



# HUMAN RIGHT IMPACT ASSESSMENT (HRIA)

Prepared for

**PENGERANG ENERGY COMPLEX (PEC)  
SDN BHD**

**27.09  
2021**



# 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

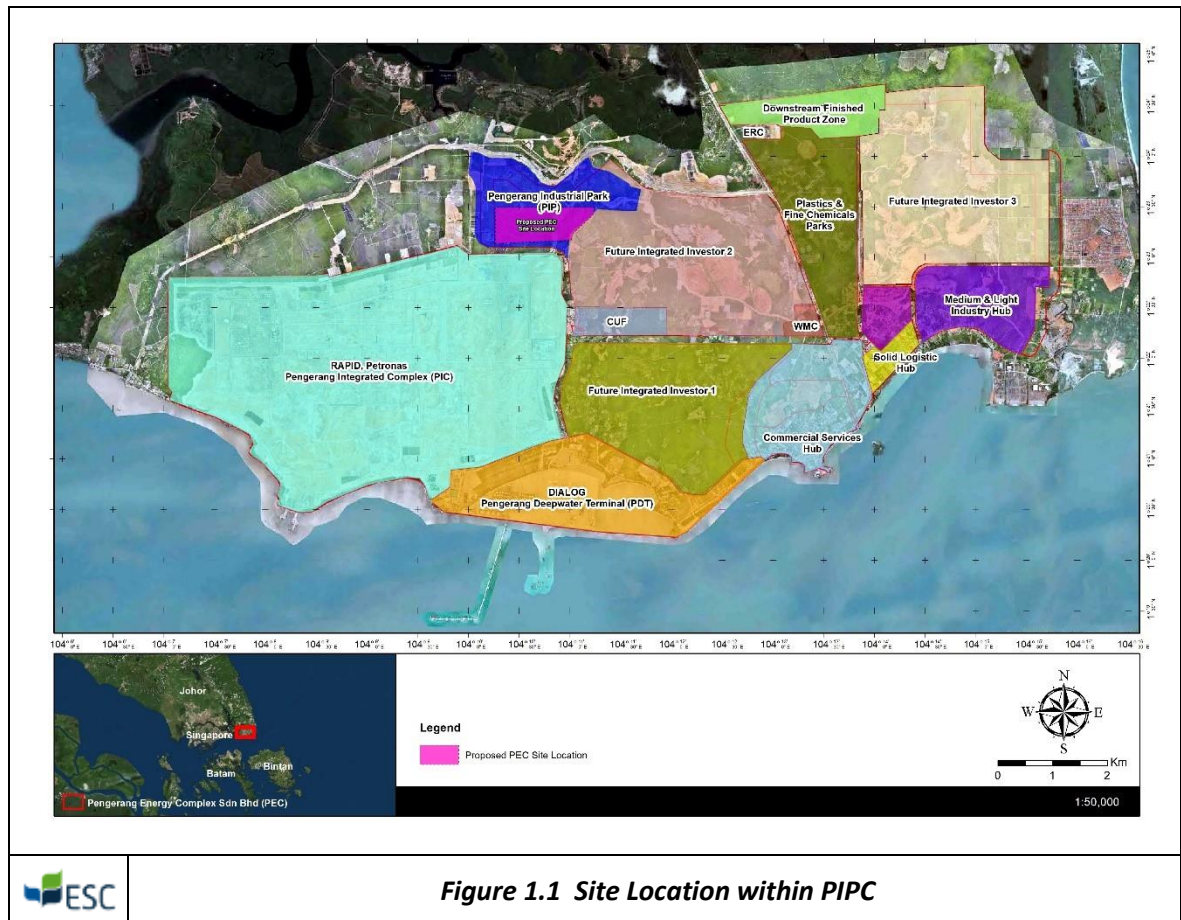
|        |  |
|--------|--|
| CRC    | Convention on the Rights of the Child                          |
| CSR    | Corporate Social Responsibility                                |
| CSO    | Chief Security Officer   |
| DOE    | Department of Environmental                                    |
| EHS    | 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  |
| 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                                 |
| 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                            |

# 1 INTRODUCTION

## 1.1 Project Background

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

The production capacity of the PEC is about 5.844 million metric tonnes per annum (MMtpa), or 16.7 kilometric tonnes per day (kMtpd), of aromatic petrochemicals and oil products, which will be processed from 6.324 MMtpa of condensate feedstock using the latest generation of proven 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 expected to spur economic activities. 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. The Pengerang Integrated Petroleum Complex (PIPC) is creating value to the downstream oil and gas value chain in Johor. 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 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 in excess of 20,000 acres;
- Very few Environmentally Sensitive Areas (ESAs) which are easily preserved; and
- Proximity to an existing major trading hub adjacent to Singapore.

## 1.2 Objective of the Study

The main objective of this Human Right Impact Assessment (HRIA) report is to identify, understand, assess, and address the adverse effects of PEC's project or activities on the human rights such as workers and community members.

The Human Right assessment is also intended to prevent or mitigate risks of adverse impacts from PEC business operations and services. PEC has taken proactive approach to ensure that right of workers and community members are to be respected and promoted.

## 1.3 Assessment Methodology

In assessing the impact on Human Right, ESC utilizes several key steps as further described below:

- a) Scoping;
- b) Impact assessment; and
- c) Implementation (described within mitigation measures).

## 1.4 Structure of the Report

The HRIA document is structured as follows:

- Chapter 1: Introduction
- Chapter 2: Scoping
- Chapter 3: Applicable law and regulations (National and international requirements)
- Chapter 4: Context and baseline description
- Chapter 5: Stakeholder engagement
- Chapter 6: Human right screening
- Chapter 7: Conclusion

## 2 SCOPING

Scoping parameters for the HRIA are through gathering of preliminary information to determine the area of impact of the Project or activities. The scoping includes of the following:

- Business Project or activities;
- Human rights context; and
- Relevant stakeholders for the HRIA.

Information gathered through desktop research or preliminary field research will set a baseline data collection and subsequent impact analysis.

### 2.1 Scoping of the Business project or activities

The main objective of scoping the business project or activities is to understand the scale and type of operations in question, considering the industry, physical location, stage of operations and so forth. For these purposes, listed below are list of documents that are obtained for scoping of business project or activities:

During the scoping phase to develop HRIA, ESC team has reviewed number of documents as follow:

- 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, (2020). This manual needs to be revised to follow Malaysian context of Labour Law;
- 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).

### 2.2 Scoping of Human Rights Context

In terms of scoping of human rights context, an overview of the following is included:

- An overview of the status of ratification and implementation of international human rights instruments at the national level. At minimum, the human rights contained in the International Bill of 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) and the Core Conventions of the International Labour Organization are included; and
- Data on key human rights context topics.

Other than these, (i) an analysis of international human rights has been ratified and implemented, (ii) assessing implementation and enforcement of such laws are in practice; and (iii) developing an

understanding of human rights topics in operational context are also included in these scoping activities.

### **2.3 Identifying relevant stakeholders**

During the scoping process, it is noted that the importance of identifying and conducting a stakeholder mapping in the given context, including analysing its type, level of influence and if/how they may be impacted by the business project or activities.

PEC has identified, mapped, and analysed the stakeholders. The overview of types of stakeholders and detailed assessment are discussed in *Chapter 5* of this Report.

### 3 APPLICABLE LAWS AND REGULATIONS

#### 3.1 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 obligations of Malaysian Government to act in certain ways or to refrain from certain acts, in order 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 the 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.

#### 3.2 Malaysian Law & Regulations

Table 3-1 below summarized the relevant laws and legislations pertaining human rights in Malaysia.

**Table 3-1: 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 which 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 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 in accordance with law, not to unlawfully detained a person (<i>right of 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 for 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> </ul> |

| No. | Legislation              | Related Provisions   |
|-----|--------------------------|--|
|     |                          | <ul style="list-style-type: none"> <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 states that there is no discrimination against citizen on the ground.</li> <li>• <b>Article 9 – Prohibition of banishment and freedom of movement</b> stated that Malaysian citizens are protected against being banished from the country 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. There are several acts of law that 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 practice his own religion and has the right to propagate his religion, but the state law and in 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 own religion.</li> <li>• <b>Article 13 – Rights to property</b> stated that no person may be deprived of property save in accordance with 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 the Convention on the Rights of the Child (CRC) in 1995 which has 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 respects for the views of the child.</li> <li>• 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 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 requires in the Act</li> </ul>   |

| No. | Legislation  | Related Provisions   |
|-----|--|--|
|     |  | <p>to protect children that are at risk or vulnerable to all forms of abuse and exploitation.</p> <ul style="list-style-type: none"> <li>• This Act also provides procedures before the Court for Children to administer the 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 Code (Act 574) while the Domestic Violence Act 1994 (Act 521) protects the child against violence within the family.</li> </ul>  |
| 3   | Children and Young Persons (Employment) Act 1966 (Act 350) | <ul style="list-style-type: none"> <li>• The framework of this Act is for elimination of child labour, and 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 an 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>• In order 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.  | 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 in 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 oversees other employees engaged in manual labour; and</li> <li>- employees engaged in any capacity on a vessel (subjected to certain other conditions).</li> </ul> </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</li> </ul>   |

