



PRIME MINISTER'S DEPARTMENT
LEGAL AFFAIRS DIVISION

HUMAN RIGHTS DUE DILIGENCE GUIDE

for

BUSINESSES IN MALAYSIA



Human Rights Due Diligence Guide for Businesses
of All Sizes and Across All Sectors



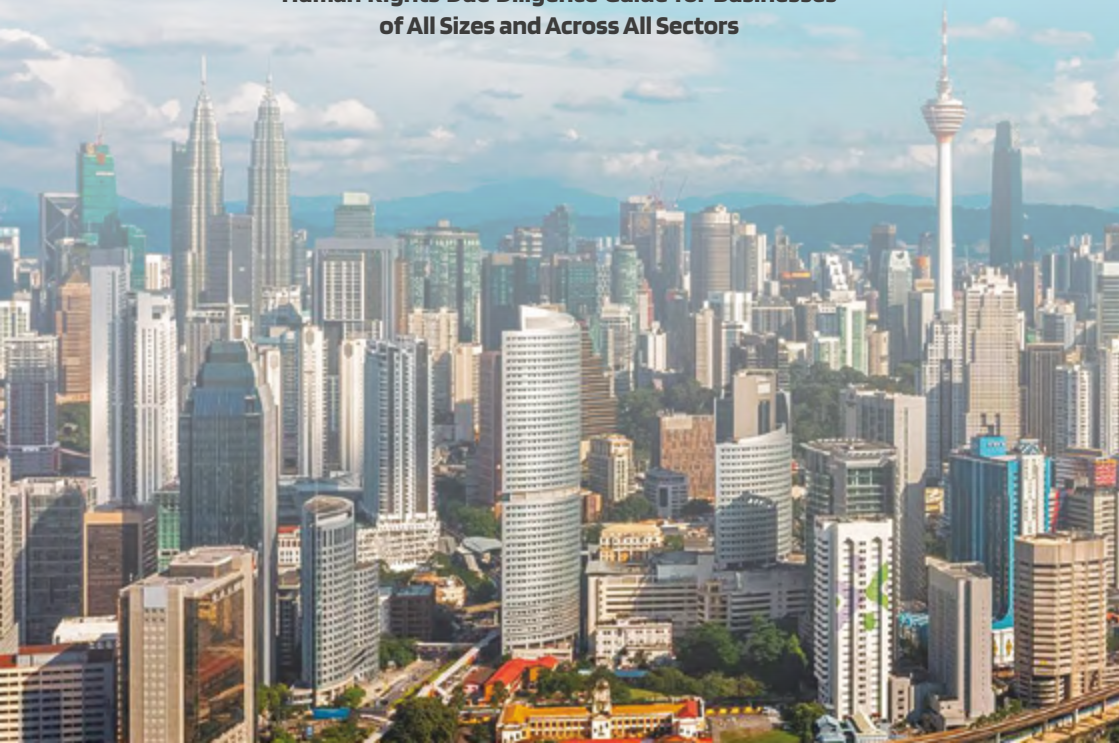
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FOREWORD

BY THE MINISTER IN THE PRIME
MINISTER'S DEPARTMENT
(Law and Institutional Reform)

Malaysia's aspiration to achieve sustainable, inclusive and resilient economic development must be supported by a business environment that respects human rights. Businesses play an important role in driving economic growth, creating employment and contributing to national development. At the same time, business activities can affect the rights and well-being of workers, communities, consumers and other individuals. Responsible business conduct therefore forms an important part of sustainable and inclusive development.

The launch of the National Action Plan on Business and Human Rights (NAPBHR) 2025–2030 marks an important step in Malaysia's efforts to advance the business and human rights agenda and to promote the implementation of the United Nations Guiding Principles on Business and Human Rights (UNGPs). The NAPBHR provides a national framework to strengthen policy coherence, promote responsible business conduct, enhance access to remedy and encourage collaboration among Government, businesses, civil society and other stakeholders.



