	-	
Economic, Social and Cultural	Right to education • All children have the right to free and compulsory primary education.	√	√
	Right to health • Individuals have a right to the highest attainable standard of physical and mental health.	√	√
	Right to Water • Individuals have the right to water and sanitation.	√	√
	Livelihood and Land • Individuals have the right to a dignified and productive livelihood which enables them to live in peace, security and dignity.	-	√
	Rights to Healthy Environment	-	√
Group Rights/ 'Heightened	Children's Rights • The Convention on the Rights of the Child	√	√

Rights Category	Human Rights Issues Evaluated	Risk to Workers	Risk to Communities
Risk of Vulnerability'	Disability Rights <ul style="list-style-type: none"> <li>The Convention on the Rights of Persons with Disabilities</li> </ul>	√	-
	Indigenous Peoples <ul style="list-style-type: none"> <li>Indigenous Peoples are afforded unique group rights</li> </ul>	NA	NA
	Migrants Rights <ul style="list-style-type: none"> <li>Protection of the Rights of All Migrant Workers and Members of their Families</li> </ul>	√	-
	Women's Rights <ul style="list-style-type: none"> <li>Elimination of all Forms of Discrimination Against Women</li> </ul>	√	√
Security	Crime & Employing security force	√	√

**Note:** The PEC site has yet to make any employment during the development of this HRIA report.

### 1.3.3 Evaluation of Human Right Issue

#### 1. Determination of Severity & Likelihood

In the evaluation and assessment of the risk level of the respective affected groups, the human right is assessed according to their severity as described in the UNGPS Principle 14 based on the scale, scope and irremediability of the impact and likelihood of occurring. The human right will assess actual or potential impacts within the project area against all internationally recognized Human Rights. Referring to Guidance Note on Implementation of Human Rights Assessments under The Equator Principles, the severity will be assessed using the factors as follow:

- Scale: how serious are the impacts on the victim?
- Scope: how many people could be affected by the harm?
- Remediability: will a remedy restore the victim to the same or equivalent position before the harm; how easy or difficult would it be for the victim to get a remedy?
- Likelihood: what is the likelihood of the impact occurring?

The evaluation of the severity of the impact on human rights is based on *Table 1-3* below.

**Table 1-3 Severity Level**

<b>Minor</b>	Impacts on social context and/or people are minor. The impact is small with a short duration of time and with no significant impact on the social context or people, as well as it will not impact at all on vulnerable groups.
<b>Moderate</b>	Impacts on the social context and/or people are moderate. Without intervention, impacts are likely to persist throughout the Project duration. Residual impacts may extend beyond the duration of the Project without mitigation measures.
<b>Major</b>	Negative impacts on the social context and/or people are substantial. Changes cannot be mitigated without special intervention. The residual impacts are very likely to extend throughout the Project duration and thereafter.
<b>Critical</b>	Negative impacts on the social context and/or people are severe, permanent or otherwise irremediable. They require mandatory and specific avoidance, mitigation and remediation measures. Modifications to the Project design shall be considered.

Following the Guidance Note on Implementation of Human Rights Assessments under The Equator Principles, criteria of severity and likelihood in assessing the human right are developed in *Table 1-4* below and will be used to develop scoring of each human rights issue.

**Table 1-4 Criteria of Severity & Likelihood**

<b>Criteria of Severity</b>				
	<b>Minor (1)</b>	<b>Moderate (2)</b>	<b>Major (3)</b>	<b>Critical (4)</b>
Scale	Minor impact to victim	Slight impact to the victim, e.g., health and safety - minor injury or illness.	Moderate impact to the victim, e.g., it requires rehabilitation (loss time injury)	Significant impact to the victim that can cause life-threatening or long-term health impact, physical disability or fatality, trauma
Scope	Minor negative impact on stakeholders (less than 10% of stakeholders)	Slight impact to some stakeholders in particular stakeholder group (11%-25%)	Impact on most stakeholders or individuals (or about 26%-60%)	Impact on all stakeholders (such as local communities, employees, and suppliers or may impact more than 60% of stakeholders)
Remediability	To restore the impact, it takes less than a year (<1 year)	Restoring the impact takes 1-3 years	Take 3-5 years to restore the impact	The impact is permanent or takes longer than 5 years (>5 years) to restore the impact
<b>Criteria of Likelihood</b>				
	<b>Very unlikely (1)</b>	<b>Unlikely (2)</b>	<b>Likely (3)</b>	<b>Very likely (4)</b>
Likelihood	<b>Almost Never (&lt;10%)</b>  Never occur the violation of human rights in the company or very minor occurrence	<b>Unlikely (≥10% - ≤50%)</b>  It slightly or has happened human rights violation and may occur in the future	<b>Likely (≥50% - ≤90%)</b>  The violation of human rights has occurred in the past and may continue to occur quite often today and, in the future	<b>Very likely (≥90%)</b>  The violation of human rights frequently or repeatedly occurred (including in the past and now)

Once all human rights issues have been identified, the next step is to address all of those issues (in some cases, not all issues can be addressed simultaneously). In this case, priority will be focused on the human right issues that are severe and are ongoing or is likely to occur in near future.

**2. Result, Impact Mitigation, and Management of Human Right Impact Assessment**

Once the severity and likelihood have been identified and estimated, all the human rights issues will be compared against the company policies, and company practices, with the baseline condition

of the country, Malaysian laws and regulations, and international standards. Mitigation and management measures will be developed to ensure the human rights risks are negligible and minor.

#### **1.4 Structure of the Report**

This HRIA document is structured as follows:

- Chapter 1: Introduction;
- Chapter 2: Applicable law and regulations (National and international requirements);
- Chapter 3: Human rights baseline;
- Chapter 5: Project baseline description;
- Chapter 4: Stakeholder engagement;
- Chapter 5: Human rights assessment; and
- Chapter 6: Conclusion.



## 2 APPLICABLE LAWS AND REGULATIONS

### 2.1 Overview

Human rights are often expressed and guaranteed by law, in the form of treaties, customary international law, general principles and other sources of international law. International human rights law dictates the obligations of the Malaysian Government to act in certain ways or to refrain from certain acts, to promote and protect human rights and fundamental freedoms of individuals or groups.

In Malaysia, human rights are as prescribed in the Universal Declaration of Human Rights (UDHR), so long as it is in line with Part II, Article 5-13 of Malaysia's Federal Constitution mentioned as Fundamental Liberties which provides for the protection of basic human rights standards. Besides that, the National Human Rights Commission of Malaysia has the power to accept individual complaints of human rights abuse. The Commission's findings and recommendations, however, are not binding.

### 2.2 Malaysian Law & Regulations

Table 2-1 below summarized the relevant laws and legislation regarding human rights in Malaysia.

**Table 2-1: Laws and Legislations of Human Rights in Malaysia**

No.	Legislation	Related Provisions
1	The Federal Constitution of Malaysia	<ul style="list-style-type: none"><li>• The supreme law of Malaysia came into force in 1957 which comprises of 15 Parts containing 230 Articles and 13 Schedules.</li><li>• Part II of the Constitution is on <b>Fundamental Liberties</b> which are outlined in Articles 5 to 13 under the following headlines; liberty of the person, prohibition of slavery and forced labour, protection against retrospective criminal laws and repeated trials, equality, prohibition of banishment and freedom of movement, freedom of speech, assembly and association, freedom of religion, rights in respect of education and rights to property.</li><li>• <b>Article 5 – Right to life and liberty</b> enshrined that no person may be deprived of life or personal liberty except under law, not to unlawfully detained a person (right of <i>habeas corpus</i>), a person's right to be informed of the reasons of his arrest and legally represented a lawyer of his choice and a person not to be arrested for more than 24 hours without magistrate's permission.</li><li>• <b>Article 6 – No Slavery</b> provides that no person may be held in slavery and all forms of forced labour are prohibited, but federal law such as National Services Act 1952 may provide compulsory services for national purposes.</li><li>• <b>Article 7 – No retrospective criminal laws or increases in punishment and no repetition of criminal trials</b> provides the following protections; (i) no person to be punished for an act or omission which was not punishable by law, (ii) no person to suffer greater punishment for an offence than was prescribed by law at that time it was committed, (iii) a person who has been acquitted or convicted of an offence shall not be tried again for the same offence except where a retrial is ordered by a court.</li><li>• <b>Article 8 – Equality</b> provides that all persons are equal before the law and entitled to its equal protection (Clause 1) and Clause 2</li></ul>

No.	Legislation	Related Provisions
		<p>states that there is no discrimination against a citizen on the ground.</p> <ul style="list-style-type: none"> <li>• <b>Article 9 – Prohibition of banishment and freedom of movement</b> stated that Malaysian citizens are protected against being banished from the country and that every citizen has the right to move freely throughout the Federation.</li> <li>• <b>Article 10 – Freedom of Speech, Assembly and Association</b> allows the freedom to every Malaysian citizen, but the freedom and rights are not absolute; the Constitution itself, under this Article, expressly permits Parliament by law to impose restrictions in the interest of the security of the Federation, friendly relations with other countries, public order, morality to protect the privileges of Parliament, to provide against contempt of court, defamation, or incitement to any offence. Several acts of law regulate the freedoms mentioned by Article 10 of the Constitution.</li> <li>• <b>Article 11 – Freedom of religion</b> expressed that every person has the right to profess and practise his religion and has the right to propagate his religion, but the state law and respect, the Federal Territories, may control or restrict the propagation of any religious doctrine.</li> <li>• <b>Article 12 – Rights in respect of education</b> provides that there shall be no discrimination against any citizen on the grounds only of religion, race, descent or place of birth (i) in the administration of any educational institution maintained by a public authority and (ii) in providing out of the funds of a public authority financial aid for the maintenance or education of students in any educational institution. Every religious group has the right to establish and maintain institutions for the education of children in its religion.</li> <li>• <b>Article 13 – Rights to property</b> stated that no person may be deprived of property save under law and no law may provide for the compulsory acquisition or use of property without adequate compensation.</li> </ul>
2	Child Act 2001 (Act 611)	<ul style="list-style-type: none"> <li>• Malaysia acceded to the Convention on the Rights of the Child (CRC) in 1995 which introduced the Child Act in 2001.</li> <li>• This Act incorporates the core principles for the protection, care and rehabilitation of children which stated the principles of non-discrimination, best interests of the child, the right to life, survival and development as well as respect for the views of the child.</li> <li>• The National Council for the Protection of Children was established to advise the Government on child protection issues.</li> <li>• National Advisory and Consultative Council for Children acts as a national focal point for children’s well-being and development.</li> <li>• Child Protection Teams and Child Activity Centres are established at both state and district levels as required in the Act to protect children that are at risk or vulnerable to all forms of abuse and exploitation.</li> <li>• This Act also provides procedures before the Court for Children to administer juvenile justice, taking into account the mental and emotional maturity of a child.</li> <li>• Among the initiatives to safeguard children from violence, abuse, neglect and exploitation, are criminalized incest under the Penal</li> </ul>

No.	Legislation	Related Provisions
		Code (Act 574) while the Domestic Violence Act 1994 (Act 521) protects the child against violence within the family.
3	Children and Young Persons (Employment) Act 1966 (Act 350)	<ul style="list-style-type: none"> <li>The framework of this Act is for the elimination of child labour and the protection of children and young persons.</li> <li>This Act defines a child as a person under 14 years of age and a young person as under 16 years of age.</li> <li>Children may be employed in light work done within the family, specific public entertainment, apprenticeships, and work sponsored by the Government.</li> <li>Night work, underground work, and sets forth hours of work are impeded under this Act.</li> <li>The Minister responsible for labour may declare employment suitable for children or young persons if he is satisfied that such employment poses no threat to the life, limb, health or morals of the employees (<i>Section 2(4)</i>).</li> <li>To enter into a contract of services, children and young persons shall be competent, provided that no damages or indemnity under the Employment Act 1955 shall be recoverable from a child or young persons for breaching the services (<i>Section 13</i>).</li> </ul>
4	Children and Young Persons (Employment) Act 1966 (Act 350) (Amendment 2010)	<ul style="list-style-type: none"> <li>This Act was made to prevent the exploitation of child labour.</li> <li>“Child” in this Act is a person who has not completed his 15th year of age (before 14th).</li> <li>“Young person” in this Act is a person who, not being a child has not completed his 18th year of age (before 16th).</li> <li>No child shall or be required or permitted to be engaged in any hazardous work and can only do light work without involving any machinery or in any employment requiring him to work underground.</li> </ul>
5	Industrial Relations Act 1967 (2010 Revision)	<ul style="list-style-type: none"> <li>This Act is to promote and maintain industrial harmony and to provide for the regulation of the relations between employers and workmen and their trade unions and the prevention and settlement of any differences or disputes arising from their relationship and generally to deal with trade disputes and matters arising therefrom.</li> </ul>
6	Factory and Machinery Act 1967 (Revised 1974)	<ul style="list-style-type: none"> <li>The jurisdiction of this act covers all types of factory and manufacturing activities concerning the protection of health, safety, and welfare for all workers working in factories.</li> </ul>
7	Employment (Restriction) Act 1968 (Act 353) (Revised 1988)	<ul style="list-style-type: none"> <li>This Act stipulates employment permits, registration, and restrictions for non-Malaysian citizens. Failing to do so is strictly illegal under the Immigration Act 1966 and law can be imposed on both employer and employee.</li> </ul>
8	Employees Provident Fund Act 1991	<ul style="list-style-type: none"> <li>Employee Provident Fund or EPF is imposed on all workers who earned a salary to ensure they have a fund available at their retirement age.</li> <li>The contribution is 11% from the monthly salary by the employees and an additional 13% by the employer except for the expatriates and foreign workers, their employer needs to contribute RM5 per person while the contribution from the employee salary remains the same at 11%.</li> </ul>
9	Employment Insurance System Act 2017	<ul style="list-style-type: none"> <li>This Act provides certain benefits and a re-employment placement programme for insured persons in the event of the loss of employment and makes it mandatory for employers and employees to contribute to the fund at the prescribed rate.</li> </ul>

No.	Legislation	Related Provisions
10	Occupational Safety and Health Act 1994 (Act 154)	<ul style="list-style-type: none"> <li>Regulation concerned with the safety, health, and welfare of people at work and their working environment, co-operate with an employer or any other person in the discharge of any duty or requirement imposed on the employer.</li> <li>The Act required an employee to wear or use at all times any protective equipment or clothing provided by the employer to prevent risk and comply with any instruction regarding safety and health instituted by the employer under this Act or any regulation made thereunder</li> </ul>
11	Minimum Retirement Age Act 2012	<ul style="list-style-type: none"> <li>The minimum retirement age increased from 55 to 60 for civil servants and the private sector employees in Malaysia.</li> <li>The act doesn't prevent employees from choosing to retire early if the contract of service or collective agreement permits earlier retirement.</li> <li>The new law will impose a fine of 10,000 ringgits on any employer found guilty of requiring an employee to retire before age 60. However, the legislation does not prevent employees from choosing to retire earlier than age 60 if the service contract or collective agreement that applies to their job permits an earlier retirement date.</li> </ul>
12	Human Resources Development Act 2001 (Act No. 612)	<ul style="list-style-type: none"> <li>An Act to provide for the imposition and collection of a human resources development levy to promote the training and development of employees, apprentices and trainees the establishment and the administration of the Fund by the Corporation and for matters connected therewith.</li> <li>The Fund under this Act encourages employers to retrain and upgrade the skills of their local employees, apprentices, and trainees in keeping up with the fast-evolving global business landscape while meeting their individual company's aspirations.</li> </ul>
13	Minimum Wages Order 2022	<ul style="list-style-type: none"> <li>This Order was gazette on 27<sup>th</sup> April 2022. From 1 May 2022, the monthly minimum wage will be increased to RM1,500 nationwide.</li> <li>There is a temporary exemption until 31 December 2022 for employers with less than five employees. However, this exemption does not apply to employers who carry out professional activities (as classified under the Malaysia Standard Classification of Occupations published by the Ministry of Human Resources), regardless of the number of employees.</li> </ul>
14	Personal Data Protection Act 2010	<ul style="list-style-type: none"> <li>This Act regulates the processing of personal data and sensitive personal data, including employee data.</li> </ul>
15	Employment Act, 1955	<ul style="list-style-type: none"> <li>This Act sets out minimum benefits that are afforded to applicable employees where any clause in an employment contract that purports to offer less favourable benefits than those set out in the Act, shall be void and replaced with the minimum benefits as in the Act.</li> <li>The applicable employees under this Act are:               <ul style="list-style-type: none"> <li>employees whose monthly salary does not exceed MYR2,000;</li> <li>employees who are engaged in manual labour, regardless of salary;</li> <li>employees engaged in the operation or maintenance of mechanically propelled vehicles;</li> <li>employees who supervise or oversee other employees engaged in manual labour; and</li> </ul> </li> </ul>

No.	Legislation	Related Provisions
		<ul style="list-style-type: none"> <li>• employees engaged in any capacity on a vessel (subjected to certain other conditions).</li> <li>• Under the Minimum Wages Order 2020, effective 1<sup>st</sup> February 2020, the minimum wage is MYR 1,200.00 a month (for City Council or Municipal Council areas) and MYR 1,100.00 a month (for areas other than the City Council or Municipal Council areas). The rate is based on calculations of total working hours of a maximum of 48 hours a week.</li> <li>• The regulation also stipulates overtime, night work, break rest days, and public holidays.</li> <li>• Under <i>Section 6</i>, it is a legal obligation for the employer to make the following statutory contributions:             <ul style="list-style-type: none"> <li>• Employees Provident Fund (EPF)</li> <li>• Social Security Organization (SOCSO)</li> <li>• Employee Insurance System (EIS)</li> <li>• Schedular Tax Deduction or <i>Potongan Cukai Berjadual</i> (PCB)</li> </ul> </li> <li>• Trade Union Subscription Fees or PTPTN loan repayment (subjected to a request in writing by the employee must first be obtained)</li> <li>• Employees are also entitled to annual leave, sick leave, maternity and paternity leave as outlined in the Act.</li> <li>• In <i>Section 60A (1)</i> of the Act, an employee shall not be required under his contract of service to work: -             <ul style="list-style-type: none"> <li>• more than 5 consecutive hours without a period of leisure of not less than 30 minutes duration;</li> <li>• more than 8 hours in a day;</li> <li>• above a spread for 10 hours in a day; and</li> <li>• more than 48 hours in a week.</li> </ul> </li> <li>• Every employee shall be allowed each week a paid rest day of one whole day as may be determined from time to time by the employer (<i>Section 59</i>). Should the employee be required to work on a rest day, he shall be paid <u>not less than 2 times</u> his daily rate of pay. The same principle applies should he be required to work overtime on the said rest day.</li> <li>• Overtime work is classified in the Act (<i>Section 60A (3)</i>) as any number of hours of work carried out more than the normal hours of work per day.</li> <li>• <i>Section 8</i> of the Act prohibits any term in any contract of service that restrains the right of an employee to: -             <ul style="list-style-type: none"> <li>• join a trade union;</li> <li>• participate in trade union activities; and</li> <li>• to associate with any persons with regards to a trade union.</li> </ul> </li> <li>• The Act also provides the law against sexual harassment which apply to all employees regardless of whether they fall under the purview of the Act. <i>Section 81A-81G</i> sets out that the employer has to act by inquiring into the complaint of sexual harassment.</li> <li>• The right of the employer to reorganize business for the economy and convenience provided it acted bona fide. <i>Section 60J</i> of the Act provides that the Human Resource Minister may provide for the employees (i) termination benefits, (ii) lay-off benefits and (iii) retirement benefits. Employees are entitled to the termination and lay-off benefits, depending on their tenure of employment</li> </ul>

No.	Legislation	Related Provisions
16	Persons with Disabilities Act 2008	<p>and pro-rata for an incomplete year, calculated to the nearest month.</p> <ul style="list-style-type: none"> <li>• The Malaysian Government ratified the <b>Convention on the Rights of Persons with Disabilities</b> at the United Nations Headquarters in 2008. The ratification affirms broad protections for people with disabilities, including the rights to life, freedom from discrimination, equal recognition before the law, and access to justice, education, employment and health.</li> <li>• This Act defines “persons with disabilities” as those who have long term physical, mental, intellectual or sensory impairments which in interaction with various barriers may hinder their full and effective participation in society.</li> <li>• The main purpose of this Act is to provide for the registration, protection, rehabilitation, development and well-being of persons with disabilities.</li> <li>• <i>Section 25</i> stated that persons with disabilities with qualifying criteria under the Act shall be registered with the Registrar General for Persons with Disabilities and to be issued with an “OKU Card” or “Kad OKU”. The receiver will be able to claim certain benefits such as monthly allowance, scholarships, tax rebates, and free treatment at public hospitals.</li> <li>• The Act also ensure that persons with disabilities have the right to equal access to public facilities, public transportation, education and employment as there are for persons without disabilities.</li> <li>• <i>Section 29</i> defines the right to access to employment on equal bases with persons without disabilities and the employer has to provide favourable workplace conditions and stable employment. Any workplace discrimination can be challenged under this Act.</li> <li>• An employer cannot terminate a person’s employment because a person has a mental health disability in terms of the employment contract has not been violated. This includes self-paced workloads and flexible hours, different job responsibilities, and allowing leave for treatment or during periods of hospitalization or incapacity.</li> <li>• The Register of Persons with Disabilities shall de-registered the persons if and when social cognitive and/or behavioural functioning is no longer impaired (<i>Section 21 and Section 25</i>).</li> </ul>
17	Education Act, 1996	<ul style="list-style-type: none"> <li>• Provisions in this Act aim to further consolidate the national education system for the generation following the country’s aspiration of making Malaysia the centre of excellence for education and to outline the legislation related to education.</li> <li>• Allows for free state education for all children or, if a parent chooses, to educate their child themselves (providing the education given is efficient).</li> <li>• Generally, the Act has three general legislative provisions namely;</li> <li>• the National Philosophy of Education 1988;</li> <li>• consolidation of the national education system to include all levels of schooling from pre-school to tertiary education and all categories of school e.g., government-aided and private schools; and</li> </ul>



No.	Legislation	Related Provisions
		<ul style="list-style-type: none"> <li>the National Language is the main medium of instruction and is a compulsory subject in all schools and institutions.</li> <li><i>Section 9</i> of the Act provides a general principle that a child will be educated following their parents' wishes and parents shall request from the local authority to place their child in any school where there is a difference in cost.</li> <li><i>Section 19</i> of the Act stated that the local authority to provide a suitable education for a child who is out-of-school ill, excluded "or otherwise" applies to all children, whether they have special educational needs (SEN) or not.</li> </ul>
18	National Policy on Women, 1989	<ul style="list-style-type: none"> <li>The objective of the policy is to ensure equitable sharing of resources and development opportunities between men and women as well as to integrate women into all sectors of development per their capabilities and needs<sup>1</sup>.</li> </ul>
19	Anti-Trafficking in Persons and Anti-Smuggling of Migrants Act 2007 (Act 670)	<ul style="list-style-type: none"> <li>The Act is enacted to prevent and combat trafficking in persons and the smuggling of migrants as well as the elimination of forced labour.</li> <li>"Human trafficking" in this Act refers to any act that involves the acquisition or the retention of employment or services of a person through coercion and includes the act of recruiting, transporting, transferring, protecting, providing or accepting a person for exploitation.</li> <li>"Exploitation" refers to any form of sexual exploitation, forced work or services, slavery, practices similar to slavery, or any activities that contravene the law or human organ transplants (<i>Section 2</i>).</li> <li>"Smuggling of migrants" means arranging, facilitating or planning, directly or indirectly, any unauthorized entry into or through a country, or an unauthorized exit of those who are not citizens or permanent residents of that country (<i>Section 2</i>).</li> </ul>
20	Trade Unions Act 1959	<ul style="list-style-type: none"> <li>Trade Union Act 1959 seeks to control activities of trade unions "so that they can develop in an orderly and peaceful manner." The Act lays down stringent statutory and procedural provisions for the formation and operations of trade unions in Malaysia.</li> </ul>
21	Freedom of Association and the Right to Collective Bargaining	<ul style="list-style-type: none"> <li><i>Mediation Act, 2012</i> – An Act to encourage and promote mediation as a method of alternative dispute resolution by providing for the process of mediation, thereby facilitating the parties in disputes to settle disputes in a fair, speedy and cost-effective manner.</li> <li><i>Arbitration Act 2005</i> – An Act to reform the law relating to domestic arbitration, provide for international arbitration, and the recognition and enforcement of awards and related matters.</li> <li><i>Trade Union Act 1959</i> – The restrictions under this Act that does not allow general unions for workers. Instead, membership of any trade union is confined to only those who are employees of a particular industry, establishment, trade and occupation e.g., a bank employee could only be a member of a banking union but not a member of an airline or teachers' union. This Act protects workers from being victimized by an employer for joining a union.</li> <li><i>Industrial Relations Act 1967</i> – This Act provides comprehensive legislation regarding trade unions, collective bargaining, and</li> </ul>

<sup>1</sup> <https://www.adb.org/sites/default/files/institutional-document/32552/women-malaysia.pdf>

No.	Legislation	Related Provisions
		labour disputes. Section 4 of the Act stated the freedom of association and prohibits discrimination based on trade union membership. Recognition of trade unions, collective bargaining procedures, representation in case of dismissals, and conciliation procedures are also outlined in the Act.