| No. | Legislation | Related Provisions   |
|-----|-------------|--|
|     |             | <p>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.</p> <ul style="list-style-type: none"> <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> <li>- Trade Union Subscription Fees or PTPTN loan repayment (subjected to a request in writing by the employee must first be obtained)</li> </ul> </li> <li>• Employees are also entitled for 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>- in excess of a spread over a period of 10 hours in a day; and</li> <li>- more than 48 hours in a week.</li> </ul> </li> <li>• Every employee shall be allowed in 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> of 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 classifying in the Act (<i>Section 60A (3)</i>) as any number of hours of work carried out in excess of 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 are basically applicable 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 the duty to act by inquiring into complaint of sexual harassment.</li> <li>• The right of the employer to reorganize business for the purpose of the economy and convenience provided it acted</li> </ul> |

| No. | Legislation                        | Related Provisions   |
|-----|------------------------------------|--|
|     |                                    | <p>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 and pro-rata as respect an incomplete year, calculated to the nearest month.</p>  |
| 5.  | Persons with Disabilities Act 2008 | <ul style="list-style-type: none"> <li>• Malaysian Government has ratified the <b>Convention on the Rights of Persons with Disabilities</b> in 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 if terms of the employment contract has not been violated. This includes self-paced workloads and flexible hours, different job responsibilities, 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> |
| 6.  | Education Act, 1996                | <ul style="list-style-type: none"> <li>• The aim of provisions in this Act are to further consolidate the national education system for the generation in accordance with the country’s aspiration of making Malaysia the centre of excellence for education and to outline the legislation related to education.</li> </ul>   |

| No. | Legislation   | Related Provisions  |
|-----|---|---|
|     |   | <ul style="list-style-type: none"> <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;               <ul style="list-style-type: none"> <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> <li>- the National Language as main medium of instruction and as compulsory subject in all schools and institutions.</li> </ul> </li> <li>• <i>Section 9</i> of the Act provides general principle that a child will be educated in accordance to their parents' wishes and parents shall request from the local authority to place their child in any schools where there is difference in costing.</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" which applies to all children, whether they have special educational needs (SEN) or not.</li> </ul> |
| 7.  | 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 in accordance with their capabilities and needs<sup>1</sup>.</li> </ul>  |
| 8.  | 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 smuggling of migrants as well as 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 the purpose of exploitation.</li> <li>• "Exploitation" refers to any form of sexual exploitation, forced work or services, slavery, practices similar to slavery, or any activities that contravenes 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>  |
| 9.  | 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</li> </ul>  |

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

| No. | Legislation | Related Provisions   |
|-----|-------------|--|
|     |             | <p>parties in disputes to settle disputes in a fair, speedy and cost-effective manner.</p> <ul style="list-style-type: none"> <li>• <i>Arbitration Act 2005</i> – An Act to reform the law relating to domestic arbitration, provide for international arbitration, the recognition and enforcement of awards and for 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 a comprehensive legislation regarding trade unions, collective bargaining, and labour disputes. Section 4 of the Act stated for 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.</li> </ul> |

### 3.3 International Applicable Standard

Other than the National laws and legislations relevant to human rights, in Table 3-2 below are the summary of applicable international standards and guidelines.

**Table 3-2: 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 contains 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 consists of the following: <ul style="list-style-type: none"> <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 to respect human rights; and</li> <li>- the need for rights and obligations to be matched to appropriate and effective remedies when breached.</li> </ul> </li> <li>• The purpose of these guidelines is for any States or companies 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</li> </ul> |

| No. | Standards/Guidelines   | Applicable provisions   |
|-----|--|---|
|     |  | <p>UNGPs are non-binding and do not create new legal obligations for either States or companies.</p>  |
| 2.  | <p>International Labour Organization (ILO) Core Labour Standards</p> | <ul style="list-style-type: none"> <li>• The International Labour Organization has maintained and developed a system of international labour standards since 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 as part of everyone’s daily life and crucial to a person’s dignity, well-being and development as a human being.</li> <li>• In 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> <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> </ul> |
| 3.  | <p>International Bill of Human Rights</p>                            | <ul style="list-style-type: none"> <li>• The International Bill of Human Rights 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>• 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,</li> </ul>  |

| No. | Standards/Guidelines  | Applicable provisions   |
|-----|---|---|
|     |   | <p>everywhere in the world, are entitled, without any discrimination.</p> <ul style="list-style-type: none"> <li>• <b>Article 1</b> – All human beings are born free and equal in dignity and rights.</li> <li>• <b>Article 2</b> – 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, color, sex, language, religion, political, or other opinion, national or social origin, property, birth or other 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 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.</li> </ul> |
| 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> <ul style="list-style-type: none"> <li>- Projects that are under Category A and B are required to developed and/or maintain an Environmental and Social Management Plan (ESMS).</li> <li>- The Plan is to address issued raised in the Assessment process which incorporate actions that may require to comply with the applicable standards.</li> </ul> </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)<br><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</li> </ul>   |

| No. | Standards/Guidelines   | Applicable provisions  |
|-----|--|--|
|     |  | <p>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.</p> <ul style="list-style-type: none"> <li>Requirements under this PS are (i) working conditions and management of worker relationship, (ii) protection of the workforce, (iii) occupational health and safety, (iv) workers engaged by the third parties, and (v) supply chain.</li> </ul>  |
| 5.  | <p>International Finance Corporation (IFC) Performance Standards (PS)<br/> <b>Performance Standard 5 – Land Acquisition and Involuntary Resettlement</b></p> | <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>In order to avoid expropriation and eliminate the need to use governmental authority to enforce relocations, the Company is encouraged to use negotiated settlements meeting the requirements in this PS, even if they have the legal means to acquire land without the seller's consent.</li> <li>This PS applies to physical and/or economic displacement resulting from the following types of land-related transactions: <ul style="list-style-type: none"> <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 reach settlement 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> </ul> </li> <li>However, the PS5 is unapplicable for resettlement that resulting from voluntary land transactions and projects that is not changing the land use of affected groups or communities.</li> <li>Generally, the requirements of this PS5 involve 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> |

| No. | Standards/Guidelines   | Applicable provisions   |
|-----|--|---|
| 6.  | International Finance Corporation (IFC) Performance Standards (PS)<br><b>Performance Standard 7 – Indigenous Peoples</b> | <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, whom are often among the most deprecated and vulnerable segments of the population.</li> <li>• Nonetheless, project proponent can create opportunities for IPs to participate in, and benefit from project-related activities that may help them fulfill their goal for economic and social development.</li> <li>• This PS applies to communities or group 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 including:                             <ul style="list-style-type: none"> <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> </li> </ul> |
| 7.  | International Finance Corporation (IFC) Performance Standards (PS)<br><b>Performance Standard 8 – Cultural Heritage</b>  | <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 Concerning the Protection of the World Cultural and Natural Heritage which target to ensure that the Company protect cultural heritage in the course of their project activities.</li> <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>• 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 projects activities</li> </ul>  |

| No. | Standards/Guidelines | Applicable provisions   |
|-----|----------------------|---|
|     |                      | <p>taking place outside the traditional project boundaries, but nonetheless related to the project operations, as may be applicable on a project basis. Issues may arise at any stage of project life cycle and can have an impact beyond the life of the project.</p> <ul style="list-style-type: none"><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> |

## 4 CONTEXT AND BASELINE DESCRIPTION

This section provides a description of the context for the HRIA, including the business operations, and baseline condition of human rights context (socio economic conditions).

