

# What Does Anti-Human Trafficking Have to Do with ESG?

Malaysia has been upgraded to Tier 2 in the U.S. State Department's annual Trafficking in Persons ("TIP") report for 2024<sup>1</sup>. The TIP Report evaluates government efforts in prosecution, protection, and prevention related to anti-trafficking. According to the report, the Government of Malaysia has not fully met the minimum standards for the elimination of trafficking, but has demonstrated overall increasing efforts which led to this upgrade. So, how is this relevant to companies and businesses in Malaysia?

“[C]ompanies and businesses in Malaysia will increasingly be expected to align with this national agenda. Such alignment will also contribute to their performance under the Social pillar of ESG, ....”



“Human trafficking” (also referred to as “trafficking in persons”), “forced labour”, and “slavery” are conceptually distinct terms, each defined clearly in Malaysian law<sup>2</sup> and international law<sup>3</sup>. However, these concepts, as well as “child labour”, may overlap when individuals are forced or exploited for their services.

By adopting the United Nations (“UN”) Sustainable Development Goals (“SDGs”), particularly the 2030 Agenda for Sustainable Development<sup>4</sup>, Malaysia and 192 other world leaders have committed to ending child labour by 2025 and forced labour and human trafficking by 2030, pursuant to SDG Goal 8.7<sup>5</sup>. In light of Malaysia’s commitment to anti-trafficking efforts, and its recent emphasis of its commitment to the UN SDGs at the High-Level Political Forum in conjunction with the UN General Assembly in New York<sup>6</sup>, companies and businesses in Malaysia will increasingly be expected to align with this national agenda. Such alignment will also contribute to their performance under the Social pillar of ESG, potentially influencing investments, financing, and stakeholder relationships.



---

[1] [https://my.usembassy.gov/2024-trafficking-in-persons-report-malaysia/#:~:text=MALAYSIA%20\(Tier%202\)\&text=The%20Government%20of%20Malaysia%20does,was%20upgraded%20to%20Tier%202](https://my.usembassy.gov/2024-trafficking-in-persons-report-malaysia/#:~:text=MALAYSIA%20(Tier%202)\&text=The%20Government%20of%20Malaysia%20does,was%20upgraded%20to%20Tier%202)

[2] Section 90B of the Employment Act 1955 and Section 2 of the Anti-Trafficking in Persons and Anti-Smuggling of Migrants Act 2007

[3] <https://www.ilo.org/topics/forced-labour-modern-slavery-and-trafficking-persons/what-forced-labour#:~:text=%E2%80%9CForced%20labour%E2%80%9D%2C%20%E2%80%9Chuman,clear%20definition%20in%20international%20law>

[4] <https://www.ekonomi.gov.my/en/sustainable-development-goals>

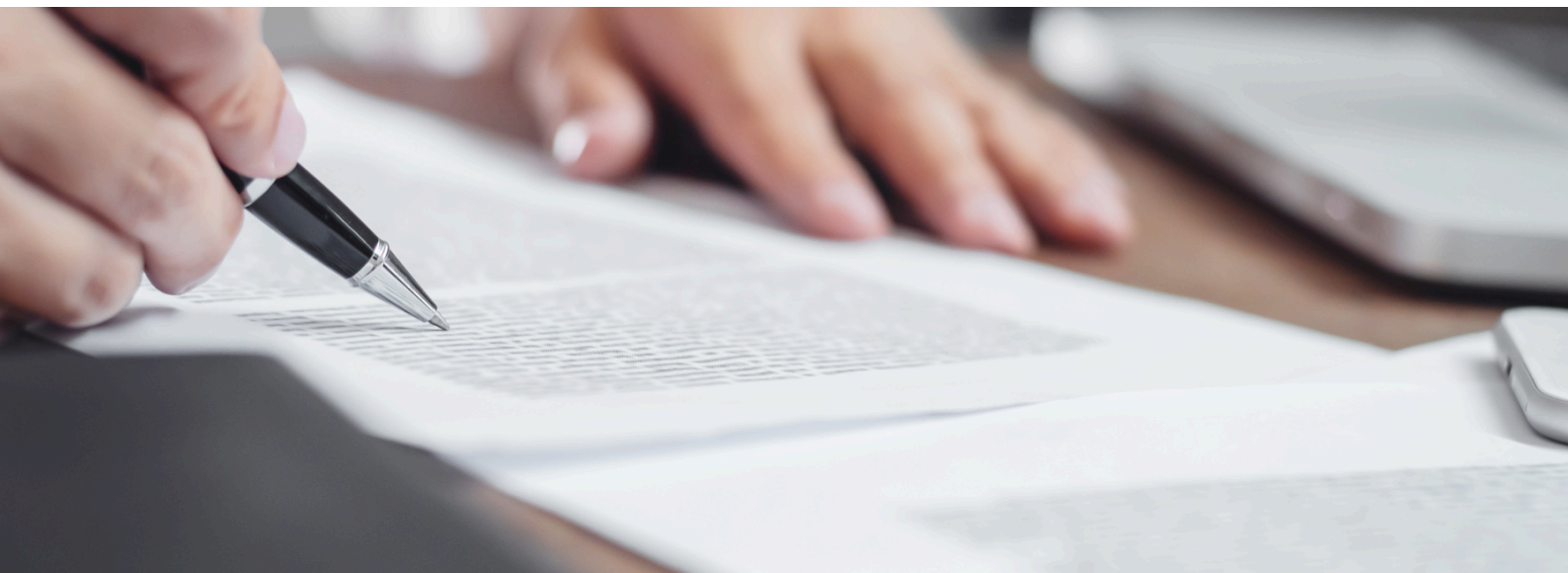
[5] <https://sdgs.un.org/2030agenda> ; 8.7: Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, , including recruitment and use of child soldiers, and by 2025 end child labour in all its forms.