### 2.3 International Applicable Standard

Other than the National laws and legislations relevant to human rights, *Table 2-2* below is the summary of applicable international standards and guidelines.

**Table 2-2: International Standard and Guidelines**

No.	Standards/Guidelines	Applicable provisions
1.	United Nations Guiding Principles on Business and Human Rights (UNGPs)	<ul style="list-style-type: none"> <li>The UNGPs contain three chapters or pillars; <b>protect, respect and remedy</b> where each defines concrete, actionable steps for governments and companies to meet their respective duties and responsibilities to prevent human rights abuses in company operations and provide remedies if such abuses take place.</li> <li>General principles in these guidelines consist of the following:</li> <li>States’ existing obligations to respect, protect and fulfil human rights and fundamental freedoms;</li> <li>the role of business enterprises as specialized organs of society performing specialized functions, required to comply with all applicable laws and respect human rights; and</li> <li>the need for rights and obligations to be matched to appropriate and effective remedies when breached.</li> <li>The purpose of these guidelines is for any State or company to prevent, address and remedy human rights abuses committed in business operations. It currently forms the framework for actions by States and companies in connection with business-related human rights impacts. However, the UNGPs are non-binding and do not create new legal obligations for either States or companies.</li> </ul>
2.	International Labour Organization (ILO) Core Labour Standards	<ul style="list-style-type: none"> <li>The International Labour Organization has maintained and developed a system of international labour standards since the year 1919.</li> <li>The standards are aimed at promoting opportunities for women and men to obtain decent and productive work, in conditions of freedom, equity, security, and dignity.</li> <li>International labour standards’ main aim is about the development of people as human beings. Supported in this statement is the Declaration of Philadelphia (1944) that recognized “labour is not a commodity”, not an inanimate product, that can be negotiated for the highest profit or the lowest price. Instead, work is considered part of everyone’s daily life and crucial to a person’s dignity, well-being and development as a human being.</li> <li>Achieving the goal of decent work in the globalized economy requires action at the international level. The International Labour Organization (ILO) contributes to this legal framework by elaborating and promoting international labour standards aimed at making sure that economic growth and development go hand-in-hand with the creation of decent work.</li> </ul>

No.	Standards/Guidelines	Applicable provisions
		<ul style="list-style-type: none"> <li>• These standards are the result of discussions among governments, employers and workers, in consultation with experts from around the world which represent the international consensus on how a particular labour problem could be addressed at the global level and reflect knowledge and experience from all corners of the world.</li> <li>• Governments, employers’ and workers’ organizations, international institutions, multinational enterprises and non-governmental organizations can benefit from this knowledge by incorporating the standards in their policies, operational objectives and day-to-day action.</li> <li>• The legal nature of the standards means that they can be used in legal systems and administrations at the national level and as part of the corpus of international law which can bring about greater integration of the international community.</li> <li>• ILO has eight core labour conventions as a reference for basic requirements of labour practice:</li> <li>• ILO Convention 87 on Freedom of Association and Protection of the Right to Organise</li> <li>• ILO Convention 98 on the Right to Organize and Collective Bargaining</li> <li>• ILO Convention 29 on Forced Labour</li> <li>• ILO Convention 105 on the Abolition of Forced Labour</li> <li>• ILO Convention 138 on Minimum Age (of Employment)</li> <li>• ILO Convention 182 on the Worst Forms of Child Labour</li> <li>• ILO Convention 100 on Equal Remuneration</li> <li>• ILO Convention 111 on Discrimination (Employment and Occupation)</li> </ul>
3.	International Bill of Human Rights	<ul style="list-style-type: none"> <li>• The International Bill of Human Rights is reposed of the Universal Declaration of Human Rights, the International Covenant on Economic, Social and Cultural Rights and the International Covenant on Civil and Political Rights and its two Optional Protocols.</li> <li>• The Universal Declaration of Human Rights was adopted and proclaimed by the General Assembly as a common standard of achievement for all peoples and all nations. It consists of a preamble and 30 Articles, setting forth the human rights and fundamental freedoms to which all men and women, everywhere in the world, are entitled, without any discrimination.</li> <li>• <b>Article 1</b> – All human beings are born free and equal in dignity and rights.</li> <li>• <b>Article 2</b> – a basic principle of equality and non-discrimination as regards the enjoyment of human rights and fundamental freedoms, forbids “distinction of any kind, such as race, colour, sex, language, religion, political, or other opinions, national or social origin, property, birth or another status”.</li> <li>• <b>Article 3</b> – proclaims the right to life, liberty and security of a person – a right essential to the enjoyment of all other rights. This Article introduces Articles 4 to 21, in which other civil and political</li> </ul>

No.	Standards/Guidelines	Applicable provisions
		<p>rights are sets out including; freedom from slavery and servitude; freedom from torture and cruel, inhuman or degrading treatment or punishment; the right to recognition everywhere as a person before the law; the right to an effective judicial remedy; freedom from arbitrary arrest, detention or exile; the right to a fair trial and public hearing by an independent and impartial tribunal; the right to be presumed innocent until proved guilty; freedom from arbitrary interference with privacy, family, home or correspondence; freedom of movement and residence; the right of asylum; the right to a nationality; the right to marry and to found a family; the right to own property; freedom of thought, conscience and religion; freedom of opinion and expression; the right to peaceful assembly and association; and the right to take part in the government of one's country and to equal access to public service in one's country.</p>
3.	Equator Principles (EP) 4	<ul style="list-style-type: none"> <li>• The Equator Principles are adopted to ensure Projects are developed in a manner that is socially responsible and reflects sound environmental practices. The ten (10) principles are in line with the objectives and outcomes of the United Nations Sustainable Development Goals (SDGs).</li> <li>• <b>Principle 4 – Environmental and Social Management System and Equator Principles Action Plan</b></li> <li>• Projects that are under Category A and B are required to develop and/or maintain an Environmental and Social Management Plan (ESMS).</li> <li>• The Plan is to address issues raised in the Assessment process which incorporates actions that may require to comply with the applicable standards.</li> <li>• An Equator Principles Action Plan (EPAP) shall be developed when applicable standards are not met to the satisfaction.</li> </ul>
4.	International Finance Corporation (IFC) Performance Standards (PS) <b>Performance Standard 2 – Labour and Working Conditions</b>	<ul style="list-style-type: none"> <li>• Protection of the fundamental rights of workers as the workforce is a valuable asset, and a sound worker-management relationship is a key ingredient in the sustainability of a company.</li> <li>• This PS is applicable during the environmental and social risks and impacts identification process, where the implementations are necessary to meet the expectations in the Company's Environmental and Social Management System (ESMS). It applies to the Company's direct workers, contracted workers and also supply chain workers.</li> <li>• Requirements under this PS are (i) working conditions and management of worker relationships, (ii) protection of the workforce, (iii) occupational health and safety, (iv) workers engaged by the third parties, and (v) supply chain.</li> </ul>
5.	International Finance Corporation (IFC) Performance Standards (PS) <b>Performance Standard 5 – Land Acquisition and Involuntary Resettlement</b>	<ul style="list-style-type: none"> <li>• The PS5 perceived that project-related land acquisition and restrictions on land use may have adverse impacts on communities and persons using the land. Involuntary resettlement refers both to physical displacement (relocation or loss of shelter) and to economic displacement (loss of assets or access to assets that leads to loss of income sources or other means of livelihood).</li> <li>• To avoid expropriation and eliminate the need to use governmental authority to enforce relocations, the Company is encouraged to use negotiated settlements meeting the</li> </ul>

No.	Standards/Guidelines	Applicable provisions
		<p>requirements in this PS, even if they have the legal means to acquire land without the seller’s consent.</p> <ul style="list-style-type: none"> <li>• This PS applies to physical and/or economic displacement resulting from the following types of land-related transactions:</li> <li>• land rights or land use rights acquired through expropriation or other compulsory procedures legally;</li> <li>• land rights or land use rights acquired through negotiated settlements with property owners or those with legal rights to the land if failure to settle would have resulted in expropriation or other compulsory procedures;</li> <li>• projects where involuntary restrictions on land use and access to natural resources cause a community or groups within a community to lose access to resources usage where they have traditional or recognizable usage rights;</li> <li>• certain project situations requiring evictions of people occupying land without formal, traditional, or recognizable usage rights; or</li> <li>• restriction on access to land or use of other resources including communal property and natural resources such as marine and aquatic resources, timber and non-timber forest products, freshwater, medicinal plants, hunting and gathering grounds and grazing and cropping areas.</li> <li>• However, the PS5 is unapplicable for resettlement that results from voluntary land transactions and projects that are not changing the land use of affected groups or communities.</li> <li>• Generally, the requirements of this PS5 involve the project designing stage, compensation and benefits for displaced persons, community engagement, grievance mechanism, resettlement and livelihood restoration planning and implementation, displacement, and private sector responsibilities.</li> </ul>
6.	<p>International Finance Corporation (IFC) Performance Standards (PS)</p> <p><b>Performance Standard 7 – Indigenous Peoples</b></p>	<ul style="list-style-type: none"> <li>• PS7 noted that Indigenous Peoples (IPs) as social groups with identities that are distinct from mainstream groups in national societies, who are often among the most deprecated and vulnerable segments of the population.</li> <li>• Nonetheless, project proponents can create opportunities for IPs to participate in, and benefit from project-related activities that may help them fulfil their goals for economic and social development.</li> <li>• This PS applies to communities or groups of IPs who maintain a collective attachment i.e., whose identity as a group or community is linked, to distinct habitats or ancestral territories and the natural resources therein. Besides, it also applies to communities or groups that have lost collective attachment to distinct habitats or ancestral territories in the project area.</li> <li>• The requirements under this PS7 include:</li> <li>• avoidance of adverse impacts;</li> <li>• participation and consent;</li> <li>• circumstances requiring free, prior and informed consent;</li> <li>• mitigation and development benefits; and</li> <li>• private sector responsibilities where Government is responsible for managing IPs issues.</li> </ul>
7.	<p>International Finance Corporation (IFC)</p>	<ul style="list-style-type: none"> <li>• PS8 acknowledges the importance of cultural heritage for current and future generations. This is horizontal with the Convention</li> </ul>

No.	Standards/Guidelines	Applicable provisions
	Performance Standards (PS) <b>Performance Standard 8 – Cultural Heritage</b>	<p>Concerning the Protection of the World Cultural and Natural Heritage which target to ensure that the Company protect cultural heritage in the course of its project activities.</p> <ul style="list-style-type: none"> <li>Besides that, the requirements outlined in this PS are based on standards set by the Convention on Biological Diversity which apply to cultural heritage regardless of whether or not it has been legally protected or previously disturbed.</li> <li>The requirements in this PS focused on: <ul style="list-style-type: none"> <li>protection of cultural heritage in project design and execution; and</li> <li>project’s use of cultural heritage.</li> </ul> </li> </ul>
8.	World Bank Group (WBG) Environmental Health and Safety (EHS) Guidelines	<ul style="list-style-type: none"> <li>The Environmental, Health and Safety (EHS) Guidelines are technical reference documents with general and industry-specific examples of Good International Industry Practice (GIIP).</li> <li>The General EHS Guidelines are tailored into four (4) main sections/topics (i) Environmental, (ii) Occupational Safety and Health, (iii) Community Health and Safety, and (iv) Construction and Decommissioning. It shall be used together with the relevant Industry Sector EHS Guidelines.</li> <li>An applicable topic for human rights under the World Bank EHS Guidelines is the <b>Community Health and Safety</b>. This section of the Guidelines is addressing some aspects of project activities taking place outside the traditional project boundaries but related to the project operations, as may be applicable on a project basis. Issues may arise at any stage of the project life cycle and can have an impact beyond the life of the project.</li> <li>The topic covers the following requirements: <ul style="list-style-type: none"> <li>water quality and availability;</li> <li>structural safety of project infrastructure;</li> <li>life and fire safety;</li> <li>traffic safety;</li> <li>transportation of hazardous materials;</li> <li>disease prevention; and</li> <li>emergency preparedness and response.</li> </ul> </li> </ul>

## 2.4 Convention

### 2.4.1 Conventions Ratified by Malaysia

Malaysia has ratified 18 conventions and 1 protocol based on ILO data. Out of 18 Conventions and 1 Protocol ratified by Malaysia, of which 14 are in force, 1 Convention has been denounced; 3 instruments abrogated; 1 has been ratified in the past 12 months. Details of the convention areas are listed in

Table 2-3 below.

**Table 2-3: Ratifications for Malaysia**

Convention	Date	Status	Note
<b>Fundamental</b>			
C029 – Forced Labour Convention, 1993 (No. 29)	11 Nov 1957	In Force	

Convention	Date	Status	Note
P029 – Protocol of 2014 to the Forced Labour Convention, 1930 ratified on 21 Mar 2022 (Not in force)			
C098 – Right to Organise and Collective Bargaining Convention, 1949 (No. 98)	05 Jun 1961	In Force	
C100 – Equal Remuneration Convention, 1951 (No. 100)	09 Sep 1997	In Force	
C138 – Minimum Age Convention, 1973 (No. 138) <i>Minimum age specified: 15 years</i>	09 Sep 1997	In Force	
C182 – Worst Forms of Child Labour Convention, 1999 (No. 182)	10 Nov 2000	In Force	
<b>Governance (Priority)</b>			
C081 – Labour Inspection Convention, 1947 (No. 81)	01 Jul 1963	In force	
C144 – Tripartite Consultation (international Labour Standards) Convention, 1976 (No. 144)	14 Jun 2002	In Force	
<b>Technical</b>			
C050 – Recruiting of Indigenous Workers Convention, 1936 (No. 500)	11 Nov 1957	Not In Force	Abrogated Convention – by decision of the International Labour Convention at its 107 <sup>th</sup> Session (2018)
C064 - Contracts of Employment (Indigenous Workers) Convention, 1939 (No. 64)			
C065 - Penal Sanctions (Indigenous Workers) Convention, 1939 (No. 65)			
C088 - Employment Service Convention, 1948 (No. 88)	06 Jun 1974	In Force	
C095 - Protection of Wages Convention, 1949 (No. 95)	17 Nov 1961	In Force	
C119 - Guarding of Machinery Convention, 1963 (No. 119)	06 Jun 1974	In Force	
C123 - Minimum Age (Underground Work) Convention, 1965 (No. 123) <i>Minimum age specified: 16 years</i>	06 Jun 1974	In Force	
C131 - Minimum Wage Fixing Convention, 1970 (No. 131)	07 Jun 2016	In Force	
MLC, 2006 - Maritime Labour Convention, 2006 (MLC, 2006) <i>Under Standard A4.5 (2) and (10), the Government has specified the following branches of social security: medical care; sickness benefit and employment injury benefit.</i>	20 Aug 2013	In Force	
Amendments of 2014 to the MLC, 2006	18 Jan 2017	In Force	
Amendments of 2016 to the MLC, 2006	08 Jan 2019	In Force	
Amendments of 2018 to the MLC, 2006	26 Dec 2020	In Force	



Convention	Date	Status	Note
C187 - Promotional Framework for Occupational Safety and Health Convention, 2006 (No. 187)	07 Jun 2012	In Force	
CEDAW - Convention on the Elimination of All Forms of Discrimination against Women	05 Jul 1995		
CRC - Convention on the Rights of the Child	17 Feb 1995		
CRC-OP-AC - Optional Protocol to the Convention on the Rights of the Child on the involvement of children in armed conflict	12 Apr 2012		
CRC-OP-SC - Optional Protocol to the Convention on the Rights of the Child on the sale of children child prostitution and child pornography	12 Apr 2012		
CRPD - Convention on the Rights of Persons with Disabilities	19 Jul 2010		

Source: International Labour Organisation & United Nations Human Rights Treaty Bodies

Malaysia has already had its laws and regulations to acknowledge and promote basic human rights as stipulated in the Federal Constitution of Malaysia and as it is in the International Bill of Human Rights. Malaysia has also rectified 6 ILO core conventions (the Right to Organize and Collective Bargaining, Forced Labour, Minimum Age (of Employment), the Worst Forms of Child Labour, Equal Remuneration), and other conventions as in

Table 2-3, and passed the law and regulations on labour rights such as Employment Act 1955, Children and Young Persons (Employment) Act 1966, and others as listed in Section 2.2 of this Report. Malaysia has not ratified the ILO Indigenous and Tribal Peoples Convention, 1989 (No. 169), however, the project does not locate within the indigenous people area. Details of the indigenous people are as described in Chapter 4, Section 4.3.5.

### 3 HUMAN RIGHTS BASELINE

This section provides baseline conditions of human rights in Malaysia that will be used for assessing the context of HRIA.

#### 3.1 Population

Based on data from the Department of Statistics Malaysia (DOSM), in 2021, Malaysia recorded estimation of 32.7 million total population as compared to 32.6 million in 2020 with an annual growth rate of 0.2 per cent. In 2021, it was recorded that the sex ratio was 106 males for every 100 females. For the same year, in terms of age structure, the percentage of the population aged 0-14 years (young age) was 23.0 per cent, the population aged 15-64 years (working age) was 69.6 per cent, and the population aged 65 and over (old age) was 7.0 per cent. The Older age population in Malaysia is increasing every year. In terms of population density, on average, Malaysia has 99 people per square kilometre.

Specifically for Johor state, the total population is recorded at 3.76 million people in 2019 and slightly increased to 3.77 million people in 2020 (about 11.6% of the total Malaysian population). The average annual population growth from 2015 to 2020 ranged from 0.3% to 1.4% with the highest average annual population growth occurring in 2015 and 2018 at a rate of 1.4%. The population density in Johor was 198 people per one square kilometre in 2021 and the life expectancy was 72.8 for males and 78.1 for females.

#### 3.2 Poverty and Income

In a Special Rapporteur on extreme poverty and human rights of Malaysia published by the United Nations Human Rights Council in 2020, it was summarized that although the country claims to have the world's lowest national poverty rate of 0.4 per cent (suggesting that less than 25,000 households are in poverty) this represented an unrealistic poverty line. Malaysia has done an impressive job of reducing poverty for decades, however, there are still large numbers of people (estimated to be in the millions) that survive on very low incomes with tenuous access to food, shelter, education, and health care as well as limited ability to exercise civil and political rights. To an extent, this has crimped progress and encouraged significant underinvestment in poverty reduction, which caused a widespread misunderstanding of who is poor and consequently led to bad policymaking.

The report further suggested that the government of Malaysia correct the poverty line as a first step on the path which includes rewriting the policy narrative on poverty, recognizing that it is not just an isolated problem for indigenous peoples or those in rural areas but a much more prevalent and frequently urban phenomenon.

A 2019<sup>2</sup> survey (Household Income and Basic Amenities Survey (HIS&BA)) conducted by DOSM, showed that overall household income in Malaysia has increased since 2016 for all the main ethnic groups, as well as in both rural and urban areas (strata). The mean household income for the nation, in general, has grown by 3.9%, from MYR 5,228 in 2016 to MYR 5,873. Meanwhile, the mean household income rose from MYR 6,958 to MYR 7,901, with a growth of 4.2%.

Based on Johor state Household Income Survey (HIS) (2020), Absolute Poverty (based on the revised Poverty Line Income 2019 methodology) in Johor for the year 2019 was recorded as much as 3.9%

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<sup>2</sup>[https://www.dosm.gov.my/v1/index.php?r=column/cthemedByCat&cat=120&bul\\_id=TU00TmRhQ1N5TUxHVWN0T2VjbXJY Zz09&menu\\_id=amVoWU54UTl0a21NWmdhMjFMMWcyZz09](https://www.dosm.gov.my/v1/index.php?r=column/cthemedByCat&cat=120&bul_id=TU00TmRhQ1N5TUxHVWN0T2VjbXJY Zz09&menu_id=amVoWU54UTl0a21NWmdhMjFMMWcyZz09)

compared to 6.2% in 2016. The incidence of Relative Poverty has decreased from 15.3% (2019) to 13.5% (2016). Johor Multidimensional Poverty Index (MPI), a poverty measurement in a broader context involving non-monetary aspects such as health, education and basic amenities that reflect living standards, shows a decrease from 0.0051 (0.51%) in 2016 to 0.0024 (0.24%) for the year of 2020.

The report also presented income inequality, which is measured by the Gini Coefficient, a measurement of income disparities using the Lorenz curve where the value of the Gini coefficient is between 0 and 1. The higher value indicates the higher income disparities. It shows that the value of the Gini coefficient increased by 0.012 index points from 0.354 (2016) to 0.366 (2019), which indicates an increase in income disparities between the rich, middle class and poor.

### 3.3 Gender Equality

The Malaysia Gender Gap Index (MGGI) pointed out the gap between women and men across four (4) sub-indices which includes:

- Economic Participation and Opportunity;
- Education Attainment;
- Health and Survival; and
- Political Empowerment.

A score with a value of 1.0 (100%) specifies that equality of women and men has been achieved. It was cited that in 2020, the overall gender equality has improved to 71.4 per cent or scored 0.714 in the MGGI<sup>3</sup>. Women's achievement has outpaced men in Educational Attainment with a score of 1.059 while under Health and Survival sub-index, women recorded a score of 0.956, followed by Economic Participation and Opportunity (scored 0.738). *Table 3-1* below shows the MGGI score for 2018-2020 by sub-indexes.

**Table 3-13: MGGI Score, 2018-2020**

Sub-Index	2018	2019	2020
Economic participation and opportunity	0.727	0.717	0.738
Educational attainment	1.054	1.053	1.059
Health and survival	0.958	0.958	0.956
Political empowerment	0.106	0.108	0.100
<b>MGGI Score</b>	<b>0.711</b>	<b>0.709</b>	<b>0.714</b>

*Source: Statistics on Women Empowerment in Selected Domain, Malaysia, 2021 (DOSM)*

The MGGI overall score by states for 2020 was published. The top three (3) states that recorded the highest MGGI score was Kuala Lumpur (score 0.853), Putrajaya (score 0.793) and Perlis (score 0.782). Meanwhile, the state of Johor MGGI's overall score was 0.706 for which it scored 0.663 in the Economic participation and opportunity sub-index, 1.024 for the educational attainment sub-index, and 0.962 for Health and Survival sub-index, and 0.174 for the Political empowerment sub-index.