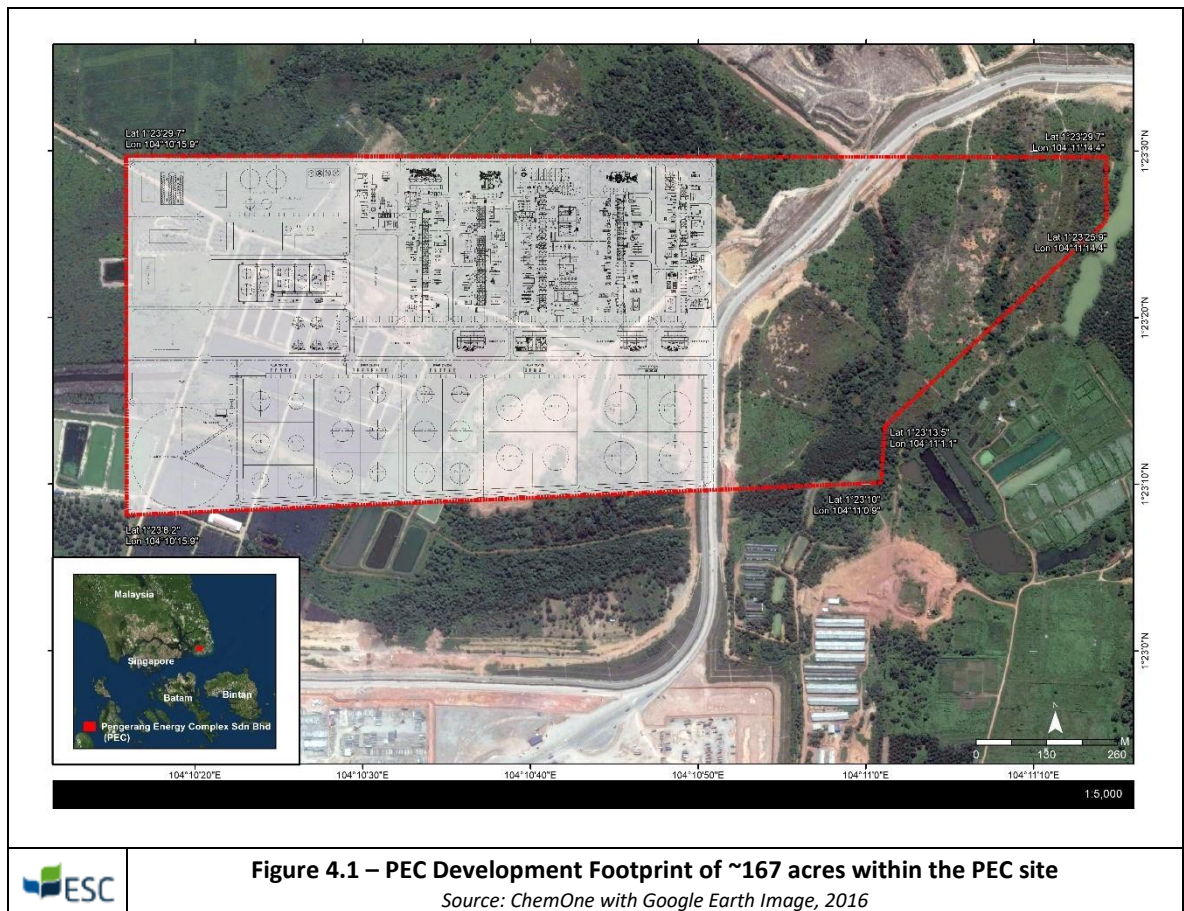
### 4.1 Project Overview

The proposed Pengerang Energy Complex (PEC) will be developed and located within Small Planning Block (*Blok Perancangan Kecil, BPK*) 1.1 that has an area coverage of 34,283.4 acres and under Planning Block BP 1 which covers 125,601.2 acres or 9.7% of Kota Tinggi District. The Project is approximately 250 acres in size, out of which one third will be left vacant for future expansion.

Pengerang Industrial Park (PIP) is part of the full PIPC development spearheaded by Johor Corporation (JCorp). The PIP area has been designated as industrial zone and is compatible with government planning for the area in accordance with the Department of Environment (DoE)/ PLAN Malaysia guidance; the proposed site is preliminarily assessed as suitable for the PEC project.

The site for the Project that was used as agricultural farm has been vacant and JCorp, with the support of Johor Petroleum Development Corporation (JPDC), has successfully obtained the land conversion approval from agriculture to industrial use in March 2019.

This conversion supports the Johor State Structure 2030 Plan and the proposed Pengerang Masterplan. The project is located in the vicinity of settlement areas and industrial sites within PIPC that was allocated by the Johor State Government's to develop the southeast Johor area into an industrial area for both heavy and light industries. *Figure 4.1* shows the plant development footprint within the PEC site.



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

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

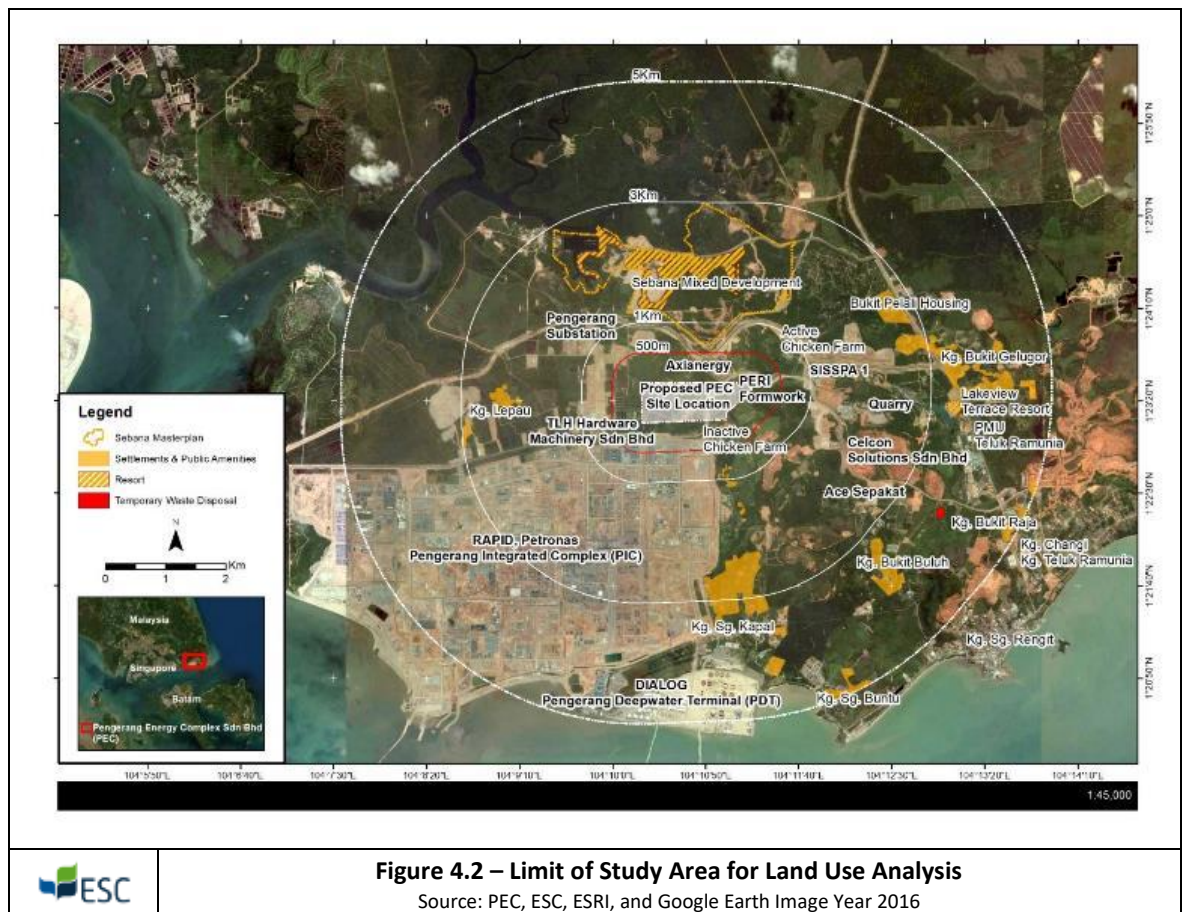
- Engineering Procurement Construction (ISBL) - 36 months
- Engineering Procurement Construction (OSBL) - 32 months
- Commissioning and start-up - 6 months

### 4.2.1 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 start and to last about 12 months.

## 4.3 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 4.2* below.



### 4.3.1 Historical Land Use

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

- **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 has 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 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 south-east, 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) were observed;
- **2013 - 2015:** Land use at site appears little changed. Site clearance starts and is observed largely completed at both the PIC and Taman Bayu Damai (where resident 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 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.

#### 4.3.2 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 are summarized as based on area radius as accordance to the PEC's ESHIA report:

- Land use within 0km-1km radius : the proposed project areas are covered with secondary vegetation;

- Land use within 1km radius: the area is mostly covered by 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 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 at 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 landfill. 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, clinic, temporary landfill, and PMU Teluk Ramunia were also observed. Settlement areas in Kg. Sg. Kapal are now being occupied by workers, mostly for RAPID and DIALOG (Pengerang Integrated Complex (PIC) and Pengerang Deepwater Terminal (PDT) project).

