

**AIM-Progress - APAC Hub In-Person Supplier Event**  
**Monday 4 September - 8:30 am to 5:00 pm - Aloft Kuala Lumpur Sentral Hotel, Malaysia Hotel**

## **Malaysia Supply Chains - Sharing Accountability for Human Rights**

<b>Time</b>	<b>Agenda Item</b>
8:00 am - 8:25 am	<b>Registration</b> (morning drinks served)
8:30 am - 8:50 am (20 mins)	<b>Opening Remarks</b> <ul style="list-style-type: none"> <li>• AIM-Progress Member - Ms Carola Galeppini - Unilever</li> <li>• AIM-Progress - Ms Yael Fattal Laricca</li> <li>• Facilitation - Ms Aarti Kapoor - Embode</li> </ul>
8:55 am - 9:45 am (50 mins)	<b>Facilitated Panel – Exploring Pre-Departure and Post-Arrival Orientation for Migrant Workers</b>  A facilitated dialogue to explore the topic from 3 diverse and distinct perspectives; a Malaysian company that employs foreign workers, a Malaysian recruitment agency, and a Malaysian NGO that provides assistance to foreign workers. <ul style="list-style-type: none"> <li>• Introduction / Facilitation by Embode - Mr Joshua Bailey (5 mins)</li> <li>• Sharing practice by PC Group - Dr. Thanaraj (Raj) Saravana (15 mins)</li> <li>• Sharing practice by Lonson Enterprise (M) Sdn Bhd - Ms Christabell Low (15 mins)</li> <li>• Sharing practice by Our Journey - Ms Sumitha Kishna (15 mins)</li> </ul>
9:50 am - 10:30 am (40 mins)	<b>Plenary: Training Session - Ganapati Initiative</b>  Introduction to regulatory framework for Foreign Employment in labour-sending countries:  <b>Bangladesh</b> - Mr. Mohammad Kabir Hossan
10:30 am - 10:55 am (25 mins)	<b>Refreshment Break</b>
11:00 am - 12:20 pm (1 hr and 20 mins)	<b>Plenary: Training Session - Ganapati Initiative</b>  Introduction to regulatory framework for Foreign Employment in labour-sending countries:  <b>Nepal</b> - Ms. Shalini Muniapan  <b>Indonesia</b> - Mr. Mohammad Kabir Hossan
12:30 pm - 1:30 pm (1 hr)	<b>Lunch</b>

<p>1:30 pm - 2:45 pm (1 hr and 15 mins)</p>	<p><b>Buyer-Supplier Sustainability Journey: Panel Discussion</b></p> <p>A facilitated dialogue with global FMCG-companies to share trends, best practices and experiences with regards to their journey with their suppliers to become more sustainable.</p> <ul style="list-style-type: none"> <li>● Introduction / Facilitation by Verité - Ms. Kamini Visvanathan</li> <li>● Sharing practice by Unilever - Ms. Carola Galleppini</li> <li>● Sharing practice by Nestlé - Ms. Karen Thivya Lourdes</li> <li>● Sharing practice by Mars - Ms. Supavadee Chotikajan</li> </ul>
<p>2:45 pm - 3:10 pm (25 mins)</p>	<p><b>Refreshment Break</b></p>
<p>3:10 pm - 4:25 pm (1 hour and 15 mins)</p>	<p><b>Break out Session</b> (<i>see Annex for more details</i>)</p> <p>A group exercise designed to discuss and identify opportunities, challenges, and recommendations on how to do better on the following topics:</p> <ol style="list-style-type: none"> <li>1. <b>Audit and Compliance Approaches</b></li> <li>2. <b>Purchasing Practices</b></li> <li>3. <b>Supplier - Buyer Relationships and Engagement</b></li> <li>4. <b>Recruitment - Fees and Related Costs / Agency Due Diligence</b></li> <li>5. <b>Worker Engagement</b></li> </ol>
<p>4:30 pm - 4:50 pm (20 mins)</p>	<p><b>Summarisation, Actions, and Agreement</b></p> <p>Ms Aarti Kapoor - Embode</p>
<p>4:50 pm to 5:00 pm (10 mins)</p>	<p><b>Closing Remarks</b></p> <p>AIM-Progress Member - Ms Carola Galeppini - Unilever</p>

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## **Breakout Sessions**

*The following provided overviews of the breakout sessions at 3:10pm*

### **1. Audit & Compliance Approaches**

Companies are under increasing pressure to demonstrate that they are managing human rights risks and issues in their supply chain effectively. Pressure from investors, customers and other stakeholders alongside emerging mandatory reporting and due diligence requirements are gearing efforts towards supply chain risk management.

