

**HUMAN RIGHTS POLICY**

## APPROVAL

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Position: Group Managing Director  
Date: 25/08/2022

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TSD/MSMR/JAAR  
CG/JF/SB

### REVISION HISTORY

Revision	Effective Date
0	26 August 2022

## 1.0 INTRODUCTION

MRCB’s vision on human rights builds on the dignity of every human being and on the company’s responsibility to contribute to the well-being of local individuals and communities. Through the sustainable development model<sup>1</sup>, MRCB promotes human development and dignity, and is committed to embedding the SDGs into its business, in line with the UN 2030 Agenda.

Human rights are the fundamental rights, freedoms, and standards of treatment to which all people are entitled. MRCB upholds and respects human rights as defined by the UN UDHR through our commitment to upholding the UNGPs, the UNGC, the ILO eight core conventions<sup>2</sup>, and the UNCRC. Other influential international initiatives, such as the OECD Guidelines for Multinational Enterprises, ICESCR, and ICCPR guide our approach.

This is reflected in our business core values and governed by our Code of Business Ethics and Group Policies and Guidelines. Where adverse human rights impacts arising from our business activities are identified, we are committed to correcting the negative effects.

## 2.0 SCOPE

Our commitment extends to all persons within our sphere of influence, which includes all our employees, workers not employed by us directly in our operations, counterparties and communities surrounding our operations. We are also committed to working with our counterparties and business partners<sup>3</sup> to urge them to uphold respect for human rights as outlined in our policies and to encourage them to have similar commitments within their own business practices.

## 3.0 LIST OF ABBREVIATIONS AND DEFINITIONS

Company / MRCB	Malaysian Resources Corporation Berhad and / or any of its subsidiaries
CSD	Commission on Sustainable Development
ECOSOC	Economic and Social Council
ICCPR	International Covenant on Civil and Political Rights
ICESCR	International Covenant on Economic, Social and Cultural Rights
ILO	International Labour Organization
OECD	Organization for Economic Co-Operation and Development
SDG	Sustainable Development Goals

<sup>1</sup> Based upon the initial recommendations of the UN CSD, and subsequent guidelines provided by the UN ECOSOC.

<sup>2</sup> Covering Fundamental Principles and Rights at Work, including forced labour, child labour, freedom of association—right to organise and collective bargaining, and discrimination.

<sup>3</sup> Any third party, non-employee providing products or services for MRCB or any third party that acts on behalf of or for MRCB’s interest.

UDHR	Universal Declaration of Human Rights
UN	United Nations
UNCRC	United Nations Convention on the Rights of the Child
UNGC	United Nations Global Compact
UNGP	United Nations Guiding Principles on Business and Human Rights

## 4.0 COMMITMENTS

- 4.1 As a responsible corporate citizen, we shall endeavour to meet standards and practices that are consistent with internationally recognised principles<sup>4</sup>, subject to constitutional constraints and the laws and regulations of the countries and territories in which we operate. When faced with conflicts between local and international norms and / or standards, we aspire to uphold the higher standards, wherever possible.
- 4.2 We prohibit and will not tolerate modern slavery including all forms of forced (including bonded) and child labour within MRCB and require our suppliers' adherence to our Code of Business Ethics and other implementing policies and labour standards.
- 4.3 MRCB will avoid infringing on the human rights of others and will address any adverse human rights impacts in which it might be involved. MRCB undertakes to ensure that the principles included in this Policy Statement shall be disseminated and implemented at all levels, both in Malaysia and abroad in every country in which MRCB operates.
- 4.4 We respect the rights of our employees, workers employed by others in our operations and our communities through our commitments which include, but are not limited to the following aspects / issues:

### a) Child Labour and Access to Education

Child labour is work that is mentally, physically, socially and morally dangerous and harmful to children or interferes with their education by depriving them of the opportunity to attend school. Children deserve the chance to learn, to grow in a safe and healthy environment and to be happy. MRCB can play an important role to address these risks<sup>5</sup> and improve access to education, especially in vulnerable communities.

### b) Forced Labour, Responsible Recruitment and Living Wage

Forced labour is any work or service that is exacted from any person under threat of any penalty and for which that person has not offered themselves voluntarily. It can manifest itself in various forms, for example, abuse of vulnerability, deception, restriction of movement, isolation, physical and

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<sup>4</sup> Contained in the International Bill of Human Rights, the ILO's Declaration on Fundamental Principles and Rights at Work and the other applicable human rights as set out in international Treaties and Standards.