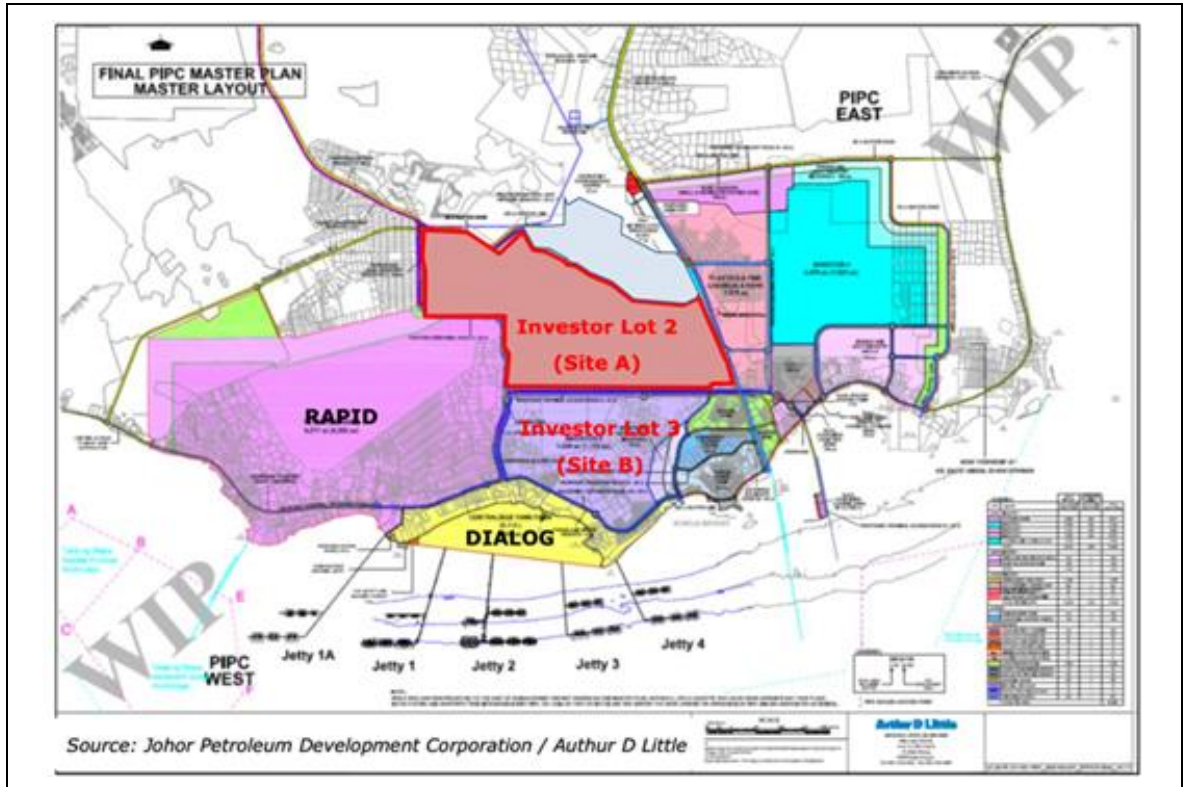
Details of land use is widely discussed in the PEC's ESHIA report.

#### 4.3.3 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.

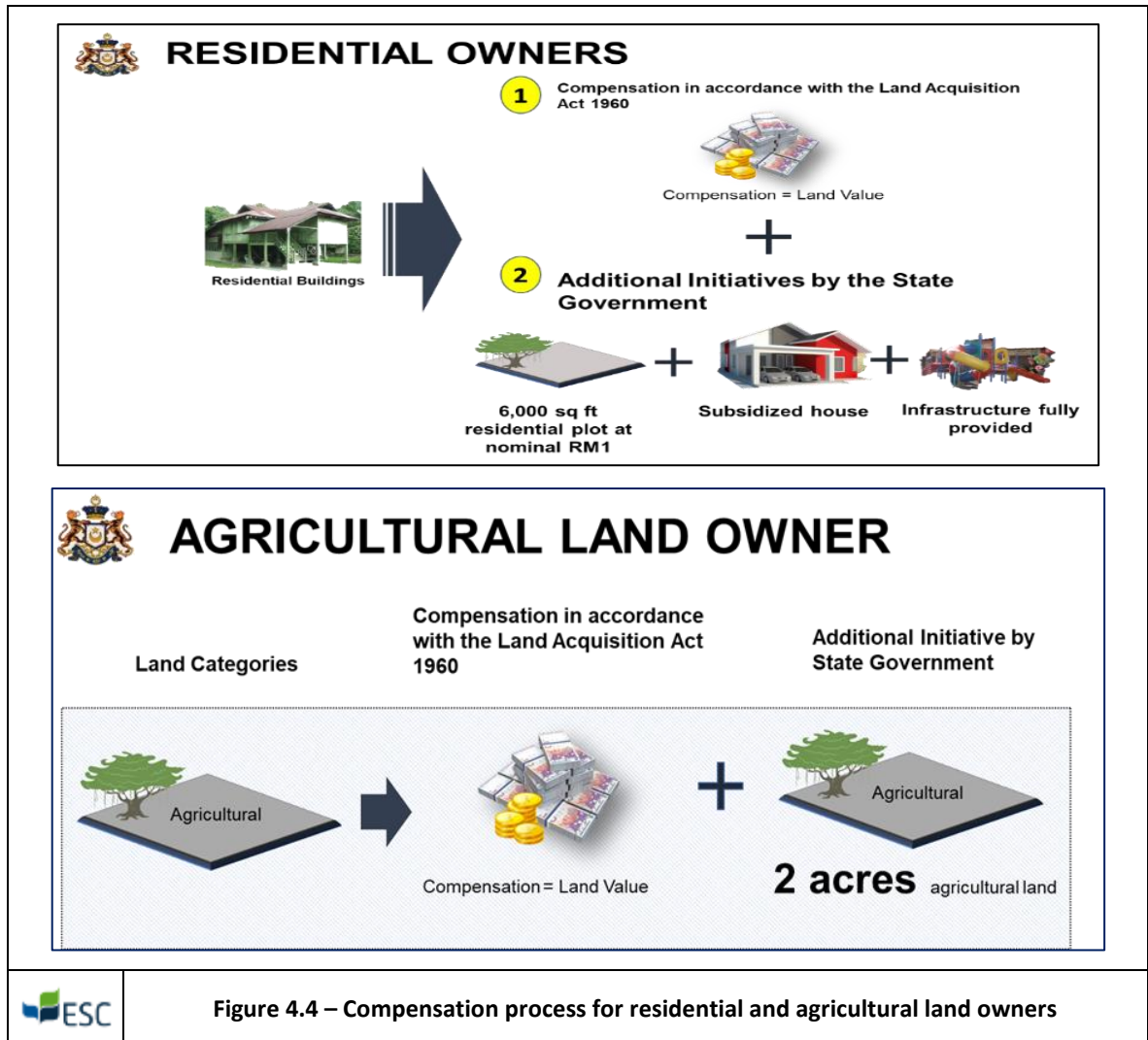
The location of investor Lot 2 (Site A) and investor Lot 3 (Site B) are referred in *Figure 4.3* below.



**Figure 4.3 – Location of Investor Lot 2 (Site A) and Investor Lot 3 (Site B) within PIPC Development Zone**

Source: ChemOne with Google Earth Image, 2016

Compensations were given to affected residents arising from land acquisition as accordance to the Land Acquisition Act 1960. The compensation processes for residential and agricultural land owners are as illustrated in *Figure 4.4* below.



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

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

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

Currently JCORP is a beneficial owner over the land thus have the right to develop it as an industrial area. The flow of approvals of this land acquisition are as follow:

- Conditional Development Order approval 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 received on 18 February 2019;
- Environmental Impact Assessment approval received on 05 September 2019; and
- Traffic Impact Assessment approved received on 17 September 2018.

#### 4.4 Social, Economy and Cultural Sphere

##### 4.4.1 Project Affected Communities

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

The affected communities encompass of eight (8) villages inside the 5 km impact zone and 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/<br>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 South side of the Project   |
|       |             |                        | Kg. Sungai Buntu  | 3-5km Southern part of the Project |

##### 4.4.2 Demographics

###### 4.4.2.1 Demographic of Johor State

The data from the Department of Statistics Malaysia shows the total population in Johor is recorded at 3.47 million people in 2013 and slightly increased to 3.65 million people in 2016. The average annual population growth from 2013 to 2016 ranged from 0.7% to 2.4% with the highest average annual population growth occurred in 2014 at a rate of 2.4%. Based on ESHIA report, 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.

###### 4.4.2.2 Education

Based on survey and interview 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%).

#### 4.4.2.3 Ethnicity

As adopted from ESHIA document, the local respondents of Kg. Lepau, Kg. Bukit Pelali, Kg. Bukit Gelugor, Kg. Bukit Raja and Kg. Bukit Buloh are predominantly Malays (100%). In Taman Rengit Jaya, the ethnicity composition is, including those were 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.

#### 4.4.3 Economics

As adopted in the ESHIA report, Gross Domestic Product (GDP) of Johor was recorded at RM 87,974 million in 2013 and steady increased to RM 104,480 million in 2016. The economic growth of Johor gradually increased with annual growth rate between 4.7% to 6.5%. The highest GDP growth occurred in 2014 with 6.5% of growth.

**Table 4-2: Economic Growth of Johor**

| Gross Domestic Product (GDP)             | 2013   | 2014   | 2015    | 2016                 | 2017 |
|--|--------|--------|---------|----------------------|------|
| GDP at constant 2010 prices (RM million) | 87,974 | 93,654 | 98,889* | 104,480 <sup>p</sup> | -    |
| GDP per capita at current prices (RM)    | 26,308 | 28,089 | 29,558* | 31,952 <sup>p</sup>  | -    |
| GDP Growth (%)                           | 4.7    | 6.5    | 5.6*    | 5.7 <sup>p</sup>     | -    |

Source: Department of Statistics Malaysia, 2018.