<sup>3</sup> Statistics on Women Empowerment in Selected Domain, Malaysia, 2021 (DOSM)

### 3.3.1 Women Employment

In terms of Labour force participation rate (LFPR) among women in Malaysia was still low at 55.3 per cent in 2020 (refer to *Table 3-2*) as compared to other South-East Asia countries namely Singapore (67.8%) and Thailand (66.8%). Moreover, the percentage of women in political empowerment was at the lowest of 10.0 per cent (score of 0.100) which shows that women were still lagging behind men in the Ministerial position and Parliament.

**Table 3-2: Labour Force Data in Malaysia 2020**

Item	Gender	Year		
		2020	Quarter 2/2020	Quarter 2/2021
Labour ('000)	Total	15,667.7	15,675.5	15,972.2
	Male	9,553.5		
	<b>Female</b>	<b>6,114.2</b>		
Working Population ('000)	Total	14,956.7	14,883.7	15,207.3
	Male	9,128.8		
	<b>Female</b>	<b>5,827.9</b>		
Unemployed ('000)	Total	711.0	791.8	764.9
	Male	424.7		
	<b>Female</b>	<b>286.3</b>		
External Labour Force ('000)	Total	7,225.5	7,350.5	7,424.9
	Male	2,292.5		
	<b>Female</b>	<b>4,933.0</b>		
Unemployment Rate (%)	Total	4.5	5.1	4.8
	Male	4.4		
	<b>Female</b>	<b>4.7</b>		
Labour Force Participation Rate (%)	Total	68.4	68.1	68.3
	Male	80.6		
	<b>Female</b>	<b>55.3</b>		

Source: *Employment and Labour Statistic Series 29 Bil.3/2021*

**Table 3-3: Working Population by State and Gender in Malaysia 2020**

State	Gender ('000)	
	Male	Female
<b>Johor</b>	1,173.8	<b>601.9</b>
Kedah	583.2	331.5
Kelantan	433.9	246.9
Melaka	245.3	172.1
Negeri Sembilan	284.5	189.6
Pahang	471.9	244.0
Pulau Pinang	490.2	342.7
Perak	639.8	403.0
Perlis	64.4	41.2
Selangor	1,912.1	1,534.4
Terengganu	301.4	163.6
Sabah	1,166.8	702.8
Sarawak	810.1	452.2
Wilayah Persekutuan Kuala Lumpur	508.2	366.3
Wilayah Persekutuan Labuan	26.7	16.1

State	Gender ('000)	
	Male	Female
Wilayah Persekutuan Putrajaya	16.5	19.6
<b>Total ('000)</b>	<b>9,128.8</b>	<b>5,827.9</b>

Source: Employment and Labour Statistic Series 29 Bil.3/2021 and Labour Survey Report Malaysia 2020

**Table 3-4: Working Population Based on Job Type in Malaysia, 2020**

Type of Job	Total ('000)	
	Male	Female
Manager	607.5	200.9
Professional	781.9	1,085.8
Technician and Associate Professional	1,063.2	484.0
Clerical Support Workers	384.0	858.1
Service and Sales Workers	1,861.8	1,770.4
Agricultural, Forestry, Livestock and Fisheries Workers	719.9	196.4
Carpentry and Related Skills Workers	1,174.9	297.6
Machinery and Plant Operator and Installer Workers	1,277.8	412.2
Basic Workers	1,257.8	522.5
<b>Total ('000)</b>	<b>9,128.8</b>	<b>5,827.9</b>

Source: Employment and Labour Statistic Series 29 Bil.3/2021 and Labour Survey Report Malaysia 2020

**Table 3-5: Working Population Based on Industry in Malaysia, 2020**

Type of Industries	Total ('000)	
	Male	Female
Agricultural, Forestry and Fisheries	1,212.8	353.3
Mining and Quarries	59.8	22.4
Manufacturing	1,503.7	994.3
Supply of Electrical, gas, steam and air-conditioning	63.1	13.2
Supply of water, sewerage, waste management and recovery activities	66.3	17.3
Construction	1,023.7	149.7
Services	5,193.2	4,217.7
Household Activity as Employers	6.2	59.9

Source: Employment and Labour Statistic Series 29 Bil.3/2021 and Labour Survey Report Malaysia 2020

**Table 3-6: Median & Mean Salary According to Gender, Malaysia 2020**

Gender/Year	2019		2020	
	Male	Female	Male	Female
Median (MYR)	2,447	2,370	2,093	2,019
Mean (MYR)	3,304	3,108	2,963	2,889

Source: Employment and Labour Statistic Series 29 Bil.3/2021 and Labour Survey Report Malaysia 2020

Moreover, according to the Salaries and Wages Survey Report for Malaysia in 2020 (refer to Table 3-6), the median and mean monthly salaries and wages for both female and male employees decreased in 2020 due to the effects of the COVID-19 pandemic and the implementation of Movement Control Order (MCO) in the country throughout 2020. In 2020, the median value of salaries and wages for female employees decreased 14.8 per cent to MYR 2,019 (2019: MYR 2,370) while the mean monthly salaries and wages fell by MYR 219 or negative 7.0 per cent to MYR 2,889 as compared to the previous year.

### 3.4 Workers' Rights

The Labor Law in Malaysia is regulated mainly by the Employment Act, of 1955. Each company operating in Malaysia must obey and implement the law and regulations related to labour rights. The Malaysian government also guarantee the privacy right as stipulated in Malaysia's Personal Data Protection Act. Malaysia has also ratified 6 ILO Conventions e.g. Right to Organize and Collective Bargaining, Forced Labour, Minimum Age (of Employment), the Worst Forms of Child Labour and Equal Remuneration. The law requires companies to get employees' consent when collecting, processing and disclosing their personal data. This means that employers do not have the right to share sensitive data about their employees, such as their background or medical history, without their approval. Malaysian also regulates that none of the non-compete clauses is enforced in the contract, which means that the employee can freely apply to any job openings within the same industry.

At the Ministerial level, the Ministry of Human Resources (KSM) has taken extra steps to consider the labour complaint. Normally, the labour complaint is to be resolved within the company, however, when some labour complaints are unresolved, the issues can be escalated. Thus, the KSM has launched the Working for Workers (WFW) application, a platform for 15.7 million workers, including foreign workers, to submit complaints related to labour issues. WFW is a medium to ensure the rights and welfare of workers affected by employers' misconduct are protected. The status of the complaints will be monitored by the ministry's top management and the identity of the complainants will be kept confidential, adding complaints received via the app will be addressed between three and seven days.

#### 3.4.1 Social Security Organisation

The Social Security Organisation (SOCSO) was established as one of the government departments under the Ministry of Human Resources to administer, implement and enforce the Employees' Social Security Act 1969 and the Employees' Social Security (General) Regulations 1971. The notion of SOCSO Social Security Protection is based on the concept of joint responsibility through the pooling of resources, sharing of risk and replacement of income. Social security protection is a basic need that must be fulfilled as agreed upon in the International Labour Organisation (ILO) Convention 1952, namely, Convention 102: Minimum Standards for Social Security. In meeting the goal, the main function of SOCSO is to provide social security protection to employees and their dependants through the Employment Injury Scheme and the Invalidity Scheme. As stated in the Employment and Labour Statistic (2021), there are about 473, 845 active employers and 7.11 million active employees registered under the PERKESO. Under this scheme, 613,767 employees have received its benefit (refer to *Table 3-7*).

**Table 3-7: Beneficiary Statistics PERKESO 2020**

No	Type of Benefit	No of Beneficiaries
1	Temporary Disability	65,333
2	Permanent Disability	41,865
3	Dependant Benefit	46,536
4	Mortuary Management Benefit	17,432
5	Medical Benefit	2,215
6	Service Allowance	7,806
7	Medical Check-Up	6,595
8	Retirement Pension	320,520
9	Physical or vocational rehabilitation	17,111
10	Dialysis Treatment	13, 629

Source: *Employment and Labour Statistic Series 29 Bil.3/2021*

### 3.5 Disability Rights

Malaysia recorded that the number of registered Persons with Disabilities (PWD) at the Department of Social Welfare (DSW) in 2017 was 453,258 persons. Physical disability was recorded at 35.2 per cent, followed by the Learning disability category at 34.8%, the visually impaired category at 8.9%, and the speech category at 0.5%. Several benefits and supports are also provided by DSW to PWD such as allowances, equal access to education, employment, public facilities, public transportation, parking priority, etc. Some PWD also reported receiving higher education and high skill employment opportunity.

As cited in the Business & Human Rights Resource Center<sup>4</sup>, the Labour Department of Peninsular Malaysia report shows that there were about 6,750 PWDs employed in the private sector, a tiny percentage of total PWDs. However, several companies have taken steps to employ PWDs and take them as an intern. According to the Malaysian National News Agency (BERNAMA) as of June 2019, the total number of PWD in the civil service was 3,686 people, equivalent to 0.29 per cent (as cited in the Malaysian Reserve<sup>5</sup>).

Furthermore, as reported by Women's and Organization (Wao)<sup>6</sup>, Malaysia also passed the Persons with Disabilities Act In 2008, but the PWD still faces discrimination as the law lacks legal remedies and redress mechanisms for acts of discrimination against PWD. Malaysia also acceded to the UN Convention on the Rights of Persons with Disabilities (CRPD) in 2010, which requires the prohibition of discrimination on employment for disability. However, there were not much progress and implementation of CRPD in Malaysia and the process of managing and hiring the PWD is still challenging. As reported by Borneo Post online, an issue of lack of inclusion of PWD exists in the job sector as there are limited policies, and practices.

### 3.6 Migrants

The net migration rate decreased by 0.1% points to 1.5% in 2020 as compared to 1.6% in 2018. Intra-state migrants in 2020 recorded a decrease of 2.4% points as compared to 60.8% in 2018. On the other hand, inter-state migrants showed an increase of 2.7 % points to 31.2% in 2020 from 18.5% in 2018. Meanwhile, international migrants from abroad to Malaysia were 10.4%, which declined by 0.3% points from 10.7% in 2018.

**Table 3-8: Statistics of Migration 2020**

	2018 (%)	2020 (%)
Migrants	1.6	1.5
Non-Migrants	98.4	98.5
Internal Migrants	89.3	89.6
• Inter-State Migrants	31.9	34.8
• Intra-State Migrants	68.1	65.2
International Migrants	10.7	10.4

Source: Migration Survey 2020, Department of Statistics Malaysia

<sup>4</sup> <https://www.business-humanrights.org/en/latest-news/employment-of-persons-with-disabilities-in-malaysia/>

<sup>5</sup> <https://themalaysianreserve.com/2021/04/30/people-with-disabilities-and-jobs-during-a-pandemic/>

<sup>6</sup> <https://wao.org.my/anti-discrimination-provisions-in-employment-act-must-extend-to-job-seekers-and-include-disability-status/>



### 3.6.1 International Migrants

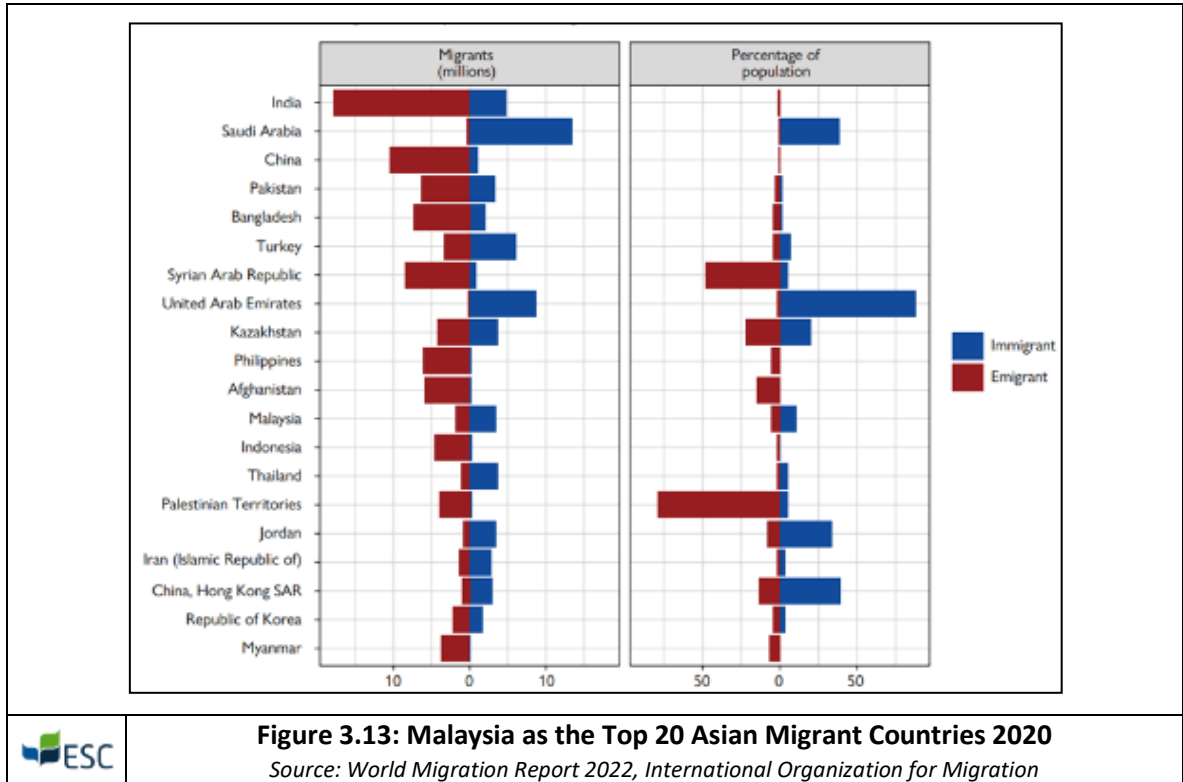
The composition of international migration from abroad to Malaysia recorded 10.4%, a decline of 0.3 percentage points from 10.7% in 2018. Malaysia's resources and strategic location have made Malaysia a major destination country for migrants from Southeast Asia, South Asia, the Middle East and African countries. The majority of migrants to Malaysia are due to economic opportunities while a substantial number of irregular and vulnerable migrants come to Malaysia seeking protection from violence, persecution and violations in their home country.

Malaysia is also recognised as a destination and a transit country for trafficking in persons and smuggling of migrants, with migrants often falling prey to unscrupulous recruiters which leaves them stranded and undocumented.

Between 2018 and 2020, the Malaysian government officially estimated that the country hosted approximately 1.4 to 2 million documented migrants, and unofficial estimates of 1.2 to 3.5 million additional migrants (as reported by the World Bank) making Malaysia the largest migrant-receiving country in Southeast Asia. The migrant workers are from Indonesia, Bangladesh, Nepal, Myanmar, and other Asian countries in smaller numbers including India, Cambodia, and Lao PDR; and engaged in industries including manufacturing, plantation, agriculture, services (hospitality and security), and domestic work. Labour migrants in these corridors are key contributors to the economies of both Malaysia and their countries of origin, representing an estimated 20% of the Malaysian workforce (ILO) and dominating low-skilled and semi-skilled jobs. The presence of regular migrants also requires their employers to pay into health and insurance government programmes, which support social protection schemes, among other benefits to the overall Malaysian economy.

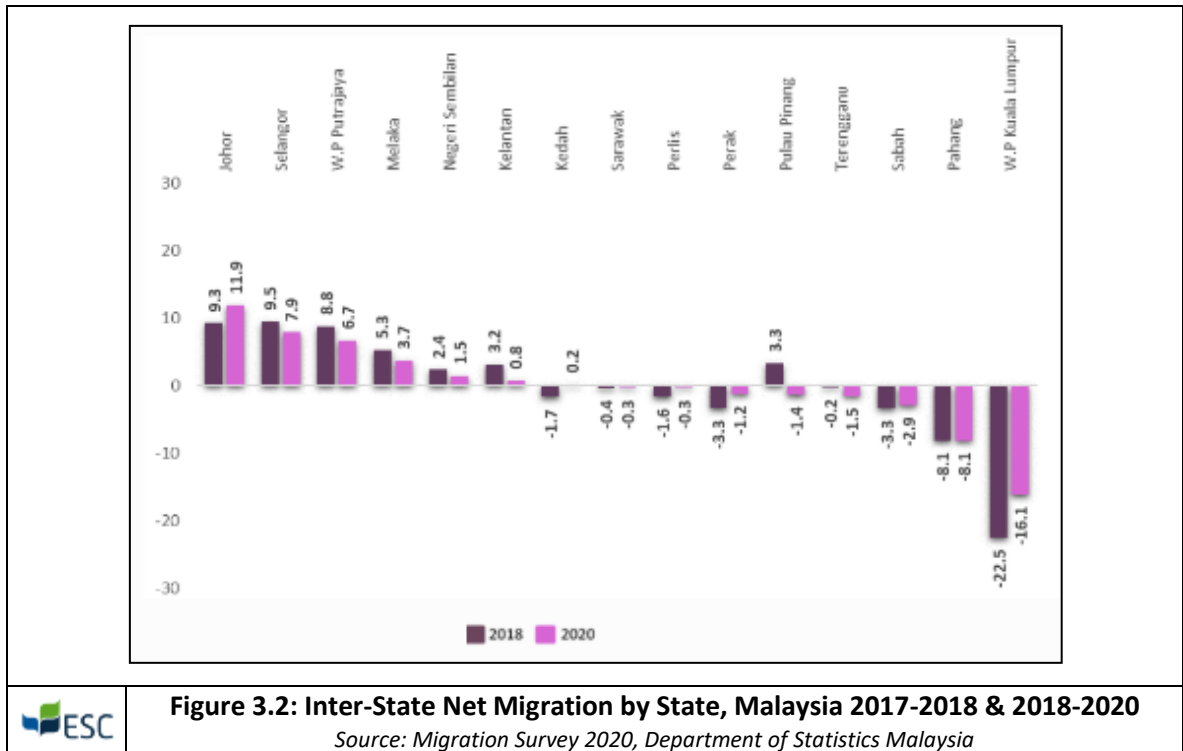
As of end-March 2022, there are some 182,120 refugees and asylum-seekers registered with United Nations High Commissioner for Refugees (UNHCR) in Malaysia.

- Some 156,110 are from Myanmar, comprising some 103,810 Rohingyas, 22,700 Chins, and 29,600 other ethnic groups from conflict-affected areas or fleeing persecution in Myanmar.
- The remaining individuals are some 26,000 refugees and asylum-seekers from 50 countries fleeing war and persecution, including some 6,750 Pakistanis, 3,750 Yemenis, 3,320 Syrians, 3,230 Somalis, 2,860 Afghans, 1,640 Sri Lankans, 1,200 Iraqis, 780 Palestinians, and others.
- Some 67% of refugees and asylum-seekers are men, while 33% are women.
- There are some 45,800 children below the age of 18.



### 3.6.1.1 Inter-State Migration

In 2020, net migration recorded Johor as the main state receiving migrants, increasing from 2.6 thousand persons to 11.9 thousand persons as compared to 9.3 thousand persons in 2018. Meanwhile, W.P Kuala Lumpur remained the main state sending migrants with the number decreasing from 22.5 thousand persons to 16.1 thousand persons.



### 3.6.1.2 Intra-State Migration

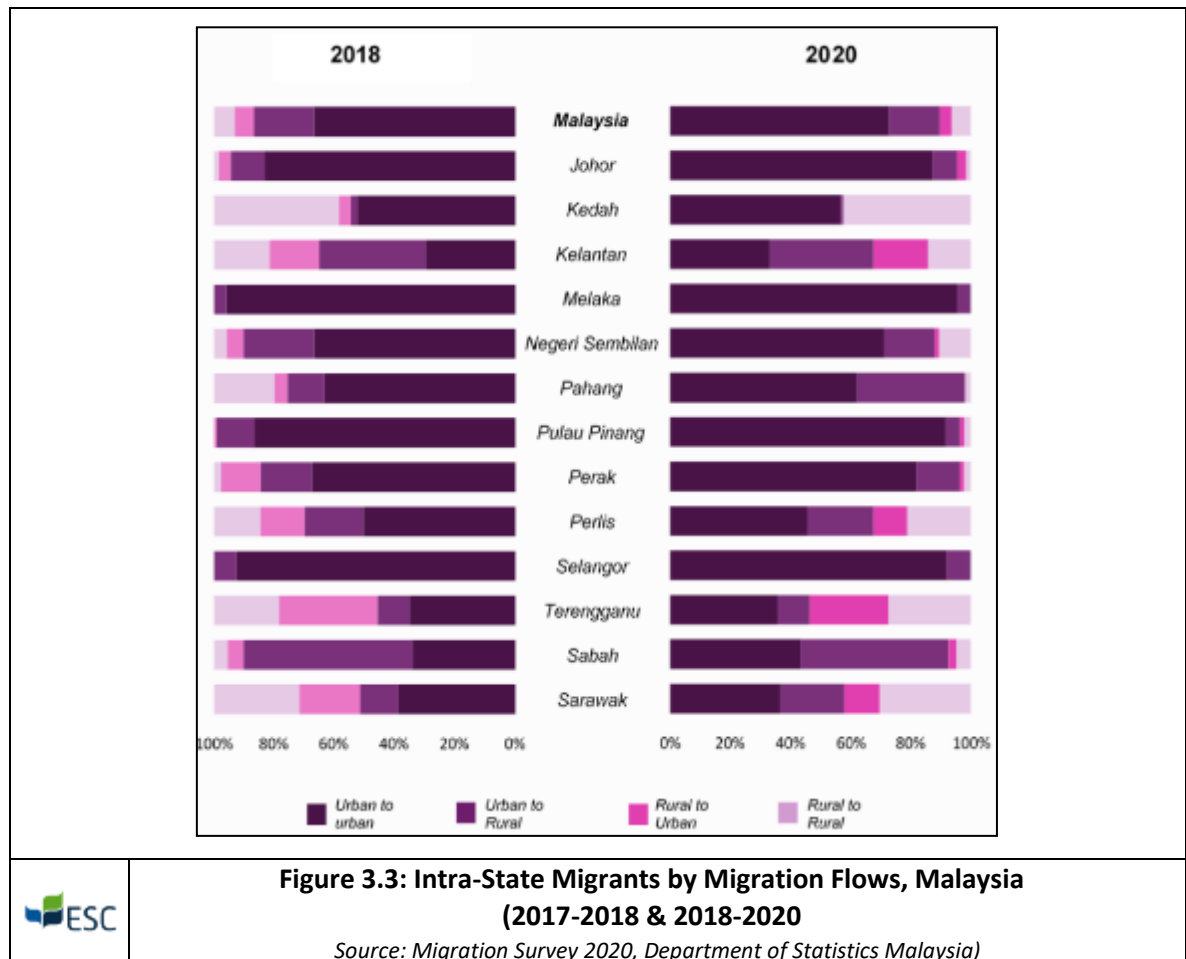
The highest percentage distribution of intra-state migrants in Malaysia was urban to urban, increasing 6.1% points to 73% per cent in 2020 as compared to 66.9% in 2018. The trend is in line with urbanisation in Malaysia which is estimated to be 76.7%. All states showed the highest movement from urban to urban except for Kelantan and Sabah which recorded the highest movement from urban to rural.

In 2020, internal migration due to the following family remained the main reason for migration at 45.3% as compared to 44.2% in 2018. This was followed by career (23.6%) and environment (22.3%).

**Table 3-9: Internal Migrants by Reasons for Malaysia, 2017-2018 and 2019-2020**

No	Migration Reasons	2018 (%)	2020 (%)
1	Following Family	44.2	45.3
2	Environment	22.4	22.3
3	Education	3.3	3.1
4	Career	24.3	23.6
5	Marriage & Divorce	4.8	4.2
6	Others	1.0	1.5

Source: Migration Survey 2020, Department of Statistics Malaysia



### 3.7 Child Labour

#### 3.7.1 Globally

In many countries of the world, including Malaysia, the phenomenon of child labour persists despite the existence and implementation of laws and regulations to reduce or even eliminate the problem. The Convention on the Rights of the Child underscores the need to protect children from economic exploitation and from performing any work that is clearly to be hazardous, however, child employment continues to prevail in many developing countries (Admassie, 2003).