<sup>5</sup> Related to abuse, exploitation, trafficking and all forms of violence against and torture of children.

sexual violence, intimidation and threats, retention of identity documents, withholding of wages, debt bondage, abusive working and living conditions, and excessive overtime.

We will not tolerate these coercive and deceptive recruitment and employment practices within MRCB and across our supply chain. This includes misrepresentation, misinformation or substitution in terms and conditions of employment or entitlement to the workers which they did not consent to, such as:

- a. deduction or withholding of wages without consent or provided by the national legislation,
- b. payment in kind exceeds an unreasonable proportion of wages,
- c. obliged to work over excessive hours or without pay to repay a favour or service or for any other reasons,
- d. unable to leave employment until they have paid off debt to any parties or before the end of their contract, and
- e. unreasonable restriction in freedom of movement and communication including outside of workplace and living quarters.

We adopt a zero-recruitment fee in our recruitment process and are committed to prevent and identify vulnerable workers in our supply chain that are controlled, isolated, threatened and intimidated to be coerced, in accordance with the ILO Forced Labour Convention and ILO Abolition of Forced Labour Convention where applicable.

MRCB can play an important role in helping address this issue – for example, by using our influence to promote and ensure fair wages<sup>6</sup> and equitable recruitment practices. A living wage can contribute to the direct and indirect fulfilment of a range of fundamental human rights of both workers and their dependents, as stated in Article 25 of the UDHR. This includes safe shelter, sufficient food, water and sanitation, healthcare, education, clothing and transport.

### **c) Freedom of Association and Collective Bargaining**

MRCB has built and continues to nurture a culture based on the values of trust, mutual respect and dialogue. We aim to promote continuous improvements in the working conditions of our employees', giving special attention to respecting their rights to establish and join organisations of their own choosing and engage in constructive negotiations.

We are committed to having dialogue and to bargaining in good faith with our employees and their representatives<sup>7</sup>. We will establish means to facilitate these rights and create an opportunity to discuss matters of mutual

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<sup>6</sup> Considerations on pay gap practices across diversity indicators and positions, as well as the provision of appropriate social security instruments, benefits and overtime pay.

<sup>7</sup> Currently through established associations and committees where members are elected.

concern and allows us to engage our employees on our business activities and objectives.

**d) Equality of Opportunity and Treatment, Non-Discrimination and Non-Harassment**

Everyone<sup>8</sup> has the right to work in an environment that is free from discrimination, violence and harassment, including gender-based and disability-based violence and harassment. MRCB is clear about our values for our own workplaces and for our supply chain. We are committed to building workplaces where everyone believes their contribution will be recognised and where they feel safe for self-expression. MRCB will not tolerate discrimination and all forms of harassment in our work environment.

**e) Human Capital Development**

We believe that investment in training and capacity building of individuals, and communities are an effective adaptation to global change, fostering sustainable development at various levels and overall socioeconomic growth. This includes leveraging on new digital tools and resources to help our employees and suppliers to increase sustainability, uphold human rights and improve responsible business practices.

MRCB is committed to providing equal training, career development, and promotion opportunities for all our employees.

**f) Safety and Health at Work**

A safe and healthy working environment is an important part of the protected rights of workers around the world. The safety and health of our employees, business partners and the communities where we operate is extremely important to us. We believe that taking care of people helps to build and sustain healthy and motivated workforces that support the aims of our business to create a positive impact on society.

We are committed to engage our employees and suppliers in establishing comprehensive health and safety standards and training, critical in achieving zero fatalities and maintaining safe working environment.

**g) Indigenous Peoples and Local Communities' Land Rights**

We respect the right of self-determination, including the right to free, prior and informed consent (FPIC) of indigenous peoples. The right of self-determination is particularly relevant to companies that pursue economic, social and cultural development and use natural wealth and resources. Securing land rights of local peoples is critical to eliminating supply chain-driven deforestation, the success of nature-based solutions and achieving more ambitious corporate environmental and social commitments.

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<sup>8</sup> Regardless of characteristics that include among others, gender, age, beliefs, skin colour, ethnicity, and disabilities.

## 5.0 IMPLEMENTATION

- 5.1 Our respect for human rights involves direct and meaningful engagement with affected employees<sup>9</sup>, business partners, customers, and communities. We remain cognisant of power imbalances, and work to remove barriers to participation.
- 5.2 We seek feedback from individuals and representatives potentially or actually impacted by areas of heightened risk or concern, and incorporate such stakeholder feedback into our programmatic activities, priorities, and risk assessments. For example, when we have caused or contributed to actual harm in our business or supply chain, we commit to working with representatives and human rights defenders to inform and improve our approach and enable safe environments for raising concerns.
- 5.3 Our human rights stakeholders include human rights and topical experts, workers, suppliers, community members, government, civil society, multi-stakeholder, and membership groups. We identify potentially affected stakeholders and their representatives based on those who work in our salient risk areas as well as those who promote best practice on human rights related to groups we have identified as most vulnerable.
- 5.4 Workers in our supply chain remain a key stakeholder, and as such we engage and welcome feedback from workers and suppliers on a continuous basis. We extend our whistleblowing channels to suppliers and their workers, and also make it available to any individual to access. The whistleblowing process is as illustrated in **Appendix 1**.
- 5.5 MRCB is committed to carrying out human rights' due diligence in its activities. MRCB assesses and monitors its human rights potential and actual impacts on an on-going basis and identifies customised strategies and solutions, in an on-going effort to improve prevention and mitigation of its impacts.
- 5.6 Through awareness and training initiatives, we engage and educate all levels of the workforce within MRCB and issue specific instructions to enable them to understand their responsibility in respect of human rights and to empower them to positively influence and encourage our counterparties and business partners.
- 5.7 MRCB considers the potential impact on human rights deriving from activities carried out by business partners in the management of its business relations and plans specific measures in this regard. MRCB expects its business partners to respect the principles and content of this Policy Statement and makes all reasonable efforts to include contractual obligations to respect human rights into its agreements with them when working for or together with MRCB.

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<sup>9</sup> Including contingent workers.

- 5.8 MRCB shall engage its business partners in the prevention and mitigation of any adverse human rights impacts that their operations, products, or services might cause, or contribute to or are directly linked to.
- 5.9 MRCB assesses suppliers on a risk basis and performs processes aimed at preventing human rights impacts deriving from their conduct. Should critical issues emerge, MRCB requires the implementation of corrective actions and monitors compliance with the commitments undertaken by suppliers over time.
- 5.10 MRCB undertakes, as far as possible, to ensure that the principles included in this Policy Statement are integrated into the internal legal framework of the Joint Ventures in which it participates. Where MRCB's leverage is relatively limited<sup>10</sup>, MRCB will make all reasonable efforts in order to guarantee that the Joint Ventures' policies and practices are fully aligned with the principles included in this Policy Statement.
- 5.11 Where suppliers' or other business partners' performance on human rights falls below MRCB's minimum acceptable standards, MRCB limits or prevents their participation in tenders and terminates the contracts. Aware of the increasing saliency of modern slavery and human trafficking in global economies, MRCB is committed to maintaining and improving its practices to identify and combat these human rights violations in its supply chain. Furthermore, MRCB demands that, in the case of subcontracted activities, the latter be carried out in line with the same requirements.
- 5.12 We commit to monitor our progress in implementing this Policy Statement and to develop, where appropriate, performance indicators and other measurements that assist in determining our progress.
- 5.13 We commit to periodic reviews and assessments of our business activities to identify both positive and negative impacts on human rights, and subsequently to integrate the mitigating outcomes into our internal control systems where appropriate.
- 5.14 We maintain proactive engagement with relevant internal and external stakeholders to better understand and then to respond to human rights-related issues and concerns. We seek to learn and share good practices through engagement within local and international networks.

## **6.0 RESPONSIBILITIES AND REPORTING**

- 6.1 The responsibility to respect human rights resides in all our employees. The oversight of this Policy Statement is led by the Board of Directors through the Sustainability Management Committee. The implementation and administration of this Policy Statement is the responsibility of the management within each division and corporate department.

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<sup>10</sup> For instance, with non-operated Joint Ventures and in general where MRCB has a low level of participation.