#### 4.4.4 Employment and Labour Force

Labor force for the State of Johor was recorded at 1,598,900 people in year 2013 and slightly increased over the year to 1,639,100 in year 2016. There was also a total of 45,400 people who are unemployed in year 2013 and the figure slightly increased to 58,500 people in year 2016. Labour force comprises of people who are employed and unemployed aged 15-59 years old.

The employment and labour force over the 5 years are as *Table 4-3* below.

**Table 4-3: Employment and Labour Force of Johor**

| Employment and Labour Force                       | 2013     | 2014     | 2015     | 2016     | 2017 |
|---|----------|----------|----------|----------|------|
| <b>Employment</b>                                 |          |          |          |          |      |
| Labour Force ('000)                               | 1,598.90 | 1,621.10 | 1,633.20 | 1,639.10 | -    |
| Employed ('000)                                   | 1,553.40 | 1,579.70 | 1,582.60 | 1,580.60 | -    |
| Unemployment ('000)                               | 45.4     | 41.4     | 50.6     | 58.5     | -    |
| <b>Labour Force Participation Rates, LFPR (%)</b> |          |          |          |          |      |
| Total   | 67.5     | 67.5     | 67.1     | 66.6     | -    |
| Male  | 82.2     | 82.4     | 81.5     | 81.4     | -    |
| Female  | 50.7     | 50.7     | 50.9     | 49.9     | -    |
| <b>Unemployment Rate (%)</b>                      | 2.8      | 2.6      | 3.1      | 3.6      | -    |

Source: Department of Statistics Malaysia, 2018.

#### 4.4.5 Livelihood and Economic Activities

People in are mainly work in the manufacturing sector, which were about 42% in 2010 and 38% in 2015, followed by service sector which contributed about almost 40% in 2010 and 37% in 2015. Construction and agricultural sector were recorded as the third and fourth largest sector contributed to the 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 4-4 below presented the number of persons engaged by industry sector and its annual growth.

**Table 4-4: 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.

On the other hand, 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 a number of reasons that include reduced water quality along the rivers and near shore areas (thus affecting the mangroves and the fish and prawn spawning areas along the riparian areas) and restrictions placed on traditional fishing grounds to accommodate vessel movement. This impact, however, occurs prior to any of PEC activities.

#### 4.4.6 Education

Number of pre-school in 2016 was 667 units, whereas primary and secondary schools were 906 and 274 across Johor state with total student 602,259 people and teacher 49,572. Student-teacher ratio for pre-school was 22.19 pupils per one teacher and 12.05 an 11.85 students per one teacher respectively for primary and secondary schools.

#### 4.4.7 Culture

##### 4.4.7.1 Worship Facilities

Based on the ground truthing, 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 own traditions in religious life.

#### 4.4.7.2 *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).

#### 4.4.8 **Indigenous People**

No indigenous people present within and in surrounding area where the proposed PEC site is located.

#### 4.4.9 **Social Impact Assessment**

The following sections summarises the Social Assessment Study.

##### 4.4.9.1 *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 interest to 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 number of respondents area available within SIA document.

##### 4.4.9.2 *Social Perception Survey Findings*

In assessing public perception on the project, social perception survey was conducted on 13<sup>th</sup> Sept to 9<sup>th</sup> Oct 2018 and 8<sup>th</sup> to 21<sup>st</sup> January 2019, the findings shows that 98% the 100 respondents interviewed during 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% supportive for 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%), increase in heavy vehicles and road safety issue (93%), 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 feedbacks 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 a project success. Proactively engagement with stakeholders is considered to be international best-practice to build 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 stakeholder engagement plan (SEP) prior to any project activities. In the process of identification stakeholder, PEC has identified stakeholder 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.

Table below present list of engagement (including consultation with stakeholders) by PEC for the past several years with wide range of stakeholders. PEC has also identified number of 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, Sebana Cove</li> </ul>   | Collect information for the project and Identification of 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, Sebana Cove Resort</li> </ul>   |  |   |
| 22 Sept 2018         | Unstructured interview<br><br>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 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> <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>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 issued raised yet</li> </ul>  |



| Date of consultation  | Topic  | Participants (Number of Participants)  | Information Disseminated   | Key Issues Raised                                  |
|---|--|--|--|--|
|   |  |  | <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<br><br>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 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 randomly selected from Taman Rengit Jaya and 20 respondents (Malaysians from outside the Pengerang region, living and working in Pengerang) randomly selected from Kg Lepau.</li> </ul> | <ul style="list-style-type: none"> <li>The aim was to collect socio-economic data of 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> | <ul style="list-style-type: none"> <li></li> </ul> |

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

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

| Category            | Stakeholders  | Type of Engagement Activities  | Key concerns specific to PEC  | Frequency  |
|---------------------|---|--|---|--|
| Communities         | Ketua Kampung (KK) Lepau, Kg Bukit Pelali, Kg Bukit Buloh, Kg Bukit Gelugor, Kg Bukit Raja, Taman Rengit Jaya, Kg Santi   | Engage through face-to-face individual meetings or group meetings, focus group discussion, workshop. Affected communities to be involved in Company’s CSR program.   | Affected communities concern about land claim, livelihood, job and business opportunity, impact and mitigation                        | Regularly, i.e., every 1-3 months or as required to provide information about the impact and recruitment of labour for PEC, grievance progress |
|                     | JKKK (Jawatan Kuasa Kemajuan dan Keselamatan Kampung)   |  |   |  |
|                     | Penghulu Mukim Pengerang & Pantai Timur   |  |   |  |
|                     | Project affected communities (Individual/families having the potentials to get affected by economic loss, loss of access to livelihood resource/community resource due to PEC’s operation)                                  |  |   |  |
|                     | Land Claimants (If any)   |  |   |  |
|                     | Vulnerable groups   |  |   |  |
|                     | Local Communities and communities in general, Local-based school-teachers, Local-based cultural, Religious, Youths, Women Associations including religious leaders- <i>ulamaks</i> / Pastors/ Priest/ Youth/ Women leaders. | Communicate through correspondence (phone, letter, email), as well as through involving these groups in the seminar. These groups to be involved in Company’s CSR program.   | Related to socio economic and cultural condition of affected communities, CSR program, and partnership                                | Bi-annually or as required   |
| Government Agencies | Department of Environment   | Engage and communicate through face-to-face individual meetings or group meetings, focus group discussion, workshop and correspondence (phone, letter, email), The engagement activities are also in the form partnership in community programs. | Normally, the government agency concerns on the compliance on rule and regulation set by the government. Further assessment is needed | Monthly, Quarterly, and Yearly or as required. Frequency can be determined based on level of influence and power.                              |
|                     | Department of Marine  |  |   |  |
|                     | Department of Planning and Development Pengerang  |  |   |  |
|                     | Department of Irrigation and Drainage   |  |   |  |



| Category                           | Stakeholders  | Type of Engagement Activities  | Key concerns specific to PEC  | Frequency  |
|------------------------------------|---|--|---|--|
|                                    | Department of Occupational Safety and Health<br>Fisheries Development Authority of Malaysia<br>District Council Kota Tinggi<br>Peninsula Forestry Department<br>Johor Forestry Department<br>Johor Port Authority |  |   |  |
| Educational/ Research Institution  | University Teknologi Malaysia (UTM)<br>University Tun Hussein Onn Malaysia (UTHM)<br>Other Research Institution (need to be identified)   | Inform these stakeholders through newsletters and flyer, media campaign, public displays. Other form of engagement is through seminar or support in workshop or public discussion, research collaboration, student intern, | Research collaboration opportunity  | Yearly or as required                                    |
| NGOs                               | Malaysian Environmental NGOs<br>Wetlands International Malaysia<br>Suhakam (Human Rights Commission of Malaysia)<br>World Wide Fund for Nature (WWF) Malaysia   | Engage through face-to-face individual meetings or group meetings, focus group discussion, workshop.   | Sustainability, environment protection, community relation, community livelihood, and human right   | Yearly/ Bi-annually or as required or more regularly     |
| CBO and Workers Based Organization | Koperasi Pengerang Jaya Johor Berhad (Kopeja)<br>Koperasi Jaya Teluk Ramunia (Kojaya)<br>Workers and trade unions or worker association   | Engage through face-to-face individual meetings or group meetings, focus group discussion, workshop.<br><br>Engage through face-to-face individual meetings or group meetings, focus group discussion.                     | Affected community concerns, livelihood Socio Eco, Education, job and Business opportunities<br><br>Workers' rights, Benefits to the workers, freedom associations, | Quarterly or as required<br><br>Quarterly or as required |
| GLCs (Government Link Companies),  | Johor Corporation<br>Pengerang Integrated Petroleum Complex (PIPC)  | Inform these stakeholders through newsletters and flyer, media campaign, public displays.  | Business relationship   | As required  |



| Category                     | Stakeholders   | Type of Engagement Activities  | Key concerns specific to PEC   | Frequency  |
|------------------------------|--|--|--------------------------------|--|
| Public and Private Companies | Pengerang Integrated Complex (PIC)<br>Pengerang Deepwater Terminal (PDT)<br>Pengerang Integrated Development Project (PIDP)<br>Pengerang Eco-Industrial Park (PEIP)<br>Pengerang Commercial Centre (PICC)<br>Pengerang Industrial Park (PIP)<br>Bukit Pelali Properties Sdn Bhd<br>Cypress Potential Sdn Bhd, Sebana Cove Resort |  |                                |  |
| Media Institutions           | New Strait Times, The Start, The Sun<br>Berita Harian, Utasan Malaysia<br>Malaysia News Agency: Bernama<br>Television: TV3, TV2, TV1<br>Other news and media agencies  | Inform these stakeholders through newsletters and flyer, media campaign (Press release, corporate advertising), public displays. This also part of engaging with customers which can also be through social media platforms. | Source of information for news | As required depend on activities of the project. PEC needs to respond and provide clarification if required to any news covered PEC. |

## 6 HUMAN RIGHT SCREENING

### 6.1 Impact Assessment

Scoping exercise helped to identify at a high level the likely receptors to be impacted by the project.