According to UNICEF (2021), child labour has risen to 160 million worldwide, an increase of 8.4 million children from a previous number of 152 million children in the last four (4) years. Many children are at risk due to the economic impacts of COVID-19 and the efforts to eliminate child labour by 2025 have been stalled. Child labourers are often working in the agriculture and services industry. Data shows that 72.1% are working within their family unit, 17.3% are employed outside of their families and the remaining 10.7% are own-account workers (UNICEF, 2021).

In 2020, 97 million boys and 63 million girls were enlisted as child labourers, globally. The agriculture sector is cited as the predominant employer of child workers with 112 million children in total. Despite the huge number of child labourers (122.7 million) in rural areas, the issue is also apparent in urban areas, involving at least 37.3 million urban children (UNICEF, 2021).

##### 3.7.1.1 *International Labour Organisation*

The International Labour Organisation (ILO) estimates that there are about 250 million economically active children worldwide. ILO define child labour as “any work that deprives children of their childhood, their potential and their dignity, and that is harmful to physical and mental development (International Labour Office, 2017).

The organisation further separates it into three different categories:

1. Within the family: children are assigned work in domestic household tasks, agricultural work and handicraft industries receiving no pay for their labour.
2. Within the family but outside the home: children are working in migrant labour, local agricultural work and domestic services either seasonally or as a full-time labourer.
3. Outside the family: children are under the employment of others both in skilled or unskilled trades such as mining, domestic work, F&B, begging and worse, prostitution.

##### 3.7.1.2 *Malaysia*

According to the Save The Children (2021) report, Malaysia was ranked 76th on the 2021 Global Childhood Report based on eight indicators that include child labour, education, marriage and health. Child labour still exists in Malaysia, however, little is known of its frequency, nature and distribution of child workers. No exact figures have been disclosed on the number of children involved in child labour.

The last population census on the issue was in 1980 when 43,000 Malaysian children aged 10-14 years old were employed (Abdul Aziz & Iskandar, 2013). In 1991 this number declined to 39,746, as recorded in Statistics (1995). Since then, no appropriate figures were publicly shared (Abdul Aziz & Iskandar, 2013). A rough figure provided by the DOSM is inconclusive as “youths” are categorised between the age of 15-and 24 years old, with no indication of children younger than 15 years old working in Malaysia (Statistics, 2020). Often, “employed” children are between the age of 9 to 18

years old. However, there are incidents where children under the age of 9 years old were put to work (McDowell & Mason, 2020).

Another additional layer to the unknown data in Malaysia is likely due to child workers being part of the marginalised communities including the stateless, undocumented, children of migrants and refugees. Most are working in palm oil plantations, with an estimated number of 33,000 children (Statistics, 2020). Yet, the number was derived from a foreign news site. Anecdotal pieces of evidence indicate that the incidences of child labour often are associated with non-Malaysians who have limited legal rights and their children have limited access to education. However, studies on Malaysian palm oil plantations also found that at least two-thirds of the children working are Malaysian. As Malaysia fades in and out of the cyclical Movement Control Order (MCO), families who struggle financially (in light of the economic instability) may push their children to work either part-time or full-time, especially during school closures. These children may be exploited by some employers due to the extraordinary circumstances of MCO.

However, similar to some other countries it is difficult to cite the number of children engaged in child labour in Malaysia. Very little is known about the actual magnitude, nature and distribution of child labour in the country. This is because little has been done to collect and analyse current relevant data regarding the incidence of child labour in the country. Also, official data on child labour is very limited.

#### *3.7.1.2.1 Children and Young Persons Act (Employment) Act 1966*

The said Act defines a child as any person under the age of 15 years old. It states that 'No child or young person shall be or be required or permitted to be engaged in hazardous work, or any employment other than those specified in this section in Peninsular Malaysia.

Although the Children and Young Persons Act (Employment) Act 1966 does not encourage the employment of children, studies show that there are children in employment. It is believed that thousands of working children in Malaysia are in an environment which is potentially harmful to their physical, mental, emotional, and social development (Nik Mahmud, Che Mohd Salleh, Ali Muhammad, & Mohd, 2016).

Globally, it is more likely for boys to be involved in child labour in sectors such as agriculture and construction. UNICEF's 2020 report revealed that there is a low enrolment rate at the upper secondary level in Malaysia. Those who are within the age range of 16-18 (i.e. upper secondary level) school-aged children in particular boys and from poor families may be pushed to forgo further education and enter the labour market to support their families. On the other hand, education for girls may be a distant dream for many in rural areas, holding onto the belief that their role in the world is to do housework and caretaking their younger siblings. Alternatively, it could be a possibility that they could be hired as a maid. The ILO also indicated that girls may have been taken out of school and sold to domestic employment or even worse, sex work.

#### *3.7.1.2.2 Rural Child Labour*

As stated by UNICEF, there is a higher prevalence of child labour in rural areas (UNICEF, 2021). Undeniably, the same pattern is reflected in Malaysia as agriculture is associated with child labour. The afflicted children are often from the marginalised communities; stateless, undocumented, refugees and children of migrant workers. Reports in the past have raised concerns that many foreign-born children are part of the agriculture workforce and exploited in the palm oil plantations hidden away from the public eye or the scrutiny of the authorities. Another element of the prevailing child labour in Malaysia is the rising concern of corruption among the authority figures

manning the border. Lax control at the borders has led to an influx of undocumented and migrant labourers entering Malaysia and overstaying. This has led to children from the said population falling prey to child labour exploitation with no escape (UNICEF, 2020).

Studies have also indicated that children who were disinterested in schooling would rather be working as it allows them to exert independence. Some children left school after finding it hard to cope with studying, trading off education with labour. Even if the child is interested in schooling, the underlying cost of education such as transportation, uniform and books are too expensive for them and to pursue further education requires a hefty amount. This is exacerbated if they are coming from marginalised communities, it is a foreign idea to have savings when their daily wages are fully utilised for their living expenses. As of 2020, the primary school dropout rate has increased from 0.12% to 0.13%. Alarmingly, the dropout rate in secondary school rose from 1.14% to 1.26 during the pandemic.

**3.7.1.2.3 Urban Child Labour**

Child labour is not just happening in the rural areas, kids in urban areas are found on the streets peddling goods to be sold or are forced to carry a donation box in restaurants. Coercing or using a child to beg is illegal according to the Child Act 2001, and often it is part of a larger syndicate. Child beggars are victims of abuse, kidnapped and forced to work without being paid.

**3.7.1.2.4 Restriction of Child Employment in Malaysia**

In Malaysia, such employment is governed by the Children and Young Persons (Employment) Act. Specifically, Section 2(1) of the Act lays down 3 elements that an employer needs to fulfil before a child or young person can be employed.

	Children	Young Person
Requirement	Must be at least 15 years of age	Must be at least 19 years of age
	He cannot be employed in any hazardous works	He cannot be employed under those circumstances: <ul style="list-style-type: none"> <li>• Employment as a domestic servant;</li> <li>• Working in any office, shops, godowns, factories, workshops, stores, boarding houses, theatres, cinemas, clubs or associations;</li> <li>• Employment in any industrial sector suitable to his capacity; and</li> <li>• Employment on any vessel under the personal charge of his parents and guardians.</li> </ul>
	He cannot be employed under those circumstances: <ul style="list-style-type: none"> <li>• Employment involving light work that he can perform in his family-run businesses;</li> <li>• Employment in the public entertainment industry; however, subject to the terms and conditions of the license granted by the Act;</li> <li>• Perform work approved or sponsored by Federal Government/ State Government and carried on in</li> </ul>	

	Children	Young Person
	any school, training institution/ training vessel; and <ul style="list-style-type: none"> <li>• Employment as an apprentice under an apprenticeship contract approved by Director-General.</li> </ul>	
Working Hours and Rest Period	Cannot work between 8 pm and 7 am unless they are employed in the public entertainment industry.	Cannot work between 8 pm and 6 am unless they are employed in the public entertainment industry.
	Can't work for more than 3 consecutive hours without at least 30 minutes of rest.	Can't work for more than 4 consecutive hours without at least 30 minutes of rest.
	Cannot work for more than 6 hours a day.	Cannot work for more than 7 hours a day, unless the young person is an apprentice under Section 2 (2)(d), in which case he cannot work for more than 8 hours a day.
	If he is attending school, the combined time he spends in school and employment must not exceed 7 hours.	If he is attending school, the combined time he spends in school and employment must not exceed 8 hours.
	Must have 14 consecutive hours free from work before re-commencing his work.	Must have 14 consecutive hours free from work before re-commencing his work.
Other Terms and Conditions	No female young person can be employed in any hotels, bars, restaurants, boarding houses or clubs unless: <ol style="list-style-type: none"> <li>1. The establishment is under the management or control of her parent/ guardian; or</li> <li>2. The Director-General must approve of the employment in the event the establishment is not under the management or control of her parent/ guardian.</li> </ol>	

### 3.8 Forced Labour

The International Labour Organization (ILO) introduced the 11 Indicators of Forced Labour as common signs or clues that point to the possibility of forced labour cases. The indicators are:

- abuse of vulnerability;
- deception;
- restriction of movement;
- isolation;
- physical and sexual violence;
- intimidation and threats;
- retention of identity documents;
- withholding of wages;
- debt bondage;
- abusive working and living conditions; and
- excessive overtime.



Based on the report<sup>7</sup>, Malaysia acknowledged that the “forced labour issues” such as excessive overtime hours, unpaid wages, lack of rest days and unhygienic dormitories had “affected foreign investors” confidence in Malaysia’s supply of products.

Due to that, the Government of Malaysia has ratified the Protocol of 2014 to the Forced Labour Convention, 1930 by the Director-General of the International Labour Organization (ILO). This ratification is a testament to Malaysia to commit in addressing and eradicating forced labour, especially concerning migrant workers due to their vulnerability and the country’s high dependence on foreign workers in labour-intensive sectors and industries.

Besides that, Malaysia has continuously updated its national anti-trafficking legislation whereas the 2007 Anti-Trafficking in Persons and Anti-Smuggling of Migrants Act was amended in 2015 and 2021. The amendment had incorporated a more victim-centred approach, regarding permission to move freely, provision of allowance and payment of compensation as well as redefined the definition of trafficking in persons.

### **3.8.1 National Action Plan on Forced Labour (NAPFL) 2021-2025**

The NAPFL sets out the commitments of the Government of Malaysia by providing a framework to eliminate forced labour in the country. Based on the 2019 background study, limited data and evidence were found on forced labour in Malaysia. One example of a Malaysian company being issued with a ‘withhold release order’ by the United States is Sime Darby on the allegations of forced labour in its palm oil plantation<sup>8</sup>.

As forced labour is a criminal activity, it is often associated with the informal economy which translated to non-payment of taxes and other issues that may impede national social and economic development. According to the DOSM, Malaysia had about 2 million foreign workers in late 2020, 10% of its workforce and double that of 20 years ago. The government and labour groups estimate as many as 4 million more undocumented migrants work in the country. Most of the foreign workers are concentrated in manufacturing, agriculture, construction and services. Moreover, the country’s electronics and palm oil companies are heavily relying on migrants.

There are also significant regional differences in the forced labour picture. The key groups of concern in Peninsular Malaysia are migrant workers and refugees. In Peninsular Malaysia, likely, the undocumented migrant workers were previously documented but due to non-renewal of work permits, or abscondment due to exploitation by employers or through passport retention practices, have lost their documented status. Meanwhile, forced labour appears to persist in the plantation sector, one of the largest contributors to Sabah and Sarawak economies.

In addition to that, withholding of foreign workers’ passports or travel documents by an employer is considered an indicator of forced labour as it restricts freedom of movement. Foreign workers’ passport keeping has been a common practice across many industries in Malaysia, as the employer considered the passport keeping for security purposes (loss and damage) and to prevent workers from run-away. As reported by Earthworm, an NGO that focuses on worker welfare, and the environment, there were several withholdings of foreign workers’ passports in the palm oil, latex, and manufacturing industries. This issue has also brought the attention of the international community as well as an import ban by the US Customs & Border Protection (CBP). Since then,

<sup>7</sup> <https://www.reuters.com/world/asia-pacific/malaysias-labour-abuse-allegations-risk-export-growth-model-2021-12-21/>

<sup>8</sup> [https://www.business-humanrights.org/en/latest-news/usa-malaysian-co-sime-darby-issued-with-withhold-release-order-over-forced-labour-allegations-in-its-palm-oil-plantations/#:~:text=The%20United%20States%20has%20banned,Border%20Protection%20\(CBP\)%20said.](https://www.business-humanrights.org/en/latest-news/usa-malaysian-co-sime-darby-issued-with-withhold-release-order-over-forced-labour-allegations-in-its-palm-oil-plantations/#:~:text=The%20United%20States%20has%20banned,Border%20Protection%20(CBP)%20said.)

many industries have settled the issue of foreign worker passport keeping by returning the passport to the owners, adopting an equal pay and benefits structure, provided standard housing conditions.

The table below shows the number of complaints received in Peninsular Malaysia concerning forced labour from 2020 – to 2021.

**Table 3-10: Forced Labour Complaints (2020-2021)**

Years	2020	2021
Complaints received under ATIPSOM	6	7
Investigation paper/prosecution	4	3
Others*	2	4

\*Proceed to investigate under Employment Act 1995 and referred the case to other agencies

Source: Jabatan Tenaga Kerja Semenanjung Malaysia

Under the NAPFL, four (4) Strategic Goals are to be realized by 2025. These goals are:

- Strategic Goal 1 – focuses on increasing awareness and understanding of forced labour, both among individuals who are at risk, among duty bearers and in the general public;
- Strategic Goal 2 – focuses on building capacity for law enforcement among relevant government authorities such as Labour Inspectorate;
- Strategic Goal 3 – improvement of migration management; and
- Strategic Goal 4 – prioritize interventions that will strengthen the capacity to identify victims of forced labour, including through improved complaints mechanisms and procedures in businesses that link with the Government’s grievance mechanisms.

A local human rights NGO, SUHAKAM, also actively advocates forced labour and trade unions in Malaysia. SUHAKAM strongly urges the Malaysian government and companies to take necessary action to safeguard workers' rights and eliminate forced labour practices in the industry.

### 3.9 Non-discrimination

Some issues concerning discrimination happening in Malaysia are related to the ban on wearing hijab/ scarf imposed by hotel owners on the employees, preference for certain races in job vacancies or job applications and termination on the grounds of a person’s pregnancy<sup>9</sup>.

The principle of the elimination of discrimination in respect of employment is recognized in Malaysia. In policy and practice, all Malaysians have equal opportunities in employment. Malaysia also encourages the fair distribution of employment opportunities among the different ethnic groups in the country to promote racial harmony and social integration.

Malaysia has ratified Convention No. 100. This indicates that the convention is in force within Malaysia. There is no specific provision in the law concerning equal treatment for men and women in respect of remuneration. But as a policy, and in practice, equal treatment has been accorded to men and women workers who are engaged in work of equal value. The provisions in the Employment Act 1955 concerning statutory benefits and labour protections apply to all workers irrespective of sex, religion and national extraction.

- Federal Constitution of Malaysia 1963 (as amended to 2019) stated that all persons are equal before the law and entitled to the equal protection of the law.

<sup>9</sup> <https://dnh.com.my/workplace-discrimination/>

- The Malaysian Constitution prohibits the inclusion in any law provisions that would render different treatment to the citizens in respect of trade, business or occupation.
- No person is excluded from the implementation of principles and rights relating to the elimination of discrimination in respect of employment and occupation.
- No categories of jobs or work or sectors are excluded from the application of the principle. However, due to religious beliefs, a certain segment of the population excludes themselves on their own accord and not by provisions of the law, from certain types of occupation.
- The Employment Act 1955, enforced by the Labour Department, applies to all workers without distinction. It even contains specific provisions prohibiting discrimination between local and foreign workers.

Although there is no specific anti-harassment legislation in place, the principle that an employee should have a safe and conducive workplace would apply in dealing with harassment complaints. The Employment Act also provides for a mechanism by which an employee who is a victim of sexual harassment may seek redress and the concerns of an employee who feels discriminated against as a result of his or her or another employee's status as a foreign national may be addressed. Regulations to deal with sexual harassment complaints in the workplace have been proposed but have yet to be implemented.

### 3.10 Trade Union

Workers' trade unions do exist and are permissible in Malaysia. As shown in *Table 3-11*, there are 782 unions in Malaysia reported in 2021, with a membership of approximately 956,423. A trade union is an association of workmen and employers who are occupied temporary or permanent in a trade or an occupation or an industry to follow lawful objectives such as the association of the University of Malaya Academic Staff. Moreover, there are three types of trade unions in Malaysia:

- Public sector;
- The private sector, and
- Employers' union.

A trade union is formed and formulated according to the objectives to promote industrial, social and intellectual interests, to obtain and maintain for members just & proper rates of remuneration, to secure employment and its work condition and acceptable hours, to the protection of interest of members, to promote the welfare of members in social and educational areas, to promote legislation affecting interests of members in particular and trade unions in general, to represent their members. They may also represent their members in disciplinary proceedings. A trade union may call for a strike or picket if certain conditions are met.

Under the Industrial Relations Act (IRA) 1967, employees are allowed to form unions as long as they register their union under the Trade Unions Act 1959.

- No employer shall prevent a worker from joining a union;
- No employer shall refuse to employ a worker because he is a trade union member or officer
- No employer shall discriminate against a worker because he is a trade union member or officer
- No worker shall be threatened with dismissal or is dismissed if he proposes to join a trade union or if he participates in union activities.

**Table 3-11: Number of Labour Unions in Malaysia, 2021**

Sector	Number of Union	Number of Members
Government	167	363,437
Private	509	506,335
Statuary Body	106	86,651
<b>Total</b>	<b>782</b>	<b>956,423</b>

Source: *Employment and Labour Statistic Series 29 Bil.3/2021*

## 4 PROJECT BASELINE DESCRIPTION

This section describes the project baseline, including the site setting, socio-economic profile, Indigenous People, cultural heritage, and a summary of the Social Impact Assessment.

### 4.1 Construction, Commissioning, Start-up and schedule

Construction is planned to start in Q1 2022 and will stretch up to 2024, with the start-up in 2025. The current schedule indicates 42 months period with the following breakdown:

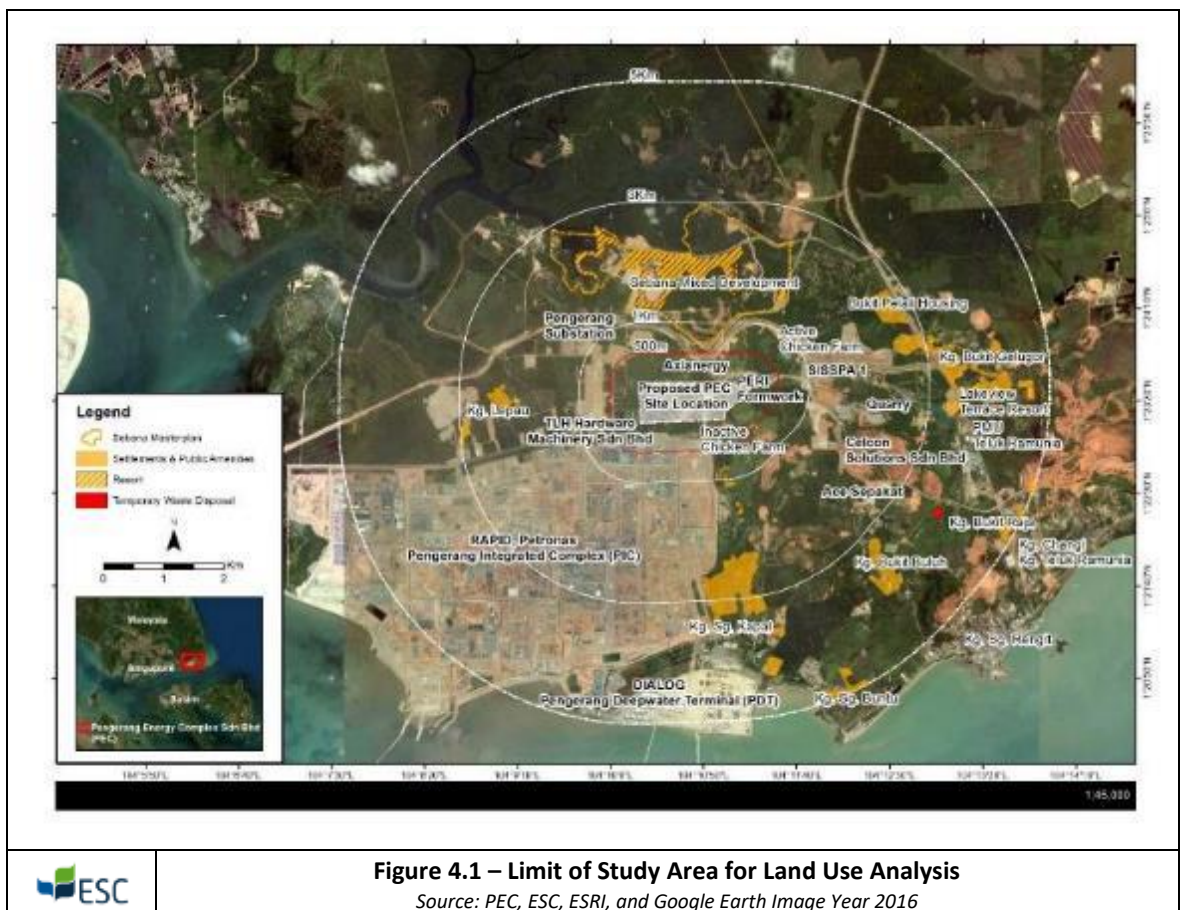
- Engineering Procurement Construction (ISBL) - 36 months
- Engineering Procurement Construction (OSBL) - 32 months
- Commissioning and start-up - 6 months

#### 4.1.1 Workforce Size

Peak anticipated workforce size is around 7,000 workers. The peak construction period is expected to occur within 20 months of the project's start and to last about 12 months.

### 4.2 Site & Land Setting

The site setting and land use information covers within and surrounding area of the Project of 5 km. This section of the report assesses the sensitive receptors (information of the existing physical environment) within 5 km as illustrated in *Figure 4.1* below.



#### 4.2.1 Historical Land Use

Based on information gathered from PEC's ESHIA report, a summary of land use within the project site and surrounding area from the year 1984 until 2018 is indicated as follows:

- **1984 – 1990:** Much of the site and immediate surroundings at higher elevations were covered with vegetation indicative of a logged-over area, with the exceptions being areas around the course of Sg. Lepau, where darker coloured vegetation suggests a riparian reserve around Sg. Lepau was spared from logging. Organised agricultural activity is not visible at the site;
- **1990:** The image shows much of the site, and areas 1 km north and south have been cleared of vegetation;
- **1993 -1994:** Within the site, there are indications of organised farming and construction work to the north indicates construction work at the Seban Cove Resort (now known as Seban Mixed Development) and its Marina were well underway, with work on the golf course evident in 1994;
- **2004:** Tracks and farmed areas are visible at the site. The Seban Cove Resort (now known as Seban Mixed Development), its marina and golf course appear operational. Extensive land clearing around Taman Rengit Jaya, proposed for bungalow development (but which reportedly achieved few sales), is visible;
- **2007:** The earliest high-resolution image of the site, shows land use on-site consistent with that observed during the ESI site visit, though at a more concerted level assumed, as currently, for vegetables on about 20% of the site with ponds visible both east and west of the farmed area and tracks entering and exiting the site at four locations. Structures (consistent with chicken farms) are now seen to the southeast, but none within the site. Part of the PIC area appears to have been logged over;
- **2012:** Agricultural use continues in the same areas with additional land cleared towards the eastern site boundary. Reclamation of the PDT1 (complete) and PDT2 (incomplete) was observed;
- **2013 - 2015:** Land use at the site appears little changed. Site clearance starts and is observed largely completed at both the PIC and Taman Bayu Damai (where residents directly impacted by the PIC were reportedly relocated) is visible. PDT1 appears complete and JPDC access and internal roads, inclusive PIPC ring-road, are seen underway; and
- **2016 - 2018:** The last year's images are available on Google Earth and used herein. Images show, PIC under construction and new road alignments cleared and under construction for PIPC Phase 1.

The land is currently registered as Lot PTD 2083, Mukim Pengerang, Kota Tinggi, Johor. The current owner of the land is Lembaga Kemajuan Johor Tenggara (KEJORA). The land has now been gazetted under Section 4 of the Land Acquisition Act 1960 by Johor Corporation for industrial development and as such will be re-numbered and sectioned accordingly.

Approval for land conversion from agriculture to industrial zoning was successfully obtained from the Pengerang Land Development and Planning Department in March 2019.

#### 4.2.2 Existing Land Use within PEC Site

The proposed Project is located on hilly and flat terrain. However, as per the agreement between Johor Corporation (JCorp) and ChemOne, the site will be delivered as a cleared platform. As part of



the PIPC site, the proposed site will have supporting infrastructures such as roadways, electricity substation, drainage and a centralised sewage treatment system.

The land use within PEC sites is summarized based on area radius following the PEC's ESHIA report:

- Land use within 0 km-1 km radius: the proposed project areas are covered with secondary vegetation;
- Land use within a 1km radius: the area is mostly covered by a pond, plantations, roadways, industrial area and trades, RAPID, disturbed land and secondary vegetation. No settlements and public amenities were observed within this radius during the development of the ESHIA report, except at the southern boundary which is currently being used as a workers' dormitory;
- Land use within 1km-3km radius: the sites are disturbed land, plantation and secondary vegetations, RAPID, industries and trades, resort, mangrove areas, roadways, and Santi River. Several settlements and public amenities were observed including settlements of Kg. Lepau (less than 2 km west of the Project), Seban Mixed Development (more than 1 km north of the Project), and settlements at Bukit Pelali and Kg Bukit Gelugor (located more than 2 km east of the Project). Settlements within this radius will be used mostly as workers' settlements for RAPID and DIALOG which are located on the south side of the Project in Kg. Sg. Kapal. Some of the workers were also observed to be living in Kg Lepau area; and
- Land use within 3km-5km radius: the sites are surrounded by disturbed land, plantation and secondary vegetations, RAPID, DIALOG, industries and trades, resort, mangrove areas, roadways, and temporary landfills. Observed settlements and public amenities are Lakeview Resort, Kg. Bukit Gelugor and Kg. Bukit Raja at the eastern part of the Project, and Kg. Bukit Buluh, Kg. Sungai Kapal, and Kg. Sungai Buntu at the southern part of the Project. RAPID, DIALOG, and other industries and trade activities, clinics, temporary landfills, and PMU Teluk Ramunia were also observed. Settlement areas in Kg. Sg. Kapal is now being occupied by workers, mostly for RAPID and DIALOG (Pengerang Integrated Complex (PIC) and Pengerang Deepwater Terminal (PDT) project).

Details of land use are widely discussed in the PEC's ESHIA report.

#### 4.2.3 Land Acquisition and Resettlement

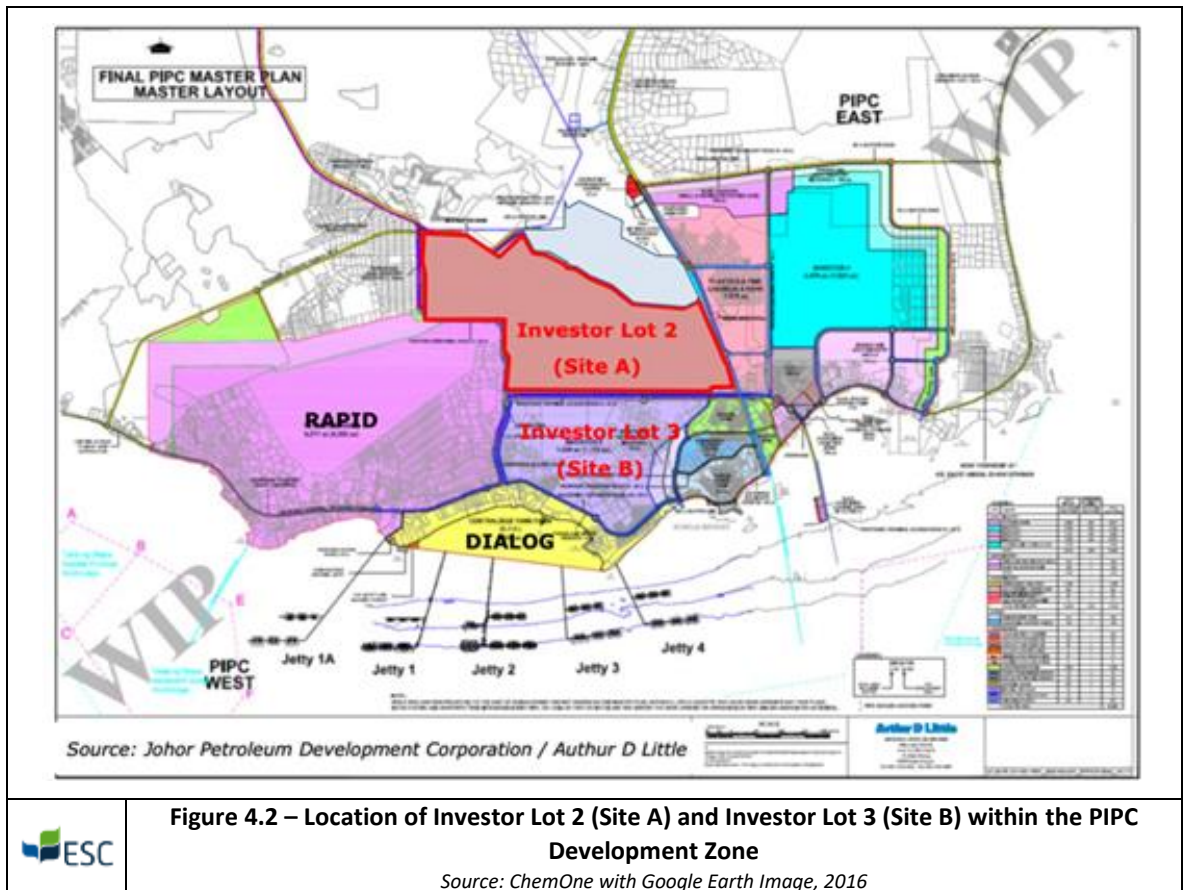
The access to the land of the proposed location is provided by PIPC and JCorp and the potential site for development consideration has been defined in the PIPC master development plan. Based on PEC's Land Acquisition and Resettlement Framework document, PEC has selected investor Lot 2 due to the following reasons:

- Bigger land acreage is available in investor Lot 2. This provides more flexibility in project development layout alignment;
- No significant settlement is located within the site. Only several houses are located within the project site and this is expected to significantly minimise the potential social impacts in results to resettlement issues;
- No religious or cultural heritage significant site is located within the project boundary and this is expected to minimise social conflicts;
- In general, the site is less populated and with lesser commercial activities in comparison to investor Lot 3; and

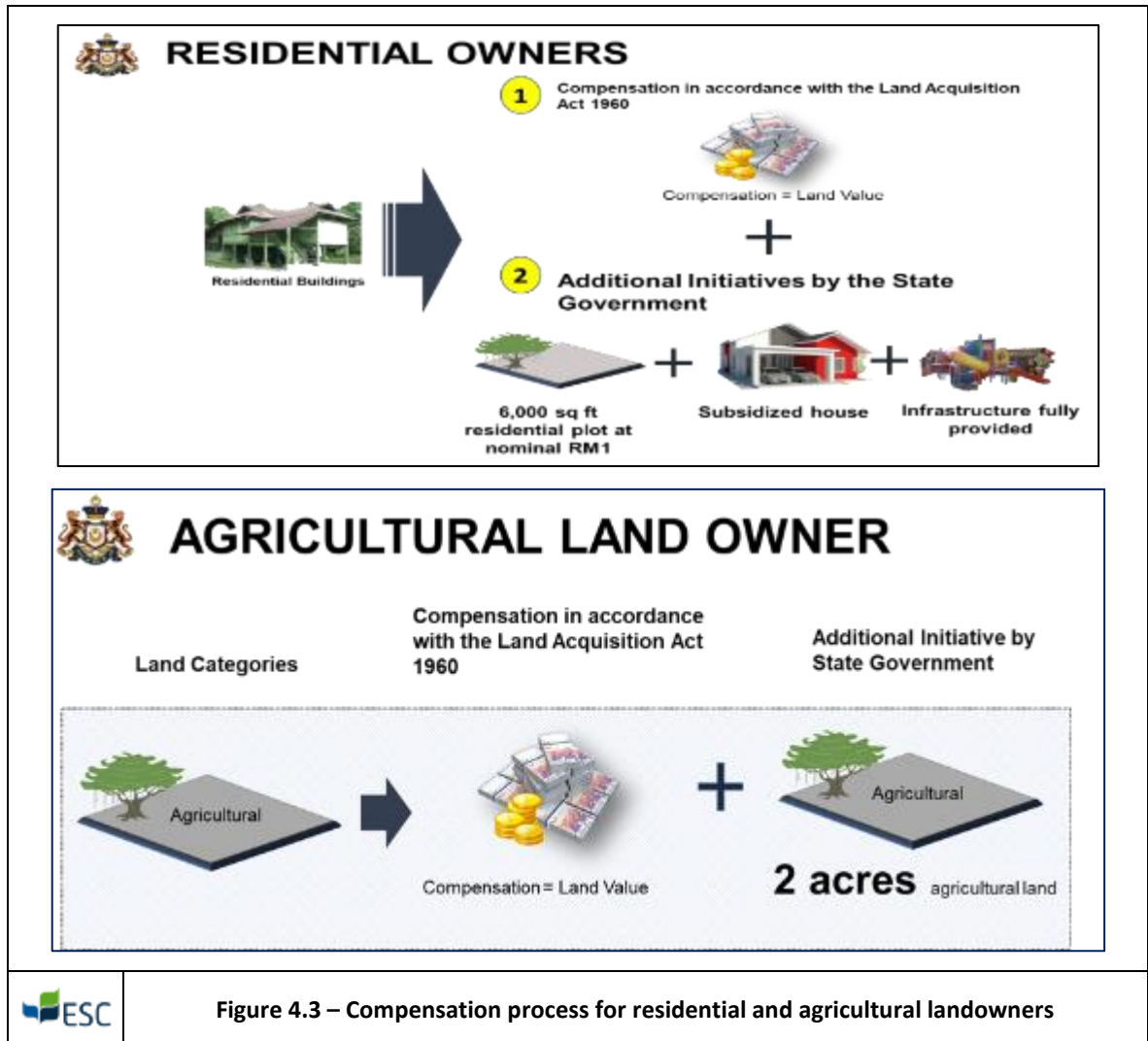


- In terms of topography, environmentally sensitive land use, accessibility and infrastructure, Site A (Investor Lot 2) could be relatively easy for mitigation.

The location of investor Lot 2 (Site A) and investor Lot 3 (Site B) are referred to in *Figure 4.2* below.



Compensations were given to affected residents arising from the land acquisition in accordance with the Land Acquisition Act 1960. The compensation processes for residential and agricultural landowners are illustrated in *Figure 4.3* below.



According to the PEC ESHIA report, and as stated in the PEC’s Land Acquisition and Resettlement Framework document, the following are the prospects and advantages of this land:

- Single owner –KEJORA a government agency. Easier and faster land acquisition process;
- No villages or residential areas within the 790 acres of land. Therefore, no relocation is required;
- The land is rented out to mostly agriculture-related activities such as cash crops and has no permanent structure;
- Located next to RAPID Petronas therefore convenient, efficient and cost-efficient for industries requiring feedstock from RAPID; and
- The nearest residential area (Kg Lepau) is located 1.5km from PIP.

JCORP has completed the land acquisition process within the period of 18 months process (May 2017 – October 2018). A total of 12 tenants accepted compensations and there were no further objections.

Currently, JCORP is a beneficial owner of the land and thus has the right to develop it as an industrial area. The flow of approvals for this land acquisition is as follows:

- Conditional Development Order approval was received on 26 November 2018;

- Subject to payment of Development Charge fee (in progress);
- State Planning Committee’s approval (Obtained on 18 February 2019);
- Full DO approval before 31 December 2019;
- State Planning Committee approval for the re-zoning from agriculture to industry was received on 18 February 2019;
- Environmental Impact Assessment approval was received on 05 September 2019; and
- Traffic Impact Assessment approved received on 17 September 2018.

### 4.3 Social, Economics and Culture Sphere

#### 4.3.1 Project Affected Communities

The operation of PEC will affect communities nearby the project sites directly or indirectly, mainly from the pre-construction, construction, and operational stages.

Based on the information extracted from the Social Impact Assessment (2018), the main towns closest to the PEC project site are Bandar Penawar (located about 10km away to the northeast) and Kg Sungai Rengit (located about 6km away to the southeast). Six villages are located within a 5km radius of the Project site boundary: Kg Lepau is the nearest, located 1.5km to the west; Kg Bukit Pelali, located about 3km to the east whilst Kg Bukit Gelugor, Kg Bukit Raja, Kg Bukit Buloh and Taman Rengit Jaya are about 4km to the southeast. These six villages have a total of 326 households. The existing Sevana Cove Resort and Marina has sited about 2km to the north and the new township at Bukit Pelali (under construction) is about 3km to the east.

The affected communities encompass eight (8) villages inside the 5 km impact zone and are located in Kota Tinggi District, Mukim/ local authority Pengerang. The lists of villages are listed in *Table 4-1* below.

**Table 4-1: Project Affected Communities**

State	District	Sub-District/ Mukim	Village	Location
Johor	Kota Tinggi	Pengerang	Kg Lepau	1-3 km West side of the Project
			Kg Bukit Pelali	1-3 km East of the Project
			Kg Bukit Buloh	3-5km Southern part of the Project
			Kg Bukit Gelugor	3-5km Eastern part of The Project
			Kg Bukit Raja	3-5km Eastern part of The Project
			Taman Rengit Jaya	3-5 km South of the Project
			Kg Sungai Kapal	1-3 km Southside of the Project
			Kg. Sungai Buntu	3-5km Southern part of the Project

#### 4.3.2 Demographics

##### 4.3.2.1 Population

Based on the ESHIA report, the demographic within of 5 km Radius Impact Zone shows that the overall population constitute only 326 households, based on feedback from the former village heads of Kg. Lepau, Kg. Bukit Buloh and Kg. Bukit Raja and the Pejabat Penghulu of Mukim

Pengerang and Pantai Timur in September 2018. This is primarily due to the resettlement of more than 3,000 people to Taman Bayu Damai between 2013 and 2016.

#### 4.3.2.2 Ethnicity

As adopted from the ESHIA document, the local respondents of Kg. Lepau, Kg. Bukit Pelali, Kg. Bukit Gelugor, Kg. Bukit Raja and Kg. Bukit Buloh is predominantly Malays (100%). In Taman Rengit Jaya, the ethnicity composition is, including those interviewed, the Chinese (40%), Indians (40%) and Malays (20%). The ethnic breakdown of the non-locals comprises Malays (85%), Indians (10%) and Chinese (5%). Chinese and Indian ethnicity were observed in Kg. Sg. Buntu and Taman Rengit Jaya while Malay ethnicity was observed as the majority in the area. There are no indigenous people within the project area.

**Table 4-2: Population by Ethnic Group of Johor, (2016-2020)**

Population by Ethnic Group	2016	2017	2018	2019	2020
Bumiputera	59.6	59.7	60.0	60.3	60.7
Chinese	32.8	32.7	32.4	32.1	31.8
India	7.0	7.0	7.1	7.0	7.0
Other Ethnic	0.6	0.6	0.5	0.6	0.5

Source: Department of Statistics Malaysia, 2020

#### 4.3.2.3 Age and Gender

The age structure of the population is categorized into three groups age i.e., young age, working age and old age. The percentage population of young and working-age groups in Johor recorded a decline from 2015 to 2020. By 2020, the old age percentage will increase to 7.5 per cent (2019: 7.2%) while the percentage of the age group population youth and working-age recorded a decline respectively to 23.3 per cent (2019: 23.4%) and 69.2 per cent (2019: 69.4%). The sex ratio of the population of Johor in 2020 with a ratio of 110 males for every 100 females.

**Table 4-3: Age Group Population of Johor, (2016-2020)**

Age Group (%)	2016	2017	2018	2019	2020
The population is aged 0-14 years old (young age)	24.3	23.9	23.6	23.4	23.3
Residents aged 15-64 years (working age)	69.2	69.4	69.5	69.4	69.2
The population is 65 years old years and over (old age)	6.5	6.7	6.9	7.2	7.5

Source: Department of Statistics Malaysia, 2020

#### 4.3.2.4 Education

Based on surveys and interviews during the development of ESHIA, the level of education attained amongst the local respondents are primary school education (43%), secondary school education (56%) and tertiary/diploma (1%). In contrast, the non-local respondents have a better educational level. Those with a primary school education (10%), secondary school education (30%) and tertiary education (60%).

#### 4.3.2.5 Employment and Labour Force

The Labour force for the State of Johor was recorded at 1,805,700 people in the year 2019 and an increase by 1.9% over the year to 1,840,600 in the year 2020 with a labour force participation rate (LFPR) of 70.4% in 2020. There was also an increase of (0.8%) in the total of unemployed in the year 2020 from 2.7% (2019) to 3.5% and the figure slightly increased from 49,600 people in the year 2019 to 65,000. The Labour force comprises people who are employed and unemployed aged 15-59 years old. The employment and labour force over the 5 years are as below.

**Table 4-4: Employment and Labour Force of Johor, (2016-2020)**

Employment and Labour Force	2016	2017	2018	2019	2020
<b>Employment</b>					
Labour Force ('000)	1,621.1	1,633.2	1,639.1	1,805.7	1,840.6
Employed ('000)	1,579.7	1,582.6	1,580.6	1,756.1	1,775.6
Unemployment ('000)	41.4	50.6	58.5	49.6	65.0
<b>Labour Force Participation Rates, LFPR (%)</b>					
Total	67.5	67.1	66.6	70.3	70.4
Male	82.4	81.5	81.4	82.6	87.8
Female	50.7	50.9	49.9	56.6	51.0
<b>Unemployment Rate (%)</b>	2.6	3.1	3.6	2.7	3.5

Source: Department of Statistics Malaysia, 2018.

### 4.3.3 Economics

As adopted in the Socioeconomic report (2020) by DOSM, the Gross Domestic Product (GDP) of Johor recorded negative growth of 4.6 per cent in 2020 as compared to 2.8 per cent in the preceding year.

**Table 4-5: Economic Growth of Johor, (2017-2020)**

Gross Domestic Product (GDP)	2017	2018	2019	2020
GDP at constant 2015 prices (RM million)	123,561	130,586	134,240 <sup>p</sup>	128,034 <sup>e</sup>
GDP per capita at current prices (RM)	35,315	36,388	37,387 <sup>p</sup>	35,996 <sup>e</sup>
GDP Growth (%)	5.9	5.7	2.8 <sup>p</sup>	-4.6 <sup>e</sup>

\*p= Preliminary; e=Estimation

Source: Department of Statistics Malaysia, 2018.

People in Johor mainly work in the manufacturing sector, which was about 42% in 2010 and 38% in 2015, followed by the service sector which contributed almost 40% in 2010 and 37% in 2015. The construction and agricultural sector were recorded as the third and fourth-largest sectors that contributed to employment with 11% and 6.4% in 2010 to 20% and 4.8% in 2015. Mining and quarrying engaged the people less than 1%.

Table 4-6 below presented the number of persons engaged in the industry sector and its annual growth.

**Table 4-6: Number of Persons Engaged by Industry Sectors**

Sector	2010		2015		Annual Growth
Agriculture	50,802	6.4	57,000	4.8	2.3
Mining & quarrying	2,738	0.3	5,377	0.5	14.5
Manufacturing	332,372	42.1	448,365	37.8	6.2
Construction	90,070	11.4	240,493	20.3	21.7
Services	314,229	39.8	435,261	36.7	6.7
<b>Total</b>	<b>790,211</b>	<b>100</b>	<b>1,188,511</b>	<b>100</b>	<b>8.5</b>

Source: Economic Census 2016, Department of Statistics Malaysia, 2017.

Further in the survey area, the villagers of Kg. Lepau were once dependent on their oil palm smallholdings (to an extent) as one of the sources of income, but then the smallholdings have remained idle and occasionally inundated due to drainage issues and during the wet season, as well

as the FELCRA ceased its operation in the area. Villagers also grow fruit around the village on a small scale and mainly for personal subsistence.

The villagers in the area also have a dependency on fishing as a source of livelihood. Based on the survey, the catch has declined considerably since work started on the coastal reclamation for a deep-water terminal and the development of Pengerang as a petroleum processing hub. The Fishermen acknowledge a reduction in earnings and having to go further out to drop their nets. This could be due to several reasons that include reduced water quality along the rivers and nearshore areas (thus affecting the mangroves and the fish and prawn spawning areas along with the riparian areas) and restrictions placed on traditional fishing grounds to accommodate vessel movement. This impact, however, occurs before any of the PEC activities.

#### **4.3.4 Public Amenities**

##### *4.3.4.1 Education Institution*

The number of government schools was 1189 units across Johor state in the year 2020. There were 906 units for primary schools and 283 units of secondary schools with a total of 574,884 students and 49,017 teachers. The student-teacher ratio in primary school was 12 pupils per one teacher and 11 students per one teacher respectively for secondary schools. Meanwhile, there were 83 units of primary schools and 28 units of secondary schools in the Kota Tinggi districts in 2020. The student-teacher ratio for primary schools (2020) was (10:1) for both primary and secondary schools.

##### *4.3.4.2 Health Facilities*

The number of health facilities in Johor consists of 46 government hospitals throughout the State: 394 government clinics with a total number of 6,988 and 12,230 serving doctors and nurses respectively. In Kota Tinggi Districts, there are one (1) government hospital; Six (6) health centres and 29 health clinics; and two (2) community clinics.

##### *4.3.4.3 Water and Sanitation*

99.9 % of households in Johor with piped water in the house and 0.1% use public water standpipe. Meanwhile, in Kota Tinggi District, households with piped water supply in the house with 98.8% and about 1.2% type of water supply is using public water standpipe. As reported in Social Impact Assessment (2018), the water supply for the households in Kg. Lepau and the other five (5) villages are well served by the water utility company (SAJ).

##### *4.3.4.4 Electricity*

Johor has 100% of households' access to electricity supply throughout the State and all its administrative Districts. The electricity supply in the area is served by the Malaysia multinational electricity company, Tenaga Nasional Berhad (TNB).

##### *4.3.4.5 Housing*

Extracted from the information reported in SIA (2018), 30% of the house structures in Kg. Lepau and the other five (5) villages are a mix of wooden single-story brick structures, brick, and wood structures (50%) and about 20% of the houses are traditional wooden kampong houses.

#### **4.3.5 Indigenous People**

*Orang Seletar* group found in Johor is one of the eighteen *Orang Asli* (Indigenous People) ethnic groups found in Peninsular Malaysia. According to a census conducted by JHEOA (2008), the total number of Seletar people living in eight (8) villages in the District of Johor Bahru is 1671 people



consisting of 368 chief’s households. *Orang Seletar* community is populated in Kampung Simpang Arang, Kampung Bakar Batu, Kampung Sungai Temun, Kampung Teluk Jawa, Kampung Pasir Putih, Kampung Kuala Masai, Kampung Teluk Kabung and Kampung Pasir Salam (Hasan Mat Nor, 2009).

