

A Conversation on BHR-ESG, Sustainability and Due Diligence Compliance and Reporting in Malaysia & Pilot run of the i-ESG Starter Kit

Date: 9 November 2023 (Thursday)

Venue: Kuala Lumpur, Malaysia

Brief

While human rights have, over the years, been camouflaged under the concepts of *corporate social responsibility (CSR)*, and *environment, social and governance (ESG)*, these concepts have grown to encapsulate and integrate human rights principles given the increasing drivers to look at adverse human rights impacts of business operations. Conversations on business and human rights (BHR) have always emphasised and iterated that businesses have the responsibility to respect human rights under Pillar 2 of the UN Guiding Principles on Business and Human Rights (UNGP). This includes providing or ensuring that access to effective remedies is made available and accessible under Pillar 3 of the UNGP.

In recent years, the importance placed on supply chain practices has been even more profound as companies are captured and exposed by media concerning human rights allegations, putting them in a negative light. In the 2022 “Business and Human Rights in Southeast Asia: A Practitioner’s GuideKit for SMEs on Human Rights Compliance regarding the Environment and Labour”¹, the final chapter sets out expectations and matters that lie ahead, which include greater and wider awareness raising for corporate accountability through the execution of different strategies.

The push for mandatory human rights due diligence (mHRDD) in the region has also been equally as strong. Mandatory due diligence would mean companies are then compelled to do more than outline “commitments” to respect human rights and fill the gaps in their human rights due diligence process such as taking action on, and tracking, the impacts and providing remediation of the actual impacts, to remain relevant.

At the policy level, Malaysia announced its commitment to developing a National Action Plan on Business and Human Rights (NAP BHR) with three areas of focus identified: governance, labour, and environment. The first step towards its development is to conduct a national baseline assessment on business and human rights (NBA), which kicked off in July 2022. The NBA is conducted to assess the current level of implementation of the UNGP in the country and this includes documenting the adverse human rights impacts of business operations and identifying the salient issues in the given context. The report is expected to be presented to, and launched by, the Government of Malaysia before the end of 2023.

In the engagements with government agencies, the business community, and civil society, one of the issues identified was the inadequacy of capacity-building and training for companies and their supply chains. Companies have expressed concerns that while some of the larger companies may have the resources and capacity to comply with human rights standards, smaller companies down the supply chain may not have the same amount of capacity and resources to comply. There were requests to conduct training programmes for companies.

¹ Published by AmerBON, *Advocates* with the support of the Friedrich Naumann Foundation. See <https://amerbon.com/wp-content/uploads/20220820-Business-and-Human-Rights-GuideKit.pdf>

In line and driving the BHR-ESG agenda forward, the Ministry of Investment, Trade and Industry (MITI) launched a National Industry Environmental, Social and Governance (ESG) framework (i-ESG framework), specifically for the manufacturing sector as a step moving forward to assist companies, especially the small- and medium-sized enterprises (SMEs) to adapt to, and comply with, the existing principles.²

The potential implications of weaknesses and gaps in this area may be severe. New and upcoming external regulations and directives on due diligence, and the growing, strong push for a mHRDD in the region will affect companies. To enhance resilience in this area, businesses are expected to support the protection of human rights within their sphere of influence and put in place a due diligence process for corporate risk management to identify, prevent, mitigate, and account for, adverse human rights impacts.

The objectives of the event are as follows:

- (i) To provide an overview of the government's initiative on driving the BHR-ESG (business and human rights-environment, social and governance) agenda through the i-ESG framework;
- (ii) To increase and enhance companies' awareness and understanding of BHR-ESG, sustainability and due diligence compliance and reporting; and,
- (iii) To gauge the effectiveness of the self-assessment of the i-ESG framework among companies in the manufacturing sector.

The "Business and Human Rights in Southeast Asia: A Practitioner's GuideKit for SMEs on Human Rights Compliance regarding the Environment and Labour", published by AmerBON *Advocates* with the support of the Friedrich Naumann Foundation, will be used as the basis for the training session on operationalising human rights due diligence.

Target Participants

40 company representatives to participate in this event.

Admin arrangements

Date: 9 November 2023 (Thursday)
Time: 11:00 am – 3:00 pm (*Registration is at 10.30am*)
Venue: Ministry of Investment, Trade and Industry (MITI)
Menara MITI, No. 7, Jalan Sultan Haji Ahmad Shah, 50480 Kuala Lumpur

² See <https://theedgemalaysia.com/node/684568>

A Conversation on BHR-ESG, Sustainability and Due Diligence Compliance and Reporting in Malaysia & Pilot run of the i-ESG Starter Kit

Tentative Programme	
Time	Session
10:30 – 11:00 am	Registration and coffee
11:00 – 11:15 am	Welcome Remarks <i>By YBhg. Datuk Hanafi Sakri, Deputy Secretary General (Industry), Ministry of Investment, Trade and Industry (MITI)</i>
11:15 – 11:30 am	Opening Plenary <i>National Framework on Industry Environmental, Social and Governance (i-ESG)</i> <i>By Dr Meenachi Muniandy (Jessica), Senior Director of the i-ESG Division, MITI</i>
11:30 am – 12:30 pm	Panel Discussion <i>ESG, Sustainability and Due Diligence Compliance and Reporting: What, why and how should companies comply?</i> <u>Panellists</u> <ol style="list-style-type: none"> 1. Mr Edmund Bon of AmerBON Advocates 2. Mr Andika Ab Wahab of Institute of Malaysian & International Studies (IKMAS), National University of Malaysia (UKM) 3. Mr Prathab V of ESGRight <i>(tbc)</i> 4. Mr. Edison Choong of the Malaysia External Trade Development Corporation (MATRADE) <i>(tbc)</i> 5. Mr. Azmir Abdullah of CIMB Bank <i>(tbc)</i> 6. Representative from FMM <i>(tbc)</i> <p>Moderated by Dr Meenachi Muniandy (Jessica), Senior Director of the i-ESG Division, MITI</p> <p>Q&A</p>
12:30 – 1:30 pm	Lunch
1:30 – 3:00 pm	1. Focus group pilot run of the i-ESG Starter Kit <i>Facilitated by MITI</i> 2. HRDD 101: Operationalising human rights due diligence and impact assessments <i>Facilitated by Edmund Bon and Andika Ab Wahab</i>
3:00 pm	End of programme