#### 6.1.1 Data Collection and Baseline Development

The baseline data collected provides an understanding of the existing human rights environment. The data is collected in two-phased approach which includes:

- Phase 1 – Desktop review of secondary data (i.e., information publicly available) which includes reports generated by government and non-government organizations, and PEC.
- Phase 2 – Collection of primary data

#### 6.1.2 Analyzing impacts

Predicted impacts assessment include 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;
- Impacts that may experience by the Project's workforce;
- Impacts that may arise through the project's supply chain. This help 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 the purpose of this report, risk ranking associated with findings was used in the analysis. Risk ranking and definition are defined as Table 6-1 below:

**Table 6-1: Risk Ranking Table**

| Risk Ranking | Definition   |
|--------------|--|
| High         | Have <b>very significant impact</b> to the objectives and are imminently likely and no, or uncertain mitigation measures are in place.                     |
| Medium       | Have <b>significant impact</b> on the objectives and have a longer-term likelihood and reliable mitigation measures are planned and are being established. |
| Low          | Have <b>low impact</b> on the objectives and slightly low mitigation measures are needed   |
| No Impact    | <b>Do not have a significant</b> residual risk to the objectives.  |

### 6.2 Human Rights Impact Analysis

This section analyses the risks and impacts that could possibly arises from the project starting from pre-construction phase until abandonment of the project. *Table 6-2* detailed out the Human Rights Impact Assessment for PEC. No stakeholder engagement was conducted for this study and the analysis was conducted based on the secondary data provided by PEC and data collected from previous stakeholder engagement conducted in 2018 and 2019.

**Table 6-2: Human Rights Impact Assessments**

| Topic                   | Scope            | Relevant Law & Regulation to Human Right   | Possible Risks  | Impacts   | Risk Ranking  | Initial Assessment   | Proposed Mitigation Measures   |
|-------------------------|------------------|--|---|---|---------------|--|--|
| Land Acquisition        | Compensation     | <ul style="list-style-type: none"> <li>International Finance Corporation (IFC) Performance Standards (PS) Performance Standard 5 – Land Acquisition and Involuntary Resettlement; and</li> <li>National Land Code 1965.</li> </ul>                       | Poor negotiation with the landowner.  | Grievance/ complaints from the landowners may arise due to poor negotiation | Low to Medium | <ul style="list-style-type: none"> <li>JCORP is a beneficial owner over the land. JCORP has completed land acquisition and resettlement based on Land Acquisition Act 1960</li> <li>PEC has developed Land Acquisition and Resettlement Framework; Stakeholder Engagement Plan (SEP); and Grievance Mechanism</li> </ul> | <ul style="list-style-type: none"> <li>Although the compensation is under JCorp purview and responsibility, PEC may need to assist landowners incase if there are any grievances, mainly related to land claim.</li> <li>Engage with landowner as stated in the SEP</li> <li>Implement grievance mechanism if there any grievances related to land acquisition.</li> </ul> |
| Indigenous People (IPs) | IP's settlements | <ul style="list-style-type: none"> <li>International Finance Corporation (IFC) Performance Standards (PS) Performance Standard 7 – Indigenous Peoples;</li> <li>Aboriginal Peoples Act 1954 (Revised 1974);</li> <li>National Land Code 1965.</li> </ul> | Based on social assessment report of PEC EIA report, no indigenous peoples are presence in the project area or affected by the project. | N/A   | No impact     | Initial assessment has been made through assessing and identifying ethnicity groups of the people around project site within SIA. No IPs has been identified in the affected area  | N/A  |

| Topic         | Scope  | Relevant Law & Regulation to Human Right   | Possible Risks  | Impacts   | Risk Ranking   | Initial Assessment  | Proposed Mitigation Measures   |
|---------------|--|--|---|---|----------------|---|--|
| Labour Rights | Provisions of Human Resources (HR) Policy and Procedures | <ul style="list-style-type: none"> <li>International Finance Corporation (IFC) Performance Standards (PS) Standard 2– Labour and Working Conditions</li> <li>International Labour Organization (ILO) Core Labour Standards:                             <ul style="list-style-type: none"> <li>Employment Act, 1955;</li> <li>Persons with Disabilities Act 2008;</li> <li>National Policy on Women, 1989;</li> <li>Workers’ Minimum Standards of Housing and Amenities Act:</li> <li>Workmen’s Compensation Act 1952; and</li> <li>Passports Act 1996.</li> </ul> </li> </ul> | <ul style="list-style-type: none"> <li>High-turnover rate;</li> <li>Strikes by construction site workers and in turn slowing down the completion process; and</li> <li>Complaints to the Labour Courts; and</li> <li>Have to bear with the high cost of paying compensation.</li> </ul> | Grievance/ complaints from the employees towards the company and organization management.       | Medium to High | <ul style="list-style-type: none"> <li>PEC has implemented Labour right as stipulated in Malaysian labour law &amp; International applicable standard (some standards have partially implemented).</li> <li>PEC has developed 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 on the basis of gender, ethnicity, religion or membership</li> <li>Based on interview with PEC management, “Presently there is no union association in Pengarang, also during construction phase company don’t</li> </ul> | <ul style="list-style-type: none"> <li>Fully apply and implement Human Resources Policy Manual</li> <li>Allow workers (including foreign workers) to form and join labour union and association</li> <li>Prohibit the use of child labour and forced labour directly within PEC operation and supply chain;</li> <li>Mitigation plan in consideration of termination alternatives and compensation in case of retrenchment;</li> </ul> |
|               | Foreign Workers  | <ul style="list-style-type: none"> <li>Workmen’s Compensation Act 1952; and</li> <li>Passports Act 1996.</li> </ul>  | <ul style="list-style-type: none"> <li>Failing to secure proper work visas, making the worker undocumented;</li> <li>Passports retention by recruitment agency/ Human Resources (HR) management; and</li> </ul>   | Grievance/ complaints from the foreign workers towards the company and organization management. | Medium to High | <ul style="list-style-type: none"> <li>PEC bears the recruitment fees and visa and the levy cost upon the foreign workers’ employment; and</li> <li>PEC to comply with Annex C- Employment Contract issued by Ministry of Human Resource</li> </ul>   |  |



| Topic         | Scope           | Relevant Law & Regulation to Human Right   | Possible Risks   | Impacts   | Risk Ranking | Initial Assessment  | Proposed Mitigation Measures  |
|---------------|-----------------|--|--|---|--------------|---|---|
|               |                 |  | <ul style="list-style-type: none"> <li>Sub-standard of accommodation provisions</li> </ul>                       |   |              | <p>see any union activities as most of the workforce will be migrant labours".</p> <ul style="list-style-type: none"> <li>"During Operation phase also most of the work force will be engineers and technicians. PEC will work out the framework based on the requirement".</li> <li>Foreign workers kept their passports.</li> <li>PEC does not apply work bond agreement</li> </ul> | (MOHR) Section 20: Passport Keeping.  |
| Labour Rights | Gender Equality | <ul style="list-style-type: none"> <li>Employment Act, 1955;</li> <li>Persons with Disabilities Act 2008; National Policy on Women, 1989;</li> <li>Workers' Minimum Standards of Housing and Amenities Act;</li> <li>Workmen's Compensation Act 1952;</li> </ul> | <ul style="list-style-type: none"> <li>Employer preferences on specific gender for certain job scope.</li> </ul> | Employer preferences e.g., technical work for men and administrative work for women may lead to unfair treatments and a gender-biased environment in the workplace. | Low          | <ul style="list-style-type: none"> <li>PEC will provide equal opportunity for employment of females.</li> <li>Based on the questionnaire, PEC will be giving priority to local employment with anticipated 75% of employees being Malaysian.</li> </ul>   | <ul style="list-style-type: none"> <li>Employment process should be carried out in a fairly manner;</li> <li>Hiring should be based on the qualification and experiences of the applicants; and</li> <li>PEC should review its employment policy to include gender equality.</li> </ul> |