#### 4.3.5.1 Population

No indigenous people are present within and in the surrounding area where the proposed PEC site is located. Five (5) nearest Indigenous People Villages (*Kampung Orang Asli*) located by the project site were identified with a total population of 752 people. The distance (km) of the villages from the project site and their population areas are listed in *Table 4-7* below:

**Table 4-7: Population of Indigenous People in the nearest villages to the project site**

No.	Village Name	District	Distance (km)	Population
1	Kampung Orang Asli Pasir Salam	Johor Bahru	± 33.3	141
2	Kampung Orang Asli Telok Kabong	Johor Bahru	± 24.9	142
3	Kampung Orang Asli Pasir Putih	Johor Bahru	± 28.6	85
4	Kampung Orang Asli Kuala Masai	Johor Bahru	± 35.6	247
5	Kampung Orang Asli Teluk Jawa	Johor Bahru	± 37.5	137
<b>Total</b>				<b>752</b>

Source: Malaysia Datasets (<https://mys.databasesets.com/>), DOSM (2018)

#### 4.3.5.2 Livelihood and Income

*Orang Seletar* is also known as “Sea Gypsy” are Fishermen by tradition. Petronas together with Pengerang Refining and Petrochemical (PRefChem) has introduced the mussel breeding project specifically for *Orang Seletar* Fishermen in Kuala Masai is targeted to provide an additional income of RM200 per month to the affected group. It will also be implemented in two phases, involving a total of 100 *Orang Seletar* Fishermen from five (5) villages: Kampung Pasir Salam in Ulu Tiram; Kampung Pasir Putih, Kampung Kuala Masai, Kampung Teluk Jawa and Kampung Teluk Kabong in the Pasir Gudang area. (JohorKini, 2019). According to the Utusan Malaysia news web portal reported in 2020, about 77 Fishermen of Orang Asli Kuala Masai village earned between 1,500 MYR to 3,000 MYR a month before the Movement Control Order (MCO) and was earned declining by 80% between MYR 700- 1,000 MYR during the MCO period. (Ali, 2020)

#### 4.3.5.3 Issues on Customary Land

51 of *Orang Selatar* from Kampung Orang Asli in Kuala Masai, Pasir Gudang had applied for a writ of mandamus, a court action that will compel the Johor land authorities to pay compensation to resolve the issue of land compensation for the land they vacated in Stulang Laut which had been pending for the past nine years. Based on the High Court’s decision on Sept 22, 2010, the *Orang Asli* should be compensated following the Land Acquisition Act 1960 (Bernama, 2019). The High Court has ordered the Government to recognise *Seletar* ancestral land and the Johor Government has been ordered to pay RM5.2 million to a group of *Orang Asli* from the *Seletar* tribe as compensation for the land acquisition of their native customary land. (Tan, 2020)

#### 4.3.5.4 Non-discrimination Against Indigenous Peoples

The Department of Orang Asli Development or Jabatan Kemajuan Orang Asli (JAKOA) strives to improve the lives of *Orang Asli* in Johor especially for *Orang Seletar* in Johor Bahru and Pasir Gudang to ensure they are not left behind. The efforts that have been implemented by JAKOA; other government agencies and some NGOs with support of corporate organizations involvement including in education, health and sources of income and livelihood sector.



#### a. Education

JAKOA Johor launched Orang Asli Community Friendly Program and Tuition program for *Orang Asli* community in Pasir Putih, Pasir Gudang in 2015. (JAKOA, 2015) The JAKOA Johor also implemented Orang Asli Community Development Program in 2016 involving three (3) *Orang Asli* villages, namely Pasir Salam *Orang Asli* Village; Pasir Putih *Orang Asli* Village; and Kuala Masai *Orang Asli* Village. The programs that have been implemented are such as reading and arithmetic guidance; cooking; personal health and hygiene; self-management and reproductive health as well as motivational sessions. (Yayasan Pasir Gudang, 2016)

Malaysia Marine and Heavy Engineering Holdings Berhad (MHB) collaboration between local environment NGO partner, EcoKnights with the support of the Johor Bahru District Office and JAKOA Johor implemented 'MHB Cares' community project - a flagship CSR initiative for the *Orang Seletar* (Indigenous People) of Kampung Pasir Putih in Pasir Gudang, Johor. 'MHB Cares' launched in 2013 is long-term welfare and capability enhancement programme focused on meeting the need for basic education, nutrition and healthy/ safe living conditions of the Indigenous Peoples. Community activities for the *Orang Seletar* include basic English, self-motivation, healthy lifestyle awareness and baking classes for adults. While children are focused on fun learning activities such as drawing, painting, singing, and creating alphabets using playdough (MHB, 2014).

#### b. Health

JAKOA Johor implemented the Green Human Capital & Sustainable Program: Hygiene & Personal Health for the indigenous community in Kampung Orang Asli Teluk Kabong, Pasir Gudang in the year of 2013 had promoted the importance of personal health and hygiene to the community. (JAKOA, 2015)

#### c. Sources of Income and Livelihood

JAKOA Johor works closely with federal and state agencies and the corporate sector to reach out to Orang Asli with economic-related projects. Among the projects which could generate revenue for them included breeding cattle, stingless bees for their honey, fish rearing and cultivation of coffee, pineapple as well as rubber in the state. JAKOA also working with Johor Agriculture Department to introduce coffee and pineapple cultivation to the Indigenous People. The large-scale mussel farming project a Petronas-Pengerang Refining and Petrochemical (PRefChem) collaboration dedicated to *Orang Seletar* in Kuala Masai started in 2019, involving about 50 *Orang Seletar*, has helped to supplement their income. (Musa, 2020).

### 4.3.6 Cultural and Heritage

#### 4.3.6.1 Worship Facilities

Based on the ground-truthing during the baseline study, there were 5 worship facilities within 5 km of the proposed PEC site. 1 among these facilities is a Chinese temple at Kg. Sg. Buntu and the other 3 facilities are 1 Masjid at Kg. Lepau, and 3 Surau at Kg. Bukit Gelugor, Kg. Bukit Raja, and Kg. Surau Buntu. The Muslim community in Malaysia is affiliated with the *Sunni denominations* and has its traditions in religious life.

#### 4.3.6.2 Cultural Heritage

Based on the observation, there were no archaeological sites or cultural heritages present within the study area (5 km radius of the proposed PEC site).

### 4.3.7 Social Impact Assessment

The following sections summarise the Social Assessment Study.

#### 4.3.7.1 *Social Impact Assessment Methods*

A combination of methods was used to gather qualitative and quantitative baseline socio-economic data of the communities that might be affected by the Project and those who have an interest in the project. Data was collected through semi-structured interviews, focus group engagement, one-to-one meetings as well as stakeholder perception and socio-economic survey. Detail method and the number of respondents are available within the SIA document.

#### 4.3.7.2 *Social Perception Survey Findings*

In assessing the public perception of the project, a social perception survey was conducted from 13<sup>th</sup> Sept to 9<sup>th</sup> Oct 2018 and from 8<sup>th</sup> to 21<sup>st</sup> January 2019, the findings show that 98% of the 100 respondents interviewed during the SIA study were not aware of the PEC plan and only 2% indicated that they heard about the proposed Project from friends, and they did not know the details or where the plant would be located. However, about 86% were supportive of the project and viewed that it will generate economic benefits. However, about 14% did not view the Project favourably due to some reasons such as air pollution (86%), noise and dust nuisance (64%), an increase in heavy vehicles and road safety issues (93%), an influx of foreign workers and social/health problems that might arise (71%) and declining water quality in the rivers (21%).

PEC then published project information in the newspaper and project display following the instruction from the Department of Environment (DoE) Putrajaya as part of the approval process for Schedule 2 of the Environmental Impact Assessment (EIA) report. Public announcement in the newspapers (Berita Harian and New Straits Times) was published for 3 days from 27<sup>th</sup> to 29<sup>th</sup> May 2019. PEC also put the EIA report for public display for one (1) month period starting from 27<sup>th</sup> May 2019 until 26<sup>th</sup> June 2019 for public assessment and feedback at the Department of Environment in Putrajaya and Johor as well as in Pengerang Local Authority offices. A summary of the EIA report was also available on the DoE website for the public to assess during the public display period.

## 5 STAKEHOLDER ENGAGEMENT

PEC believes that stakeholder engagement is a prerequisite to project success. Proactively engagement with stakeholders is considered to be an international best practice to build a strong relationship and ensure that those who are most impacted by, or with an interest in, a particular project is freely consulted and informed, as well as to anticipate any potential issues.

PEC has developed a stakeholder engagement plan (SEP) before any project activities. In the process of identification of stakeholders, PEC has identified stakeholders participative using distinct steps as follows: (i) individuals, groups, local communities and other stakeholders that may be affected directly or indirectly by the project (impacted community, village heads, community and religious leaders, the heads district level Johor state-level authorities, NGOs, and those who are disadvantaged or vulnerable such as women, youth, elderly and minority ethnic groups/ Indigenous people); (ii) broader stakeholders who may be able to influence the outcome of the project (iii) legitimate stakeholder representatives; (iv) those who are interested in the PEC project.

PEC further maps the stakeholders by putting the rank of their level of interest and level of interest, and then analyze the stakeholder how the best to do the engagement, including applying the best approach to each stakeholder.

The table below is a present list of engagements (including consultation with stakeholders) by PEC for the past several years with a wide range of stakeholders. PEC has also identified several stakeholders to be engaged as in *Table 5-1* below.

**Table 5-1: Past Public Consultation and Engagement**

Date of consultation	Topic	Participants (Number of Participants)	Information Disseminated	Key Issues Raised
18 July 2018	Direct one-to-one interview	<ul style="list-style-type: none"> <li>Officer, Planning and Development Officer, PBT Pengerang, Bandar Penawar</li> <li>Manager, Project Planning, Bukit Pelali Properties Sdn Bhd</li> <li>Sales Manager, Cypress Potential Sdn Bhd, Seban Cove</li> </ul>	Collect information for the project and Identification issues and concerns raised by the stakeholders and evaluation of the significance of issues for purpose of developing EIA The focus is to decide whether the project is likely to cause significant adverse impact resulting from construction and operation.	<ul style="list-style-type: none"> <li>These meetings allowed the individual stakeholders to share and verify information, as well as to voice their views, preferences and aspirations.</li> </ul>
22 Sept 2018	Direct one-to-one interview	<ul style="list-style-type: none"> <li>Manager, Seban Cove Resort</li> </ul>		
22 Sept 2018	Unstructured interview  Use of printed handouts of the Project	<ul style="list-style-type: none"> <li>Penghulu of Mukim Pengerang &amp; Pantai Timur</li> <li>Ex-village head of Kg Lepau</li> <li>Ex-village head of Kg Bukit Buloh</li> <li>Village head of Kg Bukit Raja, Kg Bukit Gelugor and Kg Bukit Pelali</li> <li>Chairman of Koperasi Pengerang Jaya Johor Berhad (KOPEJA)</li> <li>Representative from Koperasi Pengerang Jaya Johor Berhad (KOPEJA)</li> <li>Chairman of Koperasi Jaya Teluk Ramunia (KOJAYA)</li> <li>Representative from Koperasi Jaya Teluk Ramunia (KOJAYA)</li> </ul>	<ul style="list-style-type: none"> <li>Introduce the Project and for the stakeholders to raise and discuss matters that they consider to be relevant to the community.</li> <li>The setting up of the cooperatives was initiated by the Johor state government with collaboration from PETRONAS to serve as a platform for the resettled residents to be trained and to engage in business and the provision of services and goods to PIC</li> </ul>	
27 Oct 2018	Focus Group Engagement (briefing using a slide presentation, printed material and Q&A session)	<ul style="list-style-type: none"> <li>Residents of Kg Lepau (nearest receptors)</li> <li>Penghulu of Mukim Pengerang and Pantai Timur</li> <li>Former village head of Kg Lepau</li> <li>Former village head of Kg Bukit Buloh</li> </ul>	<ul style="list-style-type: none"> <li>The engagement session served as a platform for information disclosure to the villagers, addressed stakeholder concerns as well as built community consensus over certain issues.</li> </ul>	<ul style="list-style-type: none"> <li>No issue raised yet</li> </ul>



Date of consultation	Topic	Participants (Number of Participants)	Information Disseminated	Key Issues Raised
		<ul style="list-style-type: none"> <li>Village head of Kg Bukit Raja, Kg Bukit Gelugor and Kg Bukit Pelali</li> <li>Fishermen of Kg Lepau</li> </ul>	<ul style="list-style-type: none"> <li>Cross-check information with stakeholders including obtaining reactions to the proposed Project</li> </ul>	
28 Oct 2018	Meeting	<ul style="list-style-type: none"> <li>Johor Corporation</li> </ul>		
9 January 2019	Direct one-to-one interview	<ul style="list-style-type: none"> <li>Owner, fish cage farm, Sg Santi</li> </ul>		
13 <sup>th</sup> Sept to 9 <sup>th</sup> Oct 2018  8 <sup>th</sup> to 21 <sup>st</sup> January 2019	Household and Perception Survey (questionnaire survey)	<ul style="list-style-type: none"> <li>70 respondents were randomly selected from the villages located inside the 5km zone of impact from the Project site. Villages include Kg Lepau, Kg Bukit Pelali, Kg Bukit Gelugor, Kg Bukit Raja and Kg Bukit Buloh.</li> <li>10 respondents were randomly selected from Taman Rengit Jaya and 20 respondents (Malaysians from outside the Pengerang region, living and working in Pengerang) were randomly selected from Kg Lepau.</li> </ul>	<ul style="list-style-type: none"> <li>The aim was to collect socio-economic data from the households as well as to obtain feedback and views of the residents on the proposed Project.</li> <li>The survey covered villages located within the 5k zone of impact from the Project site</li> </ul>	
22 <sup>nd</sup> April 2022 & 25 <sup>th</sup> April 2022	One-to-one interview via phone call	<ul style="list-style-type: none"> <li>Kg. Lepau Sub-village Head</li> <li>Fishermen Representative</li> <li>Women Representative</li> </ul>	<ul style="list-style-type: none"> <li>The purpose of the interview was to get an update on the villagers of Kg. Lepau as well as the fishermen in Sg. Lepau.</li> </ul>	<ul style="list-style-type: none"> <li>Light pollution caused by flaring activities from RAPID operation;</li> <li>Noise and vibration issues caused by RAPID operational activities; and</li> <li>Deterioration of water quality in Sg. Lepau due to the development activities e.g. construction of road surrounding Kg. Lepau.</li> </ul>

PEC has also identified stakeholders that need to be engaged during the project phase (Pre-construction, Construction, Operation, and Decommissioning phases). PEC has also mapped and analyzed the stakeholders using the level of interest and level of influence grid. The strategy and format of engagement for each category of stakeholders are presented in *Table 5-2*.

**Table 5-2: Stakeholder Engagement Plan**

No	Description	Methodology	Involved Parties	Time Frame
<b>During Pre-Construction Phase</b>				
1	Public announcement. Part of information disclosure	Announcement of the project to the public through Mass Media (Newspaper, pamphlet, flyer, information display/ EIA report display). Information disclosure consists of: <ul style="list-style-type: none"> <li>Name and address of the project proponent;</li> <li>Type of the project plan;</li> <li>The scale of the project;</li> <li>Project location;</li> <li>Project description;</li> <li>Potential impacts of the project and general concept of impacts mitigation;</li> <li>Address of project proponent who will receive the comments, concerns, and suggestions from the community.</li> </ul>	<ul style="list-style-type: none"> <li>PEC</li> <li>Affected communities</li> <li>Vulnerable group (women and elderly)</li> <li>DOE</li> </ul>	These activities have been completed by PEC
2	Consultation and engagement related to land acquisition	<ul style="list-style-type: none"> <li>Face to face meeting with Jcorp land acquisition and resettlement</li> <li>Jcorp provided a clean and clear location for the PEC project</li> </ul>	<ul style="list-style-type: none"> <li>PEC</li> <li>JCorp</li> </ul>	This activity has been completed by PEC
3	Consultation and engagement with the affected community <ul style="list-style-type: none"> <li>Baseline data collection of initial environmental and social conditions. Develop impact and mitigation measures. This information is also to develop a Social Impact Assessment (SIA)</li> <li>Identified baseline information on the livelihood of the affected community</li> </ul>	<ul style="list-style-type: none"> <li>Household Survey, Key Informant Interview (Ketua Kampung, community leaders, and fishermen vulnerable group, etc.), and</li> <li>Focus Group Discussion with those affected by the project Residents of Kg Lepau (nearest receptors), Penghulu of Mukim Pengerang and Pantai Timur, Former village head of Kg Lepau, Former village head of Kg Bukit Buloh, Village head of Kg Bukit Raja, Kg Bukit Gelugor and Kg Bukit Pelali, Fishermen of Kg Lepau</li> </ul>	<ul style="list-style-type: none"> <li>PEC</li> <li>Government agencies</li> <li>Affected communities</li> <li>PEC consultant</li> </ul>	This activity has been completed by PEC

No	Description	Methodology	Involved Parties	Time Frame
	<ul style="list-style-type: none"> <li>Gathered comments, concerns, and suggestions from the affected community</li> </ul>			
4	Disseminate information and engagement: <ul style="list-style-type: none"> <li>Inform and disclose the grievance mechanism</li> <li>Identify new issues, concerns, and needs from local authorities, affected communities, fishermen groups, vulnerable groups, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Face to face formal and informal meetings with community leaders and affected communities</li> <li>Hand-out sample of grievance form and detailed contact for submitting grievances</li> <li>Public/board display related to a grievance mechanism</li> <li>Face-to-face formal and informal meetings with local authorities, community leaders, affected communities, local authorities, affected communities, farmer and fishermen groups, vulnerable groups, etc.</li> <li>Conduct informal site visits and maintain interaction with stakeholders</li> <li>Gathered information and feedback collected during the meeting and site visit</li> </ul>	<ul style="list-style-type: none"> <li>PEC</li> <li>Government agencies</li> <li>Affected communities</li> <li>Vulnerable group (women and elderly)</li> </ul>	Pre-Construction: During disclosure meetings.
5	Information disclosure and report back to the community: <ul style="list-style-type: none"> <li>Environmental management plans (EMPs)</li> <li>Inform affected communities about potential impacts of the Project, project update, and obtain feedback/concerns from affected communities</li> </ul>	<ul style="list-style-type: none"> <li>Face to face meetings with government agencies and key stakeholders (including vulnerable groups) in affected villages to deliver key points of EMPs</li> <li>Public/ board display: EMP will be posted on community boards and in the village area.</li> </ul>	<ul style="list-style-type: none"> <li>PEC</li> <li>Government agencies</li> <li>Affected communities</li> <li>Vulnerable groups (women and elderly)</li> </ul>	One month prior to the commencement of construction
<b>During Construction Phase</b>				
1	Information disclosure: <ul style="list-style-type: none"> <li>Environmental management plans (EMPs)</li> <li>Inform affected communities about potential impacts of the Project, project update, and</li> </ul>	<ul style="list-style-type: none"> <li>Face to face meetings with related government agencies and key stakeholders in affected villages to deliver key points of EMPs</li> <li>Public/ board display: EMP will be posted on community boards and in the village area.</li> </ul>	<ul style="list-style-type: none"> <li>PEC</li> <li>Government agencies</li> <li>Affected communities</li> </ul>	One month prior to the commencement of construction





No	Description	Methodology	Involved Parties	Time Frame
	obtain feedback/concerns from affected communities			
2	<p>Information disclosure related to employment and business opportunity for local communities. This is part of providing job and business opportunities. Information disclosure consists of:</p> <ul style="list-style-type: none"> <li>• Number of people can be employed by PEC and EPC contractor</li> <li>• Skills required for applying for the jobs</li> <li>• Process of job application (how local community can apply)</li> <li>• Type, specification, and number of business/ contracts available for local businesses</li> <li>• Process of local business to apply for the available contracts</li> </ul>	<ul style="list-style-type: none"> <li>• Face to face meetings with government agencies (Particularly the manpower department) and Ketua Kampung</li> <li>• Public/ board display: EMP will be posted on community boards in the village.</li> </ul>	<ul style="list-style-type: none"> <li>• PEC</li> <li>• Government agencies</li> <li>• Ketua Kampung</li> <li>• Affected communities</li> <li>• Vulnerable groups</li> <li>• Selected EPC contractors</li> </ul>	One month prior to the commencement of construction and during the construction period (In accordance with the project need)
3	<p>Disseminate information and engagement:</p> <ul style="list-style-type: none"> <li>• Update, Inform and disclose the grievance mechanism</li> </ul>	<ul style="list-style-type: none"> <li>• Face to face formal and informal meetings with community leaders and affected communities</li> <li>• Hand-out sample of grievance form and detailed contact for submitting grievances</li> <li>• Public/board display related to a grievance mechanism</li> </ul>	<ul style="list-style-type: none"> <li>• PEC</li> <li>• Government agencies</li> <li>• Affected communities</li> <li>• Vulnerable groups (women and elderly)</li> </ul>	Construction: frequently disclose and identify during engagement activities



No	Description	Methodology	Involved Parties	Time Frame
4	Identify collaboration opportunities for CSR and implement community development programs for affected communities	<ul style="list-style-type: none"> <li>Face to face formal and informal meetings with Ketua Kampung, community leaders, relevant stakeholders, and CBOs/NGOs to discuss CSR and community development program</li> <li>Meet government authorities and disclose identify collaboration opportunities</li> <li>Site visit to the village, meet communities and participate in community activities, events, and village meetings.</li> <li>Other engagement activities that will be undertaken in the PEC CSR program</li> <li>Develop a specific program for vulnerable groups (including women) in correlation with the CSR program</li> </ul>	<ul style="list-style-type: none"> <li>PEC</li> <li>Government agencies</li> <li>Affected communities</li> <li>Vulnerable group (women and elderly)</li> <li>CBOs/NGOs</li> </ul>	Yearly
<b>During Project Operation</b>				
1	Disclose information to stakeholders regarding the progress of the Project and engagement through visiting the affected villages	<ul style="list-style-type: none"> <li>Face to face meetings with local government authorities</li> <li>Face to face formal and informal meetings with affected people</li> <li>Site visit to the village, meet communities and participate in community activities, events, and village meetings.</li> </ul>	<ul style="list-style-type: none"> <li>PEC</li> <li>Government agencies</li> <li>Ketua kampung</li> <li>Affected communities</li> </ul>	Regularly, depending on the progress of the project and community activities
2	Information disclosure related to employment and business opportunity for local communities during the operation period <ul style="list-style-type: none"> <li>Number of people can be employed by PEC and EPC contractor</li> <li>Skills required for applying for the jobs</li> <li>Process of job application (how local community can apply)</li> <li>Type, specification, and number of business/ contracts available for local businesses</li> <li>Process of local business to apply for the available contracts</li> </ul>	<ul style="list-style-type: none"> <li>Face to face meetings with government agencies (Particularly the manpower department) and Ketua kampung to update information on recruitment and business opportunity</li> <li>Public/ board display: EMP will be posted on community boards and the village office.</li> </ul>	<ul style="list-style-type: none"> <li>PEC</li> <li>Government agencies</li> <li>Ketua kampung</li> <li>Affected communities</li> <li>Selected EPC contractors</li> <li>Local business and house owner</li> </ul>	During the construction period (In accordance with the project need)