[6] <https://www.thestar.com.my/news/nation/2024/07/18/nga-malaysia-committed-to-un-sdgs>



A company or business in Malaysia that has not yet taken steps to mitigate and ultimately eliminate human trafficking, forced labour, and slavery, as well as child labour where applicable, whether in its business operations or supply chain, may consider the following measures:

- Start by understanding each of these concepts and identifying how they are material to your business and operational needs.
- Review and evaluate your policies and processes related to the hiring, minimum terms of employment, and welfare of your employees, especially foreign workers, for compliance with local laws. Relevant laws include:
  - Employment Act 1955 and other legislation concerning employees' rights and benefits
  - Children and Young Persons (Employment) Act 1966
  - Immigration Act 1959/63
  - Anti-Trafficking in Persons and Anti-Smuggling of Migrants Act 2007
  - Employees' Minimum Standards of Housing, Accommodations and Amenities Act 1990
- Develop and implement comprehensive anti-trafficking and labour exploitation policies.
- Take guidance from international standards. Helpful resources include:
  - The Universal Declaration of Human Rights and other UN or European Union conventions, protocols, directives, reports, or fact sheets
  - Standards set by the International Labour Organization (“**ILO**”) and International Organization for Migration (“**IOM**”)



- o Guidelines such as Responsible Business Conduct and other recommendations issued by the Organisation for Economic Co-operation and Development (“**OECD**”)
- o Recommendations in the TIP Report
- Conduct training to raise awareness among employees about the importance of eliminating human trafficking, forced labour, slavery, and child labour. Additionally, train management and HR staff in identifying and addressing these issues.
- Collaborate with NGOs and government agencies to share resources and expertise, supporting and enhancing respective efforts.
- Conduct regular internal audits or engage third-party auditors to assess company practices.
- Impose requirements on and/or audit supply chains to ensure their compliance with ethical standards and legal requirements.
- Undertake voluntary reporting or disclosure based on local guides, such as Bursa Malaysia’s Sustainability Reporting Guide and Capital Markets Malaysia’s Simplified ESG Disclosure Guide for Small and Medium Enterprises in Supply Chains, to enhance transparency and accountability.



These measures are not exhaustive, but they offer ways for companies and businesses in Malaysia to contribute towards eradicating human trafficking, forced labour, slavery, and child labour, and building a more ethical and sustainable future as part of their ESG commitment.

If you have any queries, please contact the author, **Tan Hooi Ping** ([hpt@lh-ag.com](mailto:hpt@lh-ag.com)).

## KEY CONTACTS



**HOI JACK S'NG**

**Partner**  
Dispute Resolution |  
Regulatory & Compliance  
E: [hjs@lh-ag.com](mailto:hjs@lh-ag.com)

**TAN HOOI PING**

**Partner**  
Employment & Industrial  
Relations  
E: [hpt@lh-ag.com](mailto:hpt@lh-ag.com)

**JOYCE ONG KAR YEE**

**Partner**  
Projects, Energy &  
Infrastructure | Corporate |  
Regulatory & Compliance  
E: [oky@lh-ag.com](mailto:oky@lh-ag.com)

**NURUL AISYAH HASSAN**

**Partner**  
Employment & Industrial  
Relations  
E: [nah@lh-ag.com](mailto:nah@lh-ag.com)