| Topic         | Scope        | Relevant Law & Regulation to Human Right   | Possible Risks   | Impacts   | Risk Ranking   | Initial Assessment   | Proposed Mitigation Measures  |
|---------------|--------------|--|--|---|----------------|--|---|
|               |              | <ul style="list-style-type: none"> <li>• Passports Act 1996;</li> <li>• National Policy on Women, 1989;</li> <li>• International Finance Corporation (IFC) Performance Standards (PS) Performance Standard 2– Labour and Working Conditions;</li> <li>• International Labour Organization (ILO) Core Labour Standards; and</li> <li>• International Petroleum Industry Environmental Conservation Association (IPIECA).</li> </ul> |  |   |                |  |   |
| Labour Rights | Women Rights | <ul style="list-style-type: none"> <li>• National Policy on Women, 1989</li> </ul>   | <ul style="list-style-type: none"> <li>• Employer preferences on specific gender for certain job scope.</li> </ul> | The sector employs a high proportion of male workers. This can lead to mistreatment of women and lack of equal opportunity. | Low            | <ul style="list-style-type: none"> <li>• Equal opportunities for female employees will be practiced by the Company as presented in the HR Policy Manual</li> </ul> | <ul style="list-style-type: none"> <li>• PEC to establish and develop policies of gender equality without direct and indirect gender-based discrimination.</li> </ul> |
|               | Retrenchment | <ul style="list-style-type: none"> <li>• International Finance Corporation (IFC)</li> </ul>  | <ul style="list-style-type: none"> <li>• Employees are left without proper plan</li> </ul>                         | <ul style="list-style-type: none"> <li>• Tarnish the image of</li> </ul>  | Medium to High | <ul style="list-style-type: none"> <li>• PEC practices retrenchment terms</li> </ul>   | <ul style="list-style-type: none"> <li>• PEC should include abandonment phase as</li> </ul>   |

| Topic             | Scope               | Relevant Law & Regulation to Human Right   | Possible Risks  | Impacts   | Risk Ranking | Initial Assessment   | Proposed Mitigation Measures   |
|-------------------|---------------------|--|---|---|--------------|--|--|
|                   |                     | Performance Standards (PS) Performance Standard 2 – Labour and Working Conditions<br><ul style="list-style-type: none"> <li>International Labour Organization (ILO) Core Labour Standards; and</li> <li>Employment Act, 1955.</li> </ul> | which will lead to employees losing their job.  | companies and organizations;<br><ul style="list-style-type: none"> <li>Losing trust from investors and shareholders.</li> </ul> |              | and conditions as per the HR Policy Manual.  | one of the terms in the employment contract to ensure employees are not left behind without proper plan.   |
|                   | Skilled Workers     |  | <ul style="list-style-type: none"> <li>Hiring skilled foreign workers/expatriates.</li> </ul> | Local high-skilled or skilled workers lose opportunities to work according to their expertise                                   | Low          | <ul style="list-style-type: none"> <li>PEC noted that the recruitment process will depend on the required job to perform.</li> <li>For the Operations Phase PEC, similar recruitment processes will be adopted but additionally PEC will collaborate with educational institutions in Malaysia to engage fresh engineering graduates in chemical, mechanical and electrical disciplines</li> </ul> | <ul style="list-style-type: none"> <li>Priority is to be given to the local prior to hiring any high-skilled or skilled workers; and</li> <li>Advertisement of the job opportunity should be done on multiple platforms such as online websites and local newspapers.</li> </ul> |
| Condition of Work | Employment Contract |  | <ul style="list-style-type: none"> <li>Unequal employment contracts; and</li> </ul>           | Disruption of work due to mistreated employees filing   | Low          | <ul style="list-style-type: none"> <li>PEC has pointed out the employment terms and conditions such as minimum</li> </ul>  | <ul style="list-style-type: none"> <li>Employees should be provided with contracts that meet the terms and</li> </ul>  |



| Topic | Scope         | Relevant Law & Regulation to Human Right           | Possible Risks   | Impacts   | Risk Ranking  | Initial Assessment   | Proposed Mitigation Measures  |
|-------|---------------|--|--|---|---------------|--|---|
|       |               |  | <ul style="list-style-type: none"> <li>Unclear terms in the employment contracts such as minimum wages, bonuses, rest days etc.</li> </ul> | complaints/ grievances.   |               | wages, bonuses, rest days and etc. in the Company's HR Policy Manual.  | <p>conditions in accordance with national labour laws; and</p> <ul style="list-style-type: none"> <li>Contracts should be prepared based on experience of the workers and not be based on gender or nationality.</li> </ul> |
|       | Working Area  |  | <ul style="list-style-type: none"> <li>Unsafe working areas such as unsafe building structures or operation areas.</li> </ul>              | Workers are exposed to hazards that can result in injury or fatality. | Low to Medium | <ul style="list-style-type: none"> <li>As accordance to the PEC's ESMP report, the Company has stated to ensure structures are designed and constructed in according to sound architectural and engineering practices, including aspects of fire prevention and response.</li> </ul> | <ul style="list-style-type: none"> <li>PEC should continuously monitor the workplace area, admin building or the processing area, are safe by conducting audits and inspections.</li> </ul>                                 |
|       | Accommodation | <ul style="list-style-type: none"> <li></li> </ul> | Poor living conditions due to sub-standard accommodation provided.   | Spread of communicable disease among workers                          | Low to Medium | <ul style="list-style-type: none"> <li>PEC has outlined the measures to prevent the spread of communicable diseases among workers in the ESMP report by conducting health screening for all foreign workers</li> </ul>   | <ul style="list-style-type: none"> <li>To ensure adequate, safe and clean accommodations; and proper sanitation and provide access to health facilities.</li> <li></li> </ul>   |



| Topic                          | Scope                  | Relevant Law & Regulation to Human Right   | Possible Risks  | Impacts   | Risk Ranking   | Initial Assessment   | Proposed Mitigation Measures  |
|--------------------------------|------------------------|--|---|---|----------------|--|---|
|                                |                        |  |   |   |                | and provide adequate sanitation facilities   |   |
| Child Labour and Forced Labour | Exposure               | <ul style="list-style-type: none"> <li>Child Act 2001 (Act 611);</li> <li>Children and Young Persons (Employment) Act 1966 (Act 350); and</li> <li>Anti-Trafficking in Persons and Anti-Smuggling of Migrants Act 2007 (Act 670).</li> </ul> | A child who is exposed to the working environment by the parent who works at the construction site  | <p>Child and young children loss their childhood moment and loss opportunity to study.</p> <p>Employing child labour and forced labour raise concern of government, NGOs, and international community that may result in having negative image of the company</p> | Medium to High | <ul style="list-style-type: none"> <li>Human Resource Policy Manual does not state age limitation, child labour. However, PEC has shown commitment on 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> </ul>   | <ul style="list-style-type: none"> <li>Fully apply PEC's commitment of no child labour and forced labour is within PEC operation and supply chain</li> <li>Check the age of workers</li> <li>Include age limitation in the Human Resource Policy Manual clause</li> </ul>                             |
|                                | Juvenile/ young Worker | <ul style="list-style-type: none"> <li>Children and Young Persons (Employment) Act 1966</li> </ul>   | Young persons or juvenile workers who are low experience and lacking in work-related skilled may be exposed to harm and lead to accidents if without supervision and proper training. |   | Medium to High | <ul style="list-style-type: none"> <li>No written policy is available on juvenile workers. However, PEC has shown commitment on child labour prohibition including juvenile or young workers in the ESG Profile under the PEC's social responsibility.</li> <li>Based on the interview with PEC Management, PEC</li> </ul> | <ul style="list-style-type: none"> <li>Fully apply PEC's commitment not to engage the juvenile worker</li> <li>However, if juvenile workers are employed, ensure they are working without exceeding permitted work hours and comply with Children and Young Persons (Employment) Act 1966;</li> </ul> |

| Topic                            | Scope                    | Relevant Law & Regulation to Human Right   | Possible Risks   | Impacts   | Risk Ranking   | Initial Assessment   | Proposed Mitigation Measures  |
|----------------------------------|--------------------------|--|--|---|----------------|--|---|
|                                  |                          |  |  |   |                | has no plan to engage juvenile worker  | <ul style="list-style-type: none"> <li>• Include young worker clause in the Human Resource Policy Manual</li> </ul>   |
| Non-Discrimination               | Benefits                 | <ul style="list-style-type: none"> <li>• Federal Constitutions of Malaysia 1963 – Part II Fundamental Liberties (Article 8)</li> </ul> | <ul style="list-style-type: none"> <li>• Migrant workers may be subject to lack of equal opportunity for promotion, due to discrimination against workers from other cultures or races.</li> <li>• There may also be discrimination with regard to working hours, pay, training, housing conditions and access to health care or education.</li> </ul> | Discriminate against the workers based on religion, race, nationality, gender, etc. will raise concern of government, NGOs, and international community that may result in having negative image of the company | Low            | <ul style="list-style-type: none"> <li>• PEC stated non-discrimination in the Anti-Harassment Policy and Compliance Procedures</li> </ul>                                | <ul style="list-style-type: none"> <li>• PEC to ensure “Non-Discrimination” policy is applied in the employment process.; and</li> <li>• PEC to establish and develop polices of equality and without direct and indirect discrimination at workplace.</li> </ul> |
| Disable Worker                   | Employing disable worker | <ul style="list-style-type: none"> <li>• Persons with Disabilities Act 2008</li> </ul>   | Fatal and non-fatal incidents and injuries could happen when non-appropriate job tasks are given to a person with disabilities.  | Fatal and non-fatal incidents and injuries.   | Low to Medium  | 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 | PEC to have an open policy of considering persons with disabilities for suitable job requirements and facilities to support mobility and performance.   |
| Environmental, Safety and Health | Environment              | <ul style="list-style-type: none"> <li>• International Finance Corporation (IFC) Performance Standards (PS)</li> </ul>                 | <ul style="list-style-type: none"> <li>• The potential risks may arise from the construction activities such as</li> </ul>   | Reduced standard of living due to   | Medium to High | PEC has implemented a company-wide Environmental Policy Statement which shows  | PEC to ensure that the Environmental Management Plan are properly managed,  |



| Topic | Scope                      | Relevant Law & Regulation to Human Right   | Possible Risks   | Impacts  | Risk Ranking   | Initial Assessment   | Proposed Mitigation Measures   |
|-------|----------------------------|--|--|--|----------------|--|--|
|       |                            | Performance Standard 1 – Environment and Social Aspects;<br>• International Finance Corporation (IFC) Performance Standards (PS) Performance Standard 3 – Resource Efficiency and Pollution Prevention;<br>• International Finance Corporation (IFC) Performance Standards (PS) Performance Standard 4 – Community Health, Safety, and Security<br>• Environment Quality Act (EQA) 1974; | generation of dust pollution, vibration and noise, increase soil sedimentation in the nearby water bodies and increase in traffic of vehicle movement in the construction site.<br>• Nuisance to the community | environmental impacts.   |                | that the Company is committed for HSE and Social Performance management through Construction and Operations phases of its activities and to positive inclusion of the local community. | executed and maintain including monitoring and assessment.   |
|       | Workers' Safety and Health | • Occupational Safety and Health Act (OSHA) 1994<br>• Prevention and Control of Infectious Diseases Act 1988;<br>• IFC Performance Standard (PS) 2:  | Migrant construction workers' dormitories and shared accommodation are often cramped, unsafe and lack privacy and basic facilities such as a clean shower or toilet.   | The risk of spread of communicable disease among workers due to lack of education, advice and/or | Medium to High | PEC has developed an Occupational Safety and Health Management Plan as accordance to the ESMP report.  | • PEC to ensure its operations and activities are according to the Occupational Safety and Health Management Plan; and |



| Topic    | Scope                            | Relevant Law & Regulation to Human Right  | Possible Risks  | Impacts   | Risk Ranking   | Initial Assessment   | Proposed Mitigation Measures  |
|----------|----------------------------------|---|---|---|----------------|--|---|
|          |                                  | Labour and Working Conditions   |   | poor living conditions  |                |  | <ul style="list-style-type: none"> <li>PEC to ensure sub-contractors provide proper, adequate, safe and clean accommodations and proper sanitation and provide access to health facilities.</li> </ul>              |
|          | Public Health                    | <ul style="list-style-type: none"> <li>International Finance Corporation (IFC) Performance Standards (PS) Standard 1 – Environment and Social Aspects;</li> <li>IFC Performance Standard (PS) 2: Labour and Working Conditions; and</li> <li>Prevention and Control of Infectious Diseases Act 1988.</li> </ul> | Large migrant populations, mainly male, can disrupt social cohesion and can lead to the spread of disease (e.g., HIV/Aids) to the existing population.  | The risk of disease being passed on to the local population                                     | Medium to High | PEC has developed an Occupational Safety and Health Management Plan as accordance to the ESMP report.  | PEC need to be aware of the risks to health and safety and take steps to avoid accidents and limit their consequences.  |
| Security | Crime & Employing security force | <ul style="list-style-type: none"> <li>International Finance Corporation (IFC) Performance Standards (PS) Standard 4 – Community Health, Safety, and Security</li> </ul>  | 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 | Threatening the safety of the communities and disturbing the peace of daily life of the locals. | Low to medium  | <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</li> </ul> | <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; and</li> </ul> |



| Topic             | Scope           | Relevant Law & Regulation to Human Right                               | Possible Risks   | Impacts  | Risk Ranking   | Initial Assessment  | Proposed Mitigation Measures  |
|-------------------|-----------------|--|--|--|----------------|---|---|
|                   |                 |  | <p>theft etc. to the existing population.</p> <p>Raising concern from stakeholders if hiring non-license security.</p> |  |                | <p>discrimination or harassment of any kind.</p> <ul style="list-style-type: none"> <li>This Policy is applicable to all employees including foreign workers.</li> <li>At time of developing this report, the PEC does not employ security on site as the construction and operation has not yet started</li> </ul>                     | <ul style="list-style-type: none"> <li>Only license security that approved by government of Malaysia to be hired as security provider</li> <li>No hiring arm force, paramilitary group, militia for securing PEC project area</li> </ul>  |
| Local Communities | Livelihood      | -  | N/A  | Positive outcome from the PEC development to the local communities especially to the small business owner such as food provider and services | N/A            | <ul style="list-style-type: none"> <li>PEC has implemented a Stakeholder Engagement Plan which includes the local communities as stakeholders that need to be engaged.</li> <li>PEC communicated with the respective correspondences through phone, email and letter as well as being involved in the Company's CSR program.</li> </ul> | <ul style="list-style-type: none"> <li>PEC is to regularly monitor the affected communities every 1-3 months or as required to provide information about the impact and recruitment of labour for PEC, and grievance progress</li> <li>Continue to develop community development plan, CSR, and partnership</li> <li>Continuesly engage with community</li> </ul> |
|                   | Access to water | <ul style="list-style-type: none"> <li>Waters Act 1920; and</li> </ul> | <ul style="list-style-type: none"> <li>The construction activities may</li> </ul>                                      | Grievance/ complaints from the local   | Medium to High | <ul style="list-style-type: none"> <li>Impacts and mitigation measures</li> </ul>   | <ul style="list-style-type: none"> <li>If water supply affected due to</li> </ul>   |



| Topic | Scope | Relevant Law & Regulation to Human Right   | Possible Risks   | Impacts   | Risk Ranking | Initial Assessment   | Proposed Mitigation Measures  |
|-------|-------|--|--|---|--------------|--|---|
|       |       | <ul style="list-style-type: none"><li>Water Services Industry Act 2006</li></ul> | <ul style="list-style-type: none"><li>consume a great amount of water; or</li><li>The construction activities may cause water disruption to the surrounding local communities.</li></ul> | communities may arise due to low pressure of water or disruption of water supply. |              | during construction phase are outlined by PEC as in the Environmental Social Management Plan (ESMP) which address the water quality issue. | <p>project activities, PEC has to ensure adequate supply of water during constructions phase for affected communities.</p> <ul style="list-style-type: none"><li>To ensure water supply is safe and reliable.</li><li>PEC is to regularly maintain the permanent drainage to ensure the quality of water discharge.</li></ul> |

### 6.3 Impact Mitigation and Management

As presented in the Table 6-2, there are some potential risks of human rights may occur due to the project activities, which are mainly related to labor rights (e.g., foreign workers; women rights; gender equality, overtime, rest hours, leave, etc.); working conditions; forming and joining worker union, child labor and forced labor; person with disabilities and discrimination at workplace.

If these human-right improperly managed, it may raise grievances associated from the workers. Therefore, PEC is encouraged to provide internal grievance mechanism for workers as avenue to log the complaint and fully apply the Human Resources Policy Manual. Additionally, some of the potential risks of human rights may raise community concerns such as environmental, safety and health including the workers' safety and health and public health; impacts on local communities (e.g., livelihood and access to water); and security. Currently, PEC has developed SEP and Grievance Mechanism and thus to implement them as a part of actively engage with stakeholder and handling community grievances.

The project activities will also affect the economic and social aspects to local communities within and around the project area especially to the villagers in Kg. Lepau and the local workforce and small business owners. This project is expected would benefits 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 predicted could be avoided and are expected to be manageable through proper management planning; active mitigation and monitoring throughout the operation of the project.

## 7 CONCLUSION

The human rights impact has comprehensively been assessed as discussed in *Table 6-2*. Implementation of mitigation measures may avoid negative impacts of the project on workers and external communities. Among the recommendations made are:

- PEC to ensure its operations and activities are according to the applicable laws and regulations as well as the international standards and guidelines;
- PEC to assist and engage with the landowners as part of the SEP especially on the compensation process, in case if there are any grievances;
- The Company's Human Resources Policy Manual shall include written statement on gender equality without direct and indirect gender-based discrimination, retrenchment process especially to workers in abandonment phase, and child labor/young workers;
- Mitigation plan for consideration in termination alternatives and retrenchment compensation shall be discussed in the HR Policy Manual; and
- PEC to continuously monitor workplace area, buildings and structures to ensure safe and healthy working environment for the workers and preventive measures are in placed to curb the spread of communicable diseases i.e., COVID-19.