As one of the initiatives under the NAPBHR, the Human Rights Due Diligence (HRDD) Guide for Businesses of All Sizes and Across All Sectors has been developed to provide practical guidance to businesses on integrating human rights considerations into their policies, operations and business relationships. The Guide draws on internationally recognised standards, including the UNGPs, the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises on Responsible Business Conduct, the OECD Due Diligence Guidance for Responsible Business Conduct, and relevant International Labour Organization (ILO) standards, while taking into account Malaysia's legal and business context.

Human rights due diligence is an ongoing process through which businesses identify, prevent, mitigate and address actual and potential adverse human rights impacts. It encourages businesses to look beyond compliance with policies and procedures by considering how their decisions and business relationships may affect people, taking appropriate action where risks are identified, monitoring the effectiveness of those actions and communicating their progress.

The Government recognises the diversity of Malaysia's business landscape. Businesses differ in size, sector, resources, operating environment and exposure to human rights risks. Accordingly, this Guide adopts a proportionate and practical approach, enabling businesses to build on existing systems and progressively strengthen their HRDD practices according to their circumstances.

The successful implementation of the NAPBHR requires the collective efforts of all stakeholders. I encourage businesses, industry associations, investors, professional bodies, civil society organisations and other relevant stakeholders to use this Guide as a practical reference and to contribute actively towards strengthening responsible business conduct in Malaysia.

Together, let us advance a business environment where economic progress goes hand in hand with respect for human rights, sustainable development and the well-being of people and communities.

YB DATO' SRI AZALINA OTHMAN SAID
Minister in the Prime Minister's Department
(Law and Institutional Reform)

STATEMENT

by the Director-General of the
Legal Affairs Division,
Prime Minister's Department

The Legal Affairs Division (BHEUU), Prime Minister's Department is pleased to present the Human Rights Due Diligence (HRDD) Guide for Businesses of All Sizes and Across All Sectors, developed as one of the initiatives under Malaysia's National Action Plan on Business and Human Rights (NAPBHR) 2025–2030.

As the lead agency coordinating the implementation of the NAPBHR, BHEUU recognises the importance of translating the Plan's commitments into practical guidance that can be understood and applied by businesses across Malaysia. This Guide is intended to support businesses in strengthening their understanding of human rights due diligence and progressively integrating human rights considerations into their policies, operations and business relationships.

Human rights due diligence provides businesses with a practical process to identify and assess human rights risks and impacts, integrate findings into decision-making, take appropriate action, track the effectiveness of those actions, communicate how impacts are addressed, and provide for or cooperate in appropriate remediation where relevant.

The Guide is designed for businesses of all sizes



and across all sectors, including micro, small and medium enterprises (MSMEs), large corporations, multinational enterprises and Government-linked companies. Recognising that businesses have different levels of capacity, resources and exposure to human rights risks, the Guide adopts a proportionate and scalable approach. Businesses may build on existing systems and processes, including human resources, occupational safety and health, procurement, risk management, supplier management and grievance mechanisms.

In developing this Guide, BHEUU has sought to reflect internationally recognised principles while ensuring that the guidance remains relevant to Malaysia's legal, institutional and business context. The Guide is intended to complement existing laws, policies, standards and business practices and should be read together with applicable Malaysian legal requirements.

The Guide also reflects the understanding that effective HRDD cannot be achieved by businesses acting alone. Meaningful engagement among Government, businesses, workers, trade unions, civil society, academia, industry associations and other stakeholders is essential to identifying risks, developing appropriate responses and strengthening access to remedy.

BHEUU will continue to support the implementation of the NAPBHR through capacity building, stakeholder engagement, policy development and other appropriate initiatives. We encourage businesses to use this Guide as a practical starting point, to learn from their experiences and to progressively strengthen their human rights due diligence practices.

It is our hope that this Guide will contribute towards a stronger culture of responsible business conduct in Malaysia and support businesses in achieving sustainable growth while respecting the rights and dignity of people affected by their activities.