Global brands have been commissioning audits as a universal approach to identify areas of risk in their supply chain. Audit processes can provide useful data and indicators of human rights risks, but how effective are audits?

Audits represent a general snapshot of a given point in time, potentially not representing local context, and merely providing a one-dimensional perspective. Audits are most often primarily technical in nature, encouraging a compliance mentality. Suppliers are being audited by multiple brands, leading to audit fatigue.

What is needed? How can brands and their suppliers engage responsibly and adopt a mutually rewarding relationship that is focused on addressing systemic issues.

### **2. Purchasing Practices**

Purchasing departments are at the centre of successful supply chain management. They are at the forefront of establishing and maintaining relationships with reliable suppliers, and are mandated to secure the right product at the right time, in the right quantity to maintain appropriate inventory and meet customer demand. If a company cannot obtain the necessary products, it may have to stop production or delay shipments; this can lead to lost sales and decreased profits.

Purchasing departments also support the development of sustainable supply chains, ensuring that products are purchased in a lawful and ethical manner. Balancing the process to streamline complex supply chains with a perpetual decree to procure products at minimal cost, in time whilst meeting compliance standards is becoming increasingly arduous.

Conventional purchasing practices such as aggressive price negotiation, inaccurate forecasting, late orders, short lead times and last-minute changes put suppliers under intense pressure and undermine human rights due diligence efforts.

How are purchasing practices impacting supply chains and supply chain due diligence, and what steps can buyers take to minimise negative impact and enhance suppliers' experience of purchasing practices?

### **3. Supplier-Buyer Relationship and Engagement**

A strong supplier-buyer relationship and productive engagement are the backbone to a sustainable supply chain. Building strong supplier-buyer relationships doesn't happen overnight; it takes effort and commitment from both sides. It involves clear communication channels, mutual trust and agreed metrics to reward performance.

Supplier engagement is evolving rapidly as a means of delivering responsible sourcing commitments across complex supply chains. This might involve supporting suppliers with training, capacity building, collaboration in focused projects and so forth.. Buyers are also increasingly mapping their supply chain in order to understand its characteristics, conducting risk assessments whether supplier production practices meet responsible sourcing policies, and implementing a range of measures to support suppliers to implement practices that deliver their responsible sourcing commitments.

Is that enough and context appropriate? Are communication lines open and balanced? How can engagement and relationships be improved?

#### **4. Recruitment - Fees/ Related Costs - Agency Due Diligence**

Labour migration creates value for destination countries facing labour shortage, labour-sending countries facing poverty, and foreign workers in need of employment. Foreign workers most often earn more through foreign employment compared to domestic employment. At the same time, crippling recruitment fees and related costs undermine and diminish development gains.

A global consensus exists that recruitment fees and related costs should be reduced and that workers should not be responsible to pay these costs and fees. Simultaneously a substantially unbridgeable gap exists between the international standards explicitly setting out zero-cost recruitment for foreign workers and the actual reality of the foreign recruitment business model.

Some organisations have started to internalise parts of their recruitment process whilst others continue to rely on recruitment agencies. Whilst outsourcing recruitment has many advantages, it can reduce transparency in the recruitment process and increase the risk of unethical recruitment.

Recognising the trend towards agents not charging recruitment fees and safeguarding transparency, interim measures enabling an iterative approach may need to be followed.

Is zero-fee (to workers) recruitment viable in the Malaysian context, and who should be responsible to pay for what type of cost throughout the recruitment process?

#### **5. Worker Engagement**

Measuring the degree of an employee's positive or negative emotional attachment to their job, colleagues and the organisation is of importance to an employee's motivation, performance, and their willingness to learn and perform at work.

Traditional mechanisms, such as unions, for giving workers a voice and representation have been in decline in many countries worldwide. In the absence of strong worker representation, there is a vacuum for understanding how workers feel about their jobs and whether they have any issues. New approaches and technology, such as worker survey tools and mobile learning applications, have emerged to enable worker engagement and reporting to empower and educate workers, as well as harness information for due diligence purposes and improving workplaces. Those emerging models can be effective in supply chains of scale, but often fall apart in some organisations. Meanwhile, strong worker voice tools require building of trust into a system which requires anonymity and confidentiality, while ensuring timely and effective responses to any grievances. But are worker voice tools the same as worker engagement? What is the difference between worker voice and worker representation?

What needs to happen for worker engagement to make a real difference to the workers in diverse contexts? How can the manager - worker relationship be improved through engagement? How can buyers support this engagement whilst respecting supplier organisational boundaries and contexts?