No	Description	Methodology	Involved Parties	Time Frame
3	Identify collaboration opportunities for CSR and implement community development programs for affected and surrounding communities under EIA and ESHIA.	<ul style="list-style-type: none"> <li>Face to face formal and informal meetings with Ketua Kampung, community leaders, relevant stakeholders, and NGOs to discuss CSR and community development programs and a follow up through correspondence (phone, letter, email);</li> <li>Meet government authorities and disclose identify collaboration opportunities;</li> <li>Site visit to the village, meet communities and participate in community activities, events, and village meetings;</li> <li>Other engagement activities that will be undertaken in the PEC CSR program;</li> <li>Based on further consultation with Ketua kampung and vulnerable groups, Develop a specific program for women and vulnerable groups in correlation with the CSR program;</li> <li>Engage NGOs and academia in the developing CSR program and the program implementation; and</li> <li>Establish a partnership with Jcorp and GLC in the surrounding area on developing a mutual CSR program.</li> </ul>	<ul style="list-style-type: none"> <li>PEC</li> <li>Government agencies</li> <li>Affected communities</li> <li>Women and vulnerable group</li> <li>NGOs</li> <li>Academia</li> <li>Jcorp and GLC</li> </ul>	Yearly
4	Maintain and improve constructive relationships with affected communities, local government authorities, and Jcorp	<ul style="list-style-type: none"> <li>Correspondence (phone, letter, email) and an ace to face meetings with local government authorities, Jcorp</li> <li>Face to face formal and informal meetings with affected people</li> <li>Site visit to the village, meet communities and participate in community activities, events, and village meetings.</li> </ul>	<ul style="list-style-type: none"> <li>PEC</li> <li>Government agencies</li> <li>Affected communities</li> <li>Jcorp</li> </ul>	Bimonthly formal/informal meetings with stakeholders or depending on the progress of the project Site visit depends on activities or the need to be a presence during community events or meetings
5	Update the affected community with a grievance mechanism and maintain the grievance raised is resolved	<ul style="list-style-type: none"> <li>Update the grievance mechanism during the formal meetings with local government authorities, local communities</li> <li>Follow and implement grievance mechanism</li> </ul>	<ul style="list-style-type: none"> <li>PEC</li> <li>Government agencies</li> <li>Affected communities</li> </ul>	Semesterly/ yearly depending on the update of the



No	Description	Methodology	Involved Parties	Time Frame
				grievance mechanism. Update of grievance mechanism to the stakeholders can also be combined with other activities
6	Assess and monitor community attitude and perception toward the Project's operation	<ul style="list-style-type: none"> <li>Formal and informal meetings with local government authorities, and affected communities</li> <li>Site visit to the village, meet communities and participate in community activities, events, and village meetings.</li> </ul>	<ul style="list-style-type: none"> <li>PEC</li> <li>Government agencies</li> <li>Affected communities</li> <li>Media</li> </ul>	Quarterly
7	Media campaign	<ul style="list-style-type: none"> <li>Update of PEC project, achievement, and CSR program through a Media release.</li> <li>Participate in the exhibition to inform the stakeholder about public displays.</li> </ul>	<ul style="list-style-type: none"> <li>PEC</li> <li>Affected communities</li> <li>Media</li> </ul>	Yearly
<b>During Closure of the Project</b>				
1	Disclose information to stakeholders regarding the progress of the Project closure	<ul style="list-style-type: none"> <li>Face to face meetings with local government authorities, Jcorp</li> <li>Face to face formal and informal meetings with affected people</li> <li>Involve the affected people in the workshop</li> </ul>	<ul style="list-style-type: none"> <li>PEC</li> <li>Government agencies</li> <li>Affected communities</li> <li>Jcorp</li> </ul>	Depending on the progress of the project closure
2	Maintain and improve constructive relationships with affected communities, local government authorities	<ul style="list-style-type: none"> <li>Face to face meetings with local government authorities</li> <li>Face to face formal and informal meetings with affected people</li> <li>Site visit to the village, meet communities and participate in community activities, events, and village meetings.</li> </ul>	<ul style="list-style-type: none"> <li>PEC</li> <li>Government agencies</li> <li>Affected communities</li> </ul>	Monthly/ bi-monthly informal meetings with stakeholders or whenever are required. Site visit depends on activities or the need to be present during community events or meetings

## 6 HUMAN RIGHT ASSESSMENT

### 6.1 Impact Assessment

Baseline information on human rights helps to identify high-level human rights issues that are likely to occur in Malaysian and likely to be impacted by the project. The baseline data collected provides an understanding of the existing human rights environment. Sub-chapter below presents the data collection, analysis, initial assessment and mitigation.

#### 6.1.1 Data Collection

The data for developing the HRIA is collected through primary data collection as well as through desktop review of secondary data (i.e., information publicly available) which includes laws and regulations, international standards, reports generated by government and non-government organizations, and PEC documents as listed in *Section 1.3.1* of this Report. Engagement with stakeholders has been conducted in 2018 and 2019 as well as a new engagement in April 2022.

#### 6.1.2 Analyzing impacts

Predicted impacts assessment includes the following types of impacts:

- Impacts that are experienced by local community members as a result of the project. Consideration is given to disadvantaged and vulnerable stakeholders e.g., the poor, women-headed households and Indigenous Peoples (if any);
- Impacts that may experience by the Project's workforce;
- Impacts that may arise through the project's supply chain. This helps to reduce the potential for PEC to be complicated in a human rights violation; and
- Impact associated with the employment and/or contracting of security forces.

The level of impact is assessed against the human rights risk rating scale. For this report, risk ranking associated with findings was used in the analysis. Risk ranking and definition are defined in *Table 1-4*.

### 6.2 Human Rights Impact Analysis

This section analyses the risks and impacts that could arise from the project activities. *Table 6-1* outlined the Human Rights Impact Assessment for PEC.

**Table 6-1: Human Rights Impact Assessments**

Rights Category	Human Rights Issues	Possible Risks/ Impacts	Initial Assessment	Compliance Status	Score	Proposed Mitigation Measures
Labour	<p>Child Labour</p> <ul style="list-style-type: none"> <li>ILO standards prohibit hazardous work for all persons under 18 years and prohibition of labour for those under 15, with limited exceptions for developing countries.</li> </ul> <p><b>Affected Group</b></p> <ul style="list-style-type: none"> <li>Workers</li> </ul>	<p>Employing child and young labour will give negative impacts on the company and raise concerns of government, NGOs and the international community. The negative impacts of employing child and young labour are:</p> <ul style="list-style-type: none"> <li>Exposure to hazardous working environments e.g., construction sites; and</li> <li>Loss of rights to education, an adequate standard of living and security of the child and young labour.</li> </ul>	<ul style="list-style-type: none"> <li>Human Resource Policy Manual does not state age limitations or child labour. However, PEC has shown commitment to child labour prohibition in the ESG Profile under the PEC's social responsibility.</li> <li>No bond agreement is used by PEC in recruiting the workers.</li> <li>The initial baseline shows that child workers are those who are stateless, undocumented, or children of migrants and refugees, where most of them work in palm oil plantations. None of child labour practice has been reported in the oil and gas and petrochemical industries.</li> </ul>	<p>PEC operation complies with the following Act, Regulations &amp; Guidelines:</p> <p><b>Local</b></p> <ul style="list-style-type: none"> <li>The Federal Constitution of Malaysia (Article 12);</li> <li>Child Act 2001 (Act 611);</li> <li>Children and Young Persons (Employment) Act 1966 (Act 350); and</li> <li>Education Act, 1996.</li> </ul> <p><b>International</b></p> <ul style="list-style-type: none"> <li>International Labour Standards on Child Labour;</li> <li>Convention on the Rights of the Child; and</li> <li>IFC PS 2 Labour and Working Conditions.</li> </ul>	<b>Minor (1.00)</b>	<ul style="list-style-type: none"> <li>Fully apply PEC's commitment to no child labour and forced labour is within PEC operation and supply chain;</li> <li>Prohibit the use of child labour and forced labour directly within the supply chain by the clearly stated the terms and conditions of the supplier contract;</li> <li>Conduct monitoring on any suppliers and ensure no child labour is employed;</li> <li>Check the age of workers; and</li> <li>Include age limitation in the Human Resource Policy Manual clause.</li> </ul>
	<p>Collective Bargaining and Freedom of Association</p> <ul style="list-style-type: none"> <li>Individuals have the right to form or join a trade union of their choice. The trade union must be permitted to function freely, subject only to limitations that are in line with international Human Rights standards.</li> <li>Protects the right to form or join all types of associations, including political, religious, sporting/recreational, non-governmental, and trade union associations. This freedom of individuals to associate can be an end in and of itself, or as a means of pursuing common objectives.</li> </ul> <p><b>Affected Group</b></p> <ul style="list-style-type: none"> <li>Workers</li> </ul>	<p>Denying workers from forming or joining trade unions or associations may create barriers among employees and contract workers. Grievances may arise from the contract workers if their rights are violated or denied.</p>	<ul style="list-style-type: none"> <li>PEC has included trade union policy in its Labour Management Plan. All workers have the right to join the trade union/ workers' organization.</li> <li>The initial baseline shows there are about 782 unions in Malaysia in 2021, with a membership of approximately 956,423. It shows that workers can form, join the workers association as well as can have collective bargaining.</li> </ul>	<p>PEC operation complies with the following Act, Regulations and Guidelines:</p> <p><b>Local</b></p> <ul style="list-style-type: none"> <li>The Federal Constitution of Malaysia (Article 10);</li> <li>Employment Act, 1955; and</li> <li>Freedom of Association and the Right to Collective Bargaining.</li> </ul> <p><b>International</b></p> <ul style="list-style-type: none"> <li>International Bill of Human Rights (Article 3); and</li> <li>International Labour Standards on Freedom of Association.</li> </ul>	<b>Moderate (1.25)</b>	<ul style="list-style-type: none"> <li>PEC will implement the Labour Management Plan and engage proactively and in good faith with any unions that may be present on site.</li> <li>Trade union/ workers' organization representatives are responsible to ensure all workers' rights are protected.</li> </ul>
	<p>Modern Slavery (Forced Labour/Human Trafficking)</p> <ul style="list-style-type: none"> <li>Forced or compulsory labour is defined by the ILO as all work or service that is extracted under the menace of any penalty and for which the person has not voluntarily offered themselves. Providing payment does not mean that work is not forced labour if the other aspects of the definition are met.</li> </ul> <p><b>Affected Group</b></p> <ul style="list-style-type: none"> <li>Workers</li> </ul>	<p>The worker could be in a forced labour situation if they have entered into a job through deception or false promises made at the time of recruitment and hiring concerning the terms and conditions of employment, including job type, availability of work, location, and length of the contract, or salary and benefits, as well as housing and living conditions, or the acquisition of regular migration status, job location or the identity of the employer. The impacts of forced labour are as follows:</p> <ul style="list-style-type: none"> <li>Workers may be in debt due to false promises which will lead to difficulty for the workers to leave employment;</li> </ul>	<ul style="list-style-type: none"> <li>PEC has pointed out the employment terms and conditions such as working hours, minimum wages, bonuses, rest days, etc. in the Company's HR Policy Manual.</li> <li>The initial baseline shows there were some practices of withholding foreign workers' passports by the employer. However, the process of eliminating this practice is implemented through National Action Plan on Forced Labour (NAPFL) 2021-2025 by the government of Malaysia</li> </ul>	<p>PEC operation complies with the following Act, Regulations &amp; Guidelines:</p> <p><b>Local</b></p> <ul style="list-style-type: none"> <li>The Federal Constitution of Malaysia (Article 6); and</li> <li>Anti-Trafficking in Persons and Anti-Smuggling of Migrants Act 2007 (Act 670).</li> </ul> <p><b>International</b></p> <ul style="list-style-type: none"> <li>International Bill of Human Rights (Article 3);</li> <li>IFC PS 2 Labour and Working Conditions; and</li> </ul>	<b>Minor (1.50)</b>	<ul style="list-style-type: none"> <li>Employees should be provided with contracts that meet the terms and conditions following national labour laws;</li> <li>Contracts should be prepared based on the experience of the workers and not be based on gender or nationality;</li> <li>No bond agreement is used by PEC to hold workers;</li> <li>No passport of foreign workers is kept by PEC; and</li> <li>Clearly state the no practice of modern slavery in the agreement with supply chains to include such as the term of no passport and wage retention, date of wage payment,</li> </ul>

Rights Category	Human Rights Issues	Possible Risks/ Impacts	Initial Assessment	Compliance Status	Score	Proposed Mitigation Measures
		<ul style="list-style-type: none"> <li>Victims of forced labour may suffer intimidation and threats when they complain about their conditions or wish to quit their employment;</li> <li>Workers are vulnerable to mistreatment by the employers which may lead to unfairness, and harmful situations e.g., unsafe working conditions or unsafe accommodation; and</li> <li>Physical or sexual violence, from which workers cannot escape;</li> <li>Movement restriction for migrant workers due to withholding passports and wage retention by the company to retain the migrant workers to stay; and</li> <li>Migrant workers are also at risk of modern slavery due to language limitations, friend and social network limitations, and high dependency on their employers.</li> </ul>		<ul style="list-style-type: none"> <li>International Labour Standards on Forced Labour.</li> </ul>		<p>treating workers fairly, provision of safe working conditions and accommodation; and</p> <ul style="list-style-type: none"> <li>Conduct monitoring on any suppliers and ensure no practice of modern slavery.</li> </ul>
	<p>Grievance Mechanism and Remedy (Internal and external grievance mechanism)</p> <ul style="list-style-type: none"> <li>All people have the right to remedy when their rights have been violated. They also need the right channel to deliver/ convey their grievances.</li> <li>Where business enterprises identify that they have caused or contributed to adverse Human Rights impacts, they should provide for or cooperate in their remediation through legitimate processes, whether through the company's operational-level grievance mechanism or through cooperation with independent (non) judicial mechanisms or involving the third party to resolve the grievance.</li> </ul> <p><b>Affected Group</b></p> <ul style="list-style-type: none"> <li>Workers</li> <li>Communities</li> </ul>	<p>Employees/ Workers: Employers should provide a mechanism for employees/ workers to channel their grievances. Failure to provide the right will lead to employees/ workers feeling they are treated unfairly and may lead to employees/ workers wishing to quit their employment.</p> <p>Communities: Grievances/ complaints from the affected communities for example landowners may arise due to poor negotiation. Additionally, the project activities during construction activities may also affect communities' activities and may raise grievances toward companies. If the company does not provide a proper grievance mechanism for the communities, they may raise and submit their grievances to the relevant authorities, and NGOs or raise the grievance through a judicial avenue which may cause a negative image of the company, strike and demonstration, etc.</p>	<p>Employees/ Workers:</p> <ul style="list-style-type: none"> <li>PEC has workers' complaint form</li> <li>PEC has implemented Labour right as stipulated in Malaysian labour law &amp; International applicable standards (some standards have been partially implemented).</li> <li>PEC has developed the Human Resources Policy Manual (including terms and conditions of employment such as working hours; salary and benefits; leave, and others)</li> <li>PEC has set an equal opportunity for all and does not discriminate based on gender, ethnicity, religion or membership</li> <li>Foreign workers kept their passports.</li> <li>PEC does not apply work bond agreement</li> <li>Baseline information shows that the KSM has launched the Working for Workers (WFW) application, a platform to submit complaints related to labour issues, if internally within the company the grievance has not been addressed.</li> </ul> <p>Community</p> <ul style="list-style-type: none"> <li>PEC has developed Stakeholder Engagement Plan (SEP) and Grievance Mechanism</li> </ul>	<p>PEC operation complies with the following Act, Regulations &amp; Guidelines: <b>International</b></p> <ul style="list-style-type: none"> <li>IFC PS 1 Assessment and Management of Environmental and Social Risks and Impacts</li> <li>IFC PS 2 Labour and Working Conditions</li> </ul>	<b>Minor (1.00)</b>	<p>Employees/ Workers:</p> <ul style="list-style-type: none"> <li>Fully apply and implement Human Resources Policy Manual;</li> <li>Response to the grievance within the given timeframe</li> </ul> <p>Community</p> <ul style="list-style-type: none"> <li>Fully implement grievance mechanism.</li> <li>Response to the external grievances within the given timeframe</li> <li>Involve a third party if the grievance is unresolved</li> </ul>
	<p>Job Security/Right to Work</p> <ul style="list-style-type: none"> <li>The termination of an employment relationship is likely to be a traumatic experience for a worker and the loss of</li> </ul>	<p>Terminating employees or workers without a proper plan will cause the employees to lose their jobs and source of income. Action may be taken by the affected employees or workers such as submitting complaints to</p>	<ul style="list-style-type: none"> <li>PEC practices retrenchment terms and conditions as per the HR Policy Manual.</li> </ul>	<p>PEC operation complies with the following Act, Regulations &amp; Guidelines: <b>Local</b></p>	<b>Minor (1.25)</b>	<p>PEC should include the abandonment phase as one of the terms in the employment contract to ensure employees are not left behind without a proper plan.</p>



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	<p>income has a direct impact on her or his family's well-being. As more countries seek employment flexibility and globalization destabilizes traditional employment patterns, more workers are likely to face involuntary termination of employment at some point in their professional life.</p> <ul style="list-style-type: none"> <li>The employment of a worker should not be terminated unless there is a valid reason for such termination connected with the worker's capacity or conduct or based on the operational requirements of the undertaking, establishment, or service.</li> <li>Even where such practice may be legally permissible under local law, many stakeholders now expect companies to exhibit a higher standard of behaviour in line with international standards and good practice.</li> </ul> <p><b>Affected Group</b></p> <ul style="list-style-type: none"> <li>Workers</li> </ul>	<p>the Labour Department will tarnish the image of the company and organization.</p>	<ul style="list-style-type: none"> <li>Baseline information shows that SOCSO (implemented under the Employees' Social Security Act 1969 and the Employees' Social Security (General) Regulations 1971) was established to provide social security protection.</li> </ul>	<ul style="list-style-type: none"> <li>Employment Act 1955. <b>International</b></li> <li>International Labour Standards on Employment security; and</li> <li>IFC PS 2 Labour and Working Conditions.</li> </ul>		
	<p>Non-discrimination</p> <ul style="list-style-type: none"> <li>The practice of ensuring equal treatment and respect for all individuals regardless of class, race, colour, sex, religion, gender, age, political or other opinions, national or social origin, property, sexual orientation, disability, employee status, marital status, familial connection, etc.</li> <li>Includes ensuring employees are free from harassment.</li> </ul> <p><b>Affected Group</b></p> <ul style="list-style-type: none"> <li>Workers</li> </ul>	<p>Discrimination might occur in a variety of circumstances. It is the risk that workers may be treated unfairly (either through recruitment, hiring, management, compensation, career progression/ opportunities, or termination practices) due to certain attributes such as the basis of their disability, religion, health, ethnicity, gender, sexual orientation, gender, age, indigenous origin, migrant worker status, etc. Discrimination may lead to workers quitting their job and eventually losing their sources of income.</p>	<ul style="list-style-type: none"> <li>PEC stated non-discrimination in the Anti-Harassment Policy and Compliance Procedures, and non-discrimination based on race, colour, sex, religion, gender, etc.</li> <li>Baseline information shows that Malaysia encourages the fair distribution of employment opportunities among the different ethnic groups. gender equality has reached 71.4 per (out of 1), and women's employment reaches 55.3 per cent in 2020.</li> <li>Nevertheless, median and mean monthly salaries and wages for both female and male employees are slightly different where for males RM 2,093 and females RM 2,019.</li> </ul>	<p>PEC operation complies with the following Act, Regulations &amp; Guidelines:</p> <p><b>Local</b></p> <ul style="list-style-type: none"> <li>The Federal Constitution of Malaysia (Article 8).</li> </ul> <p><b>International</b></p> <ul style="list-style-type: none"> <li>International Bill of Human Rights (Article 2); and</li> <li>International Labour Standards on Equality of Opportunity and Treatment.</li> </ul>	<p><b>Minor (1.50)</b></p>	<ul style="list-style-type: none"> <li>PEC to ensure the "Non-Discrimination" policy is applied in the employment process; and</li> <li>PEC to establish and develop policies of equality without direct and indirect discrimination in the workplace.</li> </ul>
	<p>Occupational health and safety (OHS)</p> <ul style="list-style-type: none"> <li>A company should provide safe and healthy working conditions to workers.</li> <li>ILO standards require governments to adopt, in consultation with appropriate employer and employee organisations, a national occupational health and safety (OHS) policy aimed at reducing accidents and injuries to health arising in the course of employment and minimising the causes of inherent workplace</li> </ul>	<p>Inadequate workplace safety and health may cause hazards to the workers e.g., unsafe working areas, working at height places, fire and communicable diseases. Lack of awareness concerning safety and health at the workplace could expose the workers to accidents and injuries that lead to loss of man-days, hospitalization and fatality.</p>	<ul style="list-style-type: none"> <li>PEC has developed an Occupational Safety and Health Management Plan in accordance with the ESMP report.</li> <li>In accordance with the PEC's ESMP report, the Company has started to ensure structures are designed and constructed according to sound architectural and engineering practices, including aspects of fire prevention and response.</li> </ul>	<p>PEC operation complies with the following Act, Regulations &amp; Guidelines:</p> <p><b>Local</b></p> <ul style="list-style-type: none"> <li>Occupational Safety and Health Act 1994.</li> </ul> <p><b>International</b></p> <ul style="list-style-type: none"> <li>IFC PS 2 Labour and Working Conditions;</li> </ul>	<p><b>Minor (1.75)</b></p>	<p>PEC should continuously monitor the workplace area, admin building or the processing area, are safe by conducting audits and inspections.</p>

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	<p>hazards. That policy should address, for example, the provision of adequate OHS training regarding the use and maintenance of the 'material elements of work', including workplace environment, tools, machinery and equipment. Workers must be able to remove themselves from work situations where imminent and serious health dangers are reasonably perceived, without undue consequences (intersects with the right to enjoy just and favourable conditions of work).</p> <p><b>Affected Group</b></p> <ul style="list-style-type: none"> <li>Workers</li> </ul>		<ul style="list-style-type: none"> <li>There is no issue on the baseline related to OHS</li> </ul>	<ul style="list-style-type: none"> <li>World Bank Group (WBG) Environmental Health and Safety (EHS) Guidelines; and</li> <li>International Labour Standards on Occupational Safety and Health.</li> </ul>		
	<p>Wages (pay equity, standard of living)</p> <ul style="list-style-type: none"> <li>A company must protect the right to remuneration that provides workers with fair wages and equal remuneration for work of equal value. Remuneration must also be enough to provide workers with a decent living for themselves and their families. A minimum wage should be 'fair' and enable families to enjoy the right to a standard of living that includes adequate food, clothing and housing (connects with the right to an adequate standard of living for health and well-being).</li> </ul> <p><b>Affected Group</b></p> <ul style="list-style-type: none"> <li>Workers</li> </ul>	<p>Wages should be given to the workers in a fair manner where the workers will have enough for them to have a decent living, especially migrant workers. If the employer fails to provide wages as stated in the contract, workers may:</p> <ul style="list-style-type: none"> <li>Live in poor conditions e.g., unable to buy necessary items;</li> <li>Feel deceived when the wages received are not as stated in the contract; and</li> <li>May suffer intimidation or threats when they complain or wish to quit their employment.</li> </ul>	<ul style="list-style-type: none"> <li>PEC has implemented Labour right as stipulated in Malaysian labour law &amp; International applicable standards (some standards have been partially implemented);</li> <li>PEC has developed the Human Resources Policy Manual (including terms and conditions of employment such as working hours; salary and benefits; others);</li> <li>PEC has set an equal opportunity for all and does not discriminate based on gender, ethnicity, religion or membership;</li> <li>"During the Operation phase also most of the workforce will be engineers and technicians. PEC will work out the framework based on the requirement";</li> <li>Baseline information shows that there is a minimum wage stipulated under government regulation of RM1,500 nationwide for 2022. Working hour is also regulated in the employment act 1955. All companies have to comply with these regulations.</li> </ul>	<p>PEC operation partially complies with the following Act, Regulations and Guidelines:</p> <p><b>Local</b></p> <ul style="list-style-type: none"> <li>The Federal Constitution of Malaysia (Article 8); and</li> <li>Employment Act, 1955.</li> </ul> <p><b>International</b></p> <ul style="list-style-type: none"> <li>International Bill of Human Rights (Article 3);</li> <li>International Labour Standards on Wages; and</li> <li>International Labour Standards on Working time.</li> </ul>	<p><b>Minor (1.25)</b></p>	<ul style="list-style-type: none"> <li>Fully apply and implement Human Resources Policy Manual;</li> <li>Provide and ensure wages are clearly stated in employment contract;</li> <li>Prohibit the use of child labour and forced labour directly within PEC operation and supply chain and clearly state in the terms and conditions of supplier contract;</li> <li>Monitoring of non child labour and forced labour practice by supplier; and</li> <li>Mitigation plan in consideration of termination alternatives and compensation in case of retrenchment.</li> </ul>
	<p>Working Hours</p> <ul style="list-style-type: none"> <li>The degree of flexibility for employees to start and end the workday to manage familial and personal obligations, while adequately fulfilling their employment duties.</li> </ul> <p><b>Affected Group</b></p> <ul style="list-style-type: none"> <li>Workers</li> </ul>	<p>Working hours and rest days should be clearly explained to the workers in writing to avoid misunderstanding on their schedule. Workers may be exposed to poor health conditions if they are forced to work long hours e.g., fatigue.</p>			<p><b>Minor (1.25)</b></p>	
<p>Economic, Social and Cultural</p>	<p>Right to education</p> <ul style="list-style-type: none"> <li>All children have the right to free and compulsory primary education. The right also includes equal access to education and equal enjoyment of educational facilities, among other aspects.</li> </ul> <p><b>Affected Group</b></p> <ul style="list-style-type: none"> <li>Workers</li> <li>Communities</li> </ul>	<p>Employees/ Workers</p> <p>Employing child and young labour will interrupt their rights to education which will raise concerns of government, NGOs and the international community.</p> <p>Community</p> <p>The project development may interrupt the educational facilities such as excessive noise or building damages due to construction. These will lead to the grievance from the community.</p>	<p>Employees/ Workers</p> <p>Human Resource Policy Manual does not state age limitations or child labour. However, PEC has shown commitment to child labour prohibition in the ESG Profile under the PEC's social responsibility.</p> <p>Community</p> <p>The nearest school is located 2 km away from the project site. However, it is</p>	<p>PEC operation partially complies with the following Act, Regulations and Guidelines:</p> <p><b>Local</b></p> <ul style="list-style-type: none"> <li>The Federal Constitution of Malaysia (Article 12); and</li> <li>Education Act, 1996.</li> </ul> <p><b>International</b></p>	<p><b>Minor (1.00)</b></p>	<p>Employees/ Workers</p> <ul style="list-style-type: none"> <li>Fully apply PEC's commitment to no child labour and forced labour is within PEC operation and supply chain;</li> <li>Check the age of workers; and</li> <li>Include age limitation in the Human Resource Policy Manual clause.</li> </ul> <p>Community</p>