DATUK ZAMRI BIN MISMAN
Director-General
Legal Affairs Division (BHEUU)
Prime Minister's Department

ACKNOWLEDGEMENTS

The Legal Affairs Division (BHEUU), Prime Minister's Department extends its appreciation to all individuals and organisations whose contributions, expertise and commitment have supported the development of the Human Rights Due Diligence Guide for Businesses of All Sizes and Across All Sectors.

BHEUU records its appreciation to the Working Group on Business and Human Rights, comprising the Ministry of Human Resources (KESUMA), Ministry of Natural Resources and Environmental Sustainability (NRES), Malaysian Anti-Corruption Commission (SPRM), Human Rights Commission of Malaysia (SUHAKAM) and the United Nations Development Programme (UNDP), as well as members of the Monitoring, Evaluation, Training and Learning (METL) Committee, for their strategic guidance, technical input and support throughout the development of this Guide.

BHEUU also acknowledges the valuable contributions of representatives from the private sector, Government-linked companies (GLCs), multinational enterprises (MNEs), micro, small and medium enterprises (MSMEs), industry associations, employers' organisations, trade unions, civil society organisations and academia. Their practical perspectives and experience have contributed significantly to ensuring that the Guide is relevant and applicable to businesses operating in Malaysia.

Our appreciation is also extended to our international partners, namely the Office of the United Nations High Commissioner for Human Rights (OHCHR), Organisation for Economic Co-operation and Development (OECD), International Labour Organization (ILO) and United Nations Children's Fund (UNICEF), for their technical support, knowledge sharing and continued collaboration in strengthening responsible business conduct and human rights due diligence.

BHEUU further acknowledges all stakeholders who participated in the consultations, workshops and engagement sessions conducted during the development of this Guide. Their feedback and contributions have helped shape a practical and proportionate resource for businesses of different sizes, sectors and operating contexts.

BHEUU hopes that this Guide will serve as a practical reference for businesses in identifying, preventing, mitigating and addressing adverse human rights impacts throughout their operations and business relationships, while supporting the implementation of the National Action Plan on Business and Human Rights (NAPBHR) 2025–2030 and advancing responsible, sustainable and rights-respecting business conduct in Malaysia.

LIST OF ABBREVIATIONS & ACRONYMS

ACRONYM/ ABBREVIATION	FULL FORM
BHEUU	Legal Affairs Division
BHR	Business and Human Rights
EPF	Employees Provident Fund
ESG	Environmental, Social & Governance
FPIC	Free, Prior and Informed Consent
GLCs	Government-linked Companies
HR	Human Resources
HRDD	Human Rights Due Diligence
HRIA	Human Rights Impact Assessment
ILO	International Labour Organization
JPM	Jabatan Perdana Menteri / Prime Minister's Department
JPP	Department of Industrial Relations
JTK	Department of Labour
KESUMA	Ministry of Human Resources
METL	Monitoring, Evaluation, Training and Learning
M&E	Monitoring and Evaluation

ACRONYM/ ABBREVIATION	FULL FORM
MNEs	Multinational Enterprises
MSMEs	Micro, Small and Medium Enterprises
NAPBHR	National Action Plan on Business and Human Rights
NHRIs	National Human Rights Institutions
NRES	Ministry of Natural Resources and Environmental Sustainability
NSRF	National Sustainability Reporting Framework
OECD	Organisation for Economic Co-operation and Development
OGM	Operational-level Grievance Mechanism
OHCHR	Office of the United Nations High Commissioner for Human Rights
RBC	Responsible Business Conduct
SMEs	Small and Medium Enterprises
SOCISO	Social Security Organisation
SPRM	Malaysian Anti-Corruption Commission
SUHAKAM	Human Rights Commission of Malaysia
UNDP	United Nations Development Programme
UNICEF	United Nations Children's Fund
UNGPs	United Nations Guiding Principles on Business and Human Rights

1.0

CHAPTER 1

UNDERSTANDING
HUMAN RIGHTS DUE
DILIGENCE

1.0

UNDERSTANDING HUMAN RIGHTS DUE DILIGENCE

1.1 Introduction

Businesses play an important role in Malaysia's economic and social development. Through their operations, products, services and business relationships, businesses contribute to employment, investment, innovation and economic growth. At the same time, business activities may have impacts on people, including workers, consumers, communities and other individuals connected to business operations and value chains.