- 6.2 We report on our human rights performance to the Sustainability Management Committee periodically and disclose our progress to external stakeholders through our Annual Reports and Sustainability Reports.
- 6.3 Within MRCB, there are firmly established grievance procedures and whistleblowing channels<sup>11</sup> which are available to all of our employees and external stakeholders (refer to **Appendix 1**). MRCB employees are obliged to inform the management of any identified breach of the commitments found in this Policy Statement.
- 6.4 Grievance mechanisms and other reporting channels, both at operational level and company-wide, are made available to enhance the opportunities for MRCB to identify and promptly investigate potential and actual human rights impacts and take appropriate action.
- 6.5 MRCB prohibits, and undertakes to prevent, retaliation against workers and other stakeholders for raising human rights-related concerns, and neither tolerates nor contributes to threats, intimidation, retaliation or attacks (both physical and legal) against human rights defenders and affected stakeholders in relation to its operations.
- 6.6 While MRCB does not prevent access in any way to state-based judicial or non-judicial mechanisms and co-operates in good faith with such mechanisms, we promote resolution through non-judicial remediation.
- 6.7 MRCB is committed to verifying and providing, or cooperating to provide, remediation in case of adverse human rights impacts it might have caused or contributed to, and to make all efforts to promote the achievement of the same goal in cases where the impact is directly linked to its operations, products or services.
- 6.8 We challenge ourselves to continuously improve our human rights performance. This involves building internal knowledge, capabilities, and skills to advance a culture of respect for human rights within MRCB and in our expectations of our business partners.
- 6.9 If we become aware of concerns pertaining to one of our suppliers, we will raise this as part of supplier performance management. We support our business partners in the remediation of adverse impacts through their own grievance management processes. If a violation is confirmed, MRCB will decide on action to be taken, including contract termination or dismissal.

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<sup>11</sup> All whistleblowers may report any cases of improper conduct via email to [whistleblowing@mrcb.com](mailto:whistleblowing@mrcb.com) or via MRCB's Whistleblowing E-Form, accessible on the Company website <https://www.mrcb.com.my/other/whistle-blowing-policy.html>.

6.10 Specialised policies and practices will be developed to reinforce and effectively fulfil our commitment<sup>12</sup> to respect human rights.

## **7.0 REVIEW**

This procedure document shall be subject to review from time to time to ensure that the principles and guidelines expressed within remain consistent with MRCB's guiding principles, strategic plans, Limits of Authority and business requirements.

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<sup>12</sup> These include those relating to environmental sustainability, responsible mineral sourcing, diversity, equity and inclusion, human resources, privacy and data protection, accessibility, racial equality and supply chain responsibility.

### APPENDIX 1: WHISTLEBLOWING PROCESS FLOW

Activity	Timeline	Responsibility
<pre> graph TD     Start([Start]) --&gt; Lodge[Lodge a report on improper conduct via email or Whistleblowing E-Form]     Lodge --&gt; Receive[Receive report, review disclosure, and decide on the next course of action]     Receive --&gt; Decision{Investigation Required?}     Decision -- No --&gt; 1((1))     Decision -- Yes --&gt; Appoint[Appoint Investigating Team]     Appoint --&gt; Inform[Inform Whistleblower on the next course of action]     Inform --&gt; Conduct[Conduct investigation]     Conduct --&gt; Report[Report investigation findings and recommendations to the Recipients]     Report --&gt; Deliberate[Deliberate on investigation findings and decide on further action required]     Deliberate --&gt; End{{A}}     </pre>	<p>As soon as possible</p> <p>Within an approved timeframe</p> <p>Within ten (10) days of receiving the report</p>	<p>Whistleblower</p> <p>Recipients</p> <p>Recipients</p> <p>Recipients</p> <p>Head of IDD / Head of Investigating Team</p> <p>Investigating Team</p> <p>Investigating Team</p> <p>Recipients / Audit Committee / Board</p>

Note: Recipients are Chairman of the Board of Directors, Group Managing Director, Chairman of Audit & Risk Management Committee and Head of Integrity & Discipline Department (IDD).

Activity	Timeline	Responsibility
<pre> graph TD     A{{A}} --&gt; D{Disciplinary action required?}     D -- Yes --&gt; B[Obtain approval to take necessary disciplinary action on errant party(ies)]     D -- No --&gt; C((1))     B --&gt; E[Inform Whistleblower on action taken]     C --&gt; E     E --&gt; F[Notify Audit Committee or the Board of the disclosure, outcome of the investigation and action taken (if necessary)]     F --&gt; G[End]         </pre> <p>The flowchart starts with a connector 'A' leading to a decision diamond 'Disciplinary action required?'. If 'Yes', it proceeds to 'Obtain approval to take necessary disciplinary action on errant party(ies)', then to 'Inform Whistleblower on action taken'. If 'No', it goes to a connector '1', which also leads to 'Inform Whistleblower on action taken'. From there, it goes to 'Notify Audit Committee or the Board of the disclosure, outcome of the investigation and action taken (if necessary)', and finally to 'End'.</p>		<p>Recipients / Audit Committee / Board</p> <p>Head of IDD</p> <p>Head of IDD / Head of Investigating Team</p> <p>Recipients</p>

Note: Recipients are Chairman of the Board of Directors, Group Managing Director, Chairman of Audit & Risk Management Committee and Head of Integrity & Discipline Department (IDD).