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			<p>expected to be minimal disruption during construction and operation in terms of noise and air quality.</p> <p>As a baseline reference, the right to education is stipulated in The Federal Constitution of Malaysia (Article 12); and Education Act, 1996. The government of Malaysia has also rectified ILO convention 183 on a worse form of Child Labour. There is no indication of denying the right to education for children by the government.</p>	<ul style="list-style-type: none"> <li>International Labour Standards on Education for All.</li> </ul>		<ul style="list-style-type: none"> <li>PEC to ensure mitigation measures to reduce emissions are placed properly; and</li> <li>Monthly monitoring for air quality and noise should be conducted to ensure the level of emissions comply with DoE limits.</li> </ul>
	<p>Right to health</p> <ul style="list-style-type: none"> <li>Individuals have a right to the highest attainable standard of physical and mental health. This includes the right to have control over one's health and body, and freedom from interference.</li> </ul> <p><b>Affected Group</b></p> <ul style="list-style-type: none"> <li>Workers</li> <li>Communities</li> </ul>	<p>Employees/ Workers</p> <p>Employees and workers have their right to health, especially in working place and accommodations provided by employers. Employers should ensure both places are safe for their employees and workers. Risks/ impacts if the employer neglects the right to health care:</p> <ul style="list-style-type: none"> <li>Spreading of diseases at workplace/ accommodation;</li> <li>Loss of man-days and hospitalization; and</li> <li>Fatality.</li> </ul> <p>Community</p> <p>The company shall ensure the business operation will not cause any impacts that will create negative impacts on the communities such as road safety, air pollution and water pollution.</p>	<p>Employees/ Workers</p> <p>PEC has developed an Occupational Safety and Health Management Plan in accordance with the ESMP report.</p> <p>Community</p> <p>PEC has developed an Occupational Safety and Health Management Plan in accordance with the ESMP report.</p> <p>There is no issue with OHS as there is an Act i.e., Occupational Safety and Health Act 1994 to regulate this issue.</p>	<p>PEC operation complies with the following Act, Regulations &amp; Guidelines:</p> <p><b>Local</b></p> <ul style="list-style-type: none"> <li>Occupational Safety and Health Act 1994.</li> </ul> <p><b>International</b></p> <ul style="list-style-type: none"> <li>IFC PS 2 Labour and Working Conditions;</li> <li>World Bank Group (WBG) Environmental Health and Safety (EHS) Guidelines; and</li> <li>International Labour Standards on Occupational Safety and Health.</li> </ul>	<b>Minor (1.75)</b>	<p>Employees/ Workers</p> <ul style="list-style-type: none"> <li>PEC to ensure its operations and activities are according to the Occupational Safety and Health Management Plan; and</li> <li>PEC to ensure sub-contractors provide proper, adequate, safe and clean accommodations and proper sanitation and provide access to health facilities.</li> </ul> <p>Community</p> <p>PEC need to be aware of the risks to health and safety and take steps to avoid accidents and limit their consequences</p>
	<p>Right to Water</p> <ul style="list-style-type: none"> <li>Individuals have the right to water and sanitation.</li> </ul> <p><b>Affected Group</b></p> <ul style="list-style-type: none"> <li>Workers</li> <li>Communities</li> </ul>	<p>The construction activities may consume a great amount of water or may cause water disruption to the worker's accommodation and surrounding local communities. Grievance/ complaints from the worker's accommodation and local communities may arise due to low pressure of water or disruption of water supply.</p>	<p>Impacts and mitigation measures during the construction phase are outlined by PEC in the Environmental Social Management Plan (ESMP) which addresses the water quality issue.</p> <p>Water is under government control in Malaysia. It is managed and distributed to all citizens by government link companies. There is no issue with drinking water in Malaysia. However, in the case of water pollution, the principal legal instrument is the Environmental Quality Act (EQA) 1974 and its subsidiary legislations</p>	<p>PEC operation complies with the following Act, Regulations &amp; Guidelines:</p> <p><b>International</b></p> <ul style="list-style-type: none"> <li>OHCHR and The Right to Water and Sanitation</li> </ul>	<b>Minor (1.00)</b>	<ul style="list-style-type: none"> <li>If the water supply is affected due to project activities, PEC has to ensure an adequate supply of water during the constructions phase for affected communities;</li> <li>To ensure water supply is safe and reliable; and</li> <li>PEC is to regularly maintain the permanent drainage to ensure the quality of water discharge.</li> </ul>
	<p>Livelihood and Land</p> <ul style="list-style-type: none"> <li>Individuals have the right to a dignified and productive livelihood which enables them to live in peace, security and dignity.</li> </ul> <p><b>Affected Group</b></p> <ul style="list-style-type: none"> <li>Communities</li> </ul>	<p><b>Cumulative Impact</b></p> <p>The construction and operational activities of the PEC project may disturb the livelihood of the communities, especially in Kampung Lepau which is located approximately 2km from the project site. A cumulative impact of RAPID operational activities, PEC and other development surrounding the area may worsen the impacts, especially on the fishermen in Sg. Lepau.</p>	<p>As of April 2022, there are 15 fishermen in Kg. Lepau with an average monthly income of RM 3,500. Their concerns are:</p> <ul style="list-style-type: none"> <li>Light pollution from the RAPID flare caused a decrease in the fishermen's daily catch; and</li> <li>Decrease in water quality of Sg. Lepau was caused by the development of infrastructure</li> </ul>	<p>PEC operation complies with the following Act, Regulations &amp; Guidelines:</p> <p><b>International</b></p> <ul style="list-style-type: none"> <li>International Covenant on Economic, Social and Cultural Rights; and</li> <li>UNHCR Land and Human Rights.</li> </ul>	<b>Moderate (2.25)</b>	<p>The score (moderate) is mainly due to the cumulative impact</p> <ul style="list-style-type: none"> <li>PEC to develop joint management and monitoring framework with RAPID representative and other local stakeholders to identify and manage cumulative impacts;</li> <li>Conduct engagement as stated in the Stakeholder Engagement Plan; and</li> <li>Ensure grievances/ complaints are taken care of appropriately as per the Grievance Mechanism Plan.</li> </ul>

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			<p>surrounding the area e.g., the road system.</p> <p>Based on the Stakeholder Engagement Plan (refer to <i>Table 5-2</i>), PEC will conduct engagement through face-to-face individual meetings or group meetings, focus group discussions or workshops with the affected communities regularly (every 1-3 months) or as required.</p> <p>However, there is no issue related to the land as the land has been acquitted by J-corps. Additionally, PEC has a Land Acquisition Framework which can be used as a basis for the land acquisition process (if any further land acquisition is required). The rights to property are also guaranteed by Law in Malaysia (The Federal Constitution of Malaysia - Article 13)</p>	<ul style="list-style-type: none"> <li>IFC PS 5 Land Acquisition and Involuntary Resettlement.</li> </ul>	<p>from the existing companies around the project site</p>	
	<p>Rights to Healthy Environment</p> <p><b>Affected Group</b></p> <ul style="list-style-type: none"> <li>Communities</li> </ul>	<p><b>Cumulative Impacts</b></p> <p>Pollution such as air, noise and vibration are significantly impacting the environment surrounding the development area of RAPID and other development projects under JCORP e.g., PEC. Construction activities will increase dust pollution while operational activities may produce high noise levels and vibration which will be impacting the nearest sensitive receptor, Kg. Lepau.</p>	<p>Both PEC and RAPID have conducted the baseline studies for air, noise, vibration and water quality. Monitoring for air, noise, vibration and water quality will be conducted during the construction and operational phase as per the EIA Condition of Approval issued by DoE for both RAPID and PEC.</p> <p>The right to a healthy environment is stipulated in the Environmental Quality Act (EQA) 1974 and its subsidiary legislations. The laws also regulated the standards for water, noise, odour, etc.</p>	<p>PEC operation complies with the following Act, Regulations &amp; Guidelines:</p> <p><b>Local</b></p> <p>Environmental Quality Act (EQA) 1974 and the subsidiary legislation.</p> <p><b>International</b></p> <ul style="list-style-type: none"> <li>The Human Rights Council's Resolution 48/13 of October 8, 2021.</li> </ul>	<p><b>Moderate (2.25)</b></p> <p>The score (moderate) is mainly due to the cumulative impact from the existing companies around the project site</p>	<ul style="list-style-type: none"> <li>PEC and RAPID will monitor any discharges or emissions from the construction and operational phase to be below the stipulated limits;</li> <li>Any exceedance will need to be reported to DoE;</li> <li>Other mitigation measures shall be conducted as outlined in Chapter 7 of the ESHIA document.</li> </ul>
<p>Group Rights/ 'Heightened Risk of Vulnerability'</p>	<p>Children's Rights</p> <ul style="list-style-type: none"> <li>The Convention on the Rights of the Child establishes global standards to ensure the protection, survival, and development of all children, without discrimination.</li> </ul> <p><b>Affected Group</b></p> <ul style="list-style-type: none"> <li>Workers</li> <li>Communities</li> </ul>	<p>Employing child and young labour will give negative impacts on the company and raise concerns of government, NGOs and the international community. It will also intersect with the prohibition of child labour and the right to education.</p>	<ul style="list-style-type: none"> <li>Human Resource Policy Manual does not state age limitations and child labour. However, PEC has shown commitment to child labour prohibition as stated in the ESG Profile under the PEC's social responsibility.</li> <li>No bond agreement is used by PEC in recruiting the workers.</li> <li>Children's right is guaranteed by Malaysian Laws and Regulations. However, some practices of employing children under 18 years old exist, mainly in the plantation industries involving undocumented, migrant workers.</li> </ul>	<p>PEC operation complies with the following Act, Regulations &amp; Guidelines:</p> <p><b>Local</b></p> <ul style="list-style-type: none"> <li>The Federal Constitution of Malaysia (Article 12);</li> <li>Child Act 2001 (Act 611);</li> <li>Children and Young Persons (Employment) Act 1966 (Act 350); and</li> <li>Education Act, 1996.</li> </ul> <p><b>International</b></p> <ul style="list-style-type: none"> <li>International Labour Standards on Child Labour;</li> <li>Convention on the Rights of the Child; and</li> <li>IFC PS 2 Labour and Working Conditions.</li> </ul>	<p><b>Minor (1.00)</b></p>	<ul style="list-style-type: none"> <li>Fully apply PEC's commitment to no child labour and forced labour is within PEC operation and supply chain;</li> <li>Check the age of workers; and</li> <li>Include age limitation in the Human Resource Policy Manual clause.</li> </ul>



Rights Category	Human Rights Issues	Possible Risks/ Impacts	Initial Assessment	Compliance Status	Score	Proposed Mitigation Measures
	<p>Disability Rights</p> <ul style="list-style-type: none"> <li>The Convention on the Rights of Persons with Disabilities promotes global standards intended to protect the rights and dignity of people with disabilities in and outside of the workplace.</li> </ul> <p><b>Affected Group</b></p> <ul style="list-style-type: none"> <li>Workers</li> </ul>	<ul style="list-style-type: none"> <li>Fatal and non-fatal incidents and injuries could happen when non-appropriate job tasks are given to a person with disabilities; and</li> <li>Rejection or unacceptance of PWD in employment.</li> </ul>	<p>PEC has not stated the policy for persons with disabilities. However, it can be applied to non-discrimination policy under the Anti-Harassment and Compliance Procedures.</p> <p>As baseline information, the persons with Disabilities Act 2008 has been passed in 2008 and the UN Convention on the Rights of Persons with Disabilities (CRPD) has been acceded in 2010. PWD are employed in the private sector and the government service, however, the number of PWD employed is still very small.</p>	<p>PEC operation complies with the following Act, Regulations &amp; Guidelines:</p> <p><b>Local</b></p> <ul style="list-style-type: none"> <li>Persons with Disabilities Act 2008.</li> </ul> <p><b>International</b></p> <ul style="list-style-type: none"> <li>International Bill of Human Rights (Article 1).</li> <li>UN Convention on the Rights of Persons with Disabilities (CRPD)</li> </ul>	<p><b>Minor (1.50)</b></p>	<ul style="list-style-type: none"> <li>PEC to have an open policy of considering and recruiting persons with disabilities for suitable job requirements and facilities to support mobility and performance.</li> </ul>
	<p>Indigenous Peoples</p> <ul style="list-style-type: none"> <li>Indigenous Peoples are afforded unique group rights under international law that permit them to give or withhold their consent to projects that may impact them under certain scenarios.</li> </ul>	<p>The construction and operational phase of the PEC project might disturb activities or cultural heritage sites of indigenous people.</p>	<p>An initial assessment has been made by assessing and identifying ethnic groups of the people around the project site within the Social Impact Assessment (SIA). Further assessment has also been made to identify the nearest IPs. However, no indigenous people have been identified in the affected area.</p> <p>The nearest village is located 24.9 km from the PEC project site. The villages of indigenous people are located in a different district which is Johor Bahru. Details of the indigenous people are described in <i>Section 4.4.5</i>.</p>	<p>NA</p>	<p>NA</p>	<p>NA</p>
	<p>Migrants Rights</p> <ul style="list-style-type: none"> <li>The International Convention on the Protection of the Rights of All Migrant Workers and Members of their Families establishes how migrant workers and their families should be protected.</li> </ul> <p><b>Affected Group</b></p> <ul style="list-style-type: none"> <li>Workers</li> </ul>	<p>Migrant workers may be subject to a lack of equal opportunity for promotion, due to discrimination against workers from other cultures or races. They may also be discrimination regarding working hours, pay, training, housing conditions and access to health care or education. There is also a practice of withholding a passport by the company which leads to an indication of forced labour, as well as provision of poor/ non-standard accommodation to foreign workers. Discriminating against the workers based on religion, race, nationality, gender, etc. will raise concerns of government, NGOs, and the international community that may result in having a negative image of the company.</p>	<ul style="list-style-type: none"> <li>PEC has implemented Labour right as stipulated in Malaysian labour law &amp; International applicable standards (some standards have been partially implemented).</li> <li>PEC has developed the Human Resources Policy Manual (including terms and conditions of employment such as working hours; salary and benefits; others)</li> <li>PEC has set an equal opportunity for all and does not discriminate based on gender, ethnicity, religion or membership</li> <li>Based on an interview with PEC management, "Presently there is no union association in <i>Pengarang</i>, also during the construction phase, the company do not see any union activities as most of the workforce will be migrant labours".</li> <li>"During Operation phase also most of the workforce will be engineers and technicians. PEC will work out</li> </ul>	<p>PEC operation complies with the following Act, Regulations &amp; Guidelines:</p> <p><b>Local</b></p> <ul style="list-style-type: none"> <li>The Federal Constitution of Malaysia (Article 8).</li> </ul> <p><b>International</b></p> <ul style="list-style-type: none"> <li>International Bill of Human Rights (Article 2); and</li> <li>International Labour Standards on Equality of Opportunity and Treatment.</li> </ul>	<p><b>Minor (1.50)</b></p>	<ul style="list-style-type: none"> <li>PEC bears the recruitment fees and visa and the levy cost upon the foreign workers' employment;</li> <li>PEC is to fully apply Human Resource Policy Manual</li> <li>PEC to provide employment contract to migrant workers and comply with Annex C- Employment Contract issued by Ministry of Human Resource (MOHR) Section 20: Passport Keeping; and</li> <li>To provide proper, adequate, safe and clean accommodations and proper sanitation and provide access to health facilities.</li> <li>If suppliers hire migrant workers, PEC is to ensure that the migrant workers are provided employment contract and ensure all worker rights are fulfilled; and</li> <li>Conduct monitoring on any suppliers and ensure migrant workers are well treated and the workers rights are fulfilled.</li> </ul>

Rights Category	Human Rights Issues	Possible Risks/ Impacts	Initial Assessment	Compliance Status	Score	Proposed Mitigation Measures
			<p>the framework based on the requirement”.</p> <ul style="list-style-type: none"> <li>Foreign workers kept their passports.</li> <li>PEC does not apply work bond agreement</li> <li>As shown in the baseline, migrant workers recorded at 10.4% of the total workforce, where there were about 1.4 to 2 million documented migrants, and unofficial migrant estimates of 1.2 to 3.5 million additional migrants in Malaysia. They engaged in industries including manufacturing, plantation, agriculture, services (hospitality and security), and domestic work. Some of them face some challenges such as passports kept by employers, non-standard housing conditions, not being paid for their work, etc. There is no record of unofficial migrant workers employed in the oil &amp; gas and petrochemical industries.</li> </ul>			
	<p>Women’s Rights</p> <ul style="list-style-type: none"> <li>The Convention on the Elimination of all Forms of Discrimination Against Women exists to promote women’s rights and their protection.</li> </ul> <p><b>Affected Group</b></p> <ul style="list-style-type: none"> <li>Workers</li> <li>Communities</li> </ul>	<p>Employer preferences on specific gender for certain job scopes as well as employing a high proportion of male workers. These can lead to mistreatment of women and a lack of equal opportunity.</p>	<p>Equal opportunities for female employees will be practised by the Company as presented in the HR Policy Manual.</p> <ul style="list-style-type: none"> <li>Baseline information shows that Malaysia encourages the fair distribution of employment opportunities among the different ethnic groups. gender equality has reached 71.4 per (out of 1), and women's employment reaches 55.3 per cent in 2020.</li> <li>Wages for both female and male employees are slightly different where for male RM 2,093 and female RM 2,019.</li> <li>Malaysia has passed low on women and given equal rights in employment as stipulated in Employment Act, 1955. Malaysia also applies no discrimination against women.</li> </ul>	<p>PEC operation complies with the following Act, Regulations &amp; Guidelines:</p> <p><b>Local</b></p> <ul style="list-style-type: none"> <li>The Federal Constitution of Malaysia (Article 8);</li> <li>National Policy on Women, 1989; and</li> <li>Employment Act, 1955.</li> </ul> <p><b>International</b></p> <ul style="list-style-type: none"> <li>International Bill of Human Rights (Article 1); and</li> <li>International Labour Standards on Equality of Opportunity and Treatment.</li> </ul>	<b>Minor (1.00)</b>	<p>PEC to establish and develop policies of gender equality without direct and indirect gender-based discrimination.</p>
Security	<p>Crime &amp; Employing security force</p> <p><b>Affected Group</b></p> <ul style="list-style-type: none"> <li>Workers</li> <li>Communities</li> </ul>	<ul style="list-style-type: none"> <li>A large population of immigrants, especially men, can disrupt social cohesion and can cause alcohol-related problems like violence and fights, drug abuse and an increase in criminal activities like theft etc. to the existing population;</li> <li>Raising concern from stakeholders if hiring non-license security; and</li> </ul>	<ul style="list-style-type: none"> <li>PEC has established an Anti-Harassment Policy and Compliance Procedures as a guideline to create and maintain a safe work environment and prevent unlawful discrimination or harassment of any kind;</li> </ul>	<p>PEC operation complies with the following Act, Regulations &amp; Guidelines:</p> <p><b>International</b></p> <ul style="list-style-type: none"> <li>International Labour Standards on Social Security.</li> </ul>	<b>Minor (1.50)</b>	<ul style="list-style-type: none"> <li>PEC to monitor the activities of the foreign workers and the management should remind them not to be involved in any violation of the local community safety;</li> <li>Only license security that is approved by the government of Malaysia to be hired as a security provider; and</li> </ul>

Rights Category	Human Rights Issues	Possible Risks/ Impacts	Initial Assessment	Compliance Status	Score	Proposed Mitigation Measures
		<ul style="list-style-type: none"><li>Threatening the safety of the communities and disturbing the peace of daily life of the locals.</li></ul>	<ul style="list-style-type: none"><li>This Policy applies to all employees including foreign workers; and</li><li>At the time of developing this report, the PEC does not employ security on-site as the construction and operation have not yet started.</li></ul>			<ul style="list-style-type: none"><li>No hiring arm forces, paramilitary groups, or militia for securing the PEC project area.</li></ul>



### 6.3 Impact Mitigation and Management

As presented in *Table 6-1*, there are some potential risks to human rights that may occur due to the cumulative impact, which are mainly related to Social, Economic, and culture (related to livelihood and land, and Rights to Healthy Environment), contributed by some industries in the area.

Despite some minor and moderate impacts of the project on workers and the community (as mentioned above), the project activities are expected to benefit the small business owner in Kg. Lepau (food provider and catering, food delivery; cleaning and services). These potential impacts on human rights-related issues are expected to be manageable through proper management planning, and active mitigation as presented in *Table 6-1*, by developing company policies and practices, compliance with the law, regulation, and international standards, as well as working together with other industries in the area to address the cumulative impacts.

## 7 CONCLUSION

The human rights impact has comprehensively been assessed as discussed in *Table 6-1*. It shows that in general PEC is in compliance with most of the human rights-related laws and regulations as well as international standards.

However, it is found that cumulative impact on the human right issue related to Social, Economic, and culture (mainly impact on livelihood and land, and Rights to Healthy Environment) need to be collaboratively addressed with other companies around the project site through establishing a joint stakeholder engagement and mutual action plan with RAPID and other tenants in future to rectify the issues raised by the communities, especially in Kg. Lepau

There may be some impacts on human rights that need to be addressed and subject to stringent management and monitoring. PEC has shown its commitment to respect and promoting human rights by developing the Human Resource Policy and Grievance Mechanism Procedure for the right holders (workers and communities), as well as developing other new policies related to human rights.