Respect for human rights is therefore an important element of responsible business conduct (RBC). Businesses are increasingly expected to understand how their activities and business relationships may affect people and to take appropriate action to prevent and address adverse impacts.

Human Rights Due Diligence (HRDD) provides a practical approach for businesses to do so. HRDD enables businesses to Identify and Assess Human Rights Risks and Impacts, take appropriate action to prevent, mitigate or address those impacts, track the effectiveness of their actions, and communicate how impacts are being addressed.

The United Nations Guiding Principles on Business and Human Rights (UNGPs) provide the internationally recognised framework for business and human rights. The UNGPs are built around three complementary pillars:

1. The State duty to protect human rights;
2. The corporate responsibility to respect human rights; and
3. Access to effective remedy for people affected by business-related human rights impacts.

The UNGPs also establish expectations for businesses to conduct human rights due diligence as an ongoing process.

The Organization for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises (MNEs) on Responsible Business Conduct (RBC) and the OECD Due Diligence Guidance for RBC provide further practical guidance on risk-based due diligence. The OECD framework sets out six due diligence steps covering the integration of responsible business conduct into policies and management systems, identification and assessment of impacts, prevention and mitigation, tracking, communication and remediation.

The International Labour Organization (ILO) Tripartite Declaration of Principles concerning Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (ILO MNE Declaration) also provides guidance to enterprises on employment, working conditions, industrial relations and other aspects of responsible business conduct. Its principles are relevant to both multinational and national enterprises and are grounded substantially in international labour standards.

These international frameworks should be understood together with Malaysia's domestic legal and regulatory framework. Businesses operating in Malaysia are expected to comply with applicable Malaysian laws and regulations, including those relating to employment, occupational safety and health, industrial relations, trade unions and other areas relevant to their activities.

Depending on the nature of the business and its operations, relevant legislation may include, among others:

- Employment Act 1955;
- Occupational Safety and Health Act 1994;
- Industrial Relations Act 1967;
- Trade Unions Act 1959;
- Minimum Wages Order and other applicable employment requirements;
- Children and Young Persons (Employment) Act 1966;
- Anti-Trafficking in Persons and Anti-Smuggling of Migrants Act 2007;
- Whistleblower Protection Act 2010;
- Personal Data Protection Act 2010; and
- other applicable laws, regulations and requirements relevant to the business and its sector.

Businesses should also consider applicable requirements in Sabah and Sarawak, where relevant, including the respective labour laws applicable in those States.

Compliance with the law is the foundation, but HRDD goes further. HRDD encourages businesses to proactively identify and address human rights risks, including risks that may arise through business relationships or in circumstances where legal compliance alone may not fully prevent adverse impacts.

1.2 Malaysia's Business and Human Rights Context

Malaysia recognises responsible business conduct as an important component of sustainable and inclusive economic development. The National Action Plan on Business and Human Rights (NAPBHR) 2025–2030, led by the Legal Affairs Division (BHEUU), Prime Minister's Department, provides Malaysia's national direction for advancing business and human rights.

The NAPBHR adopts a whole-of-government and whole-of-society approach, involving government ministries and agencies, businesses, workers and workers' organisations, civil society organisations, academia and other relevant stakeholders. The NAPBHR focuses on three key themes:

- Governance;
- Labour; and
- Environment.

Within this framework, businesses are encouraged to strengthen responsible business practices, including through greater awareness and adoption of HRDD.

The development of this Guide is one of the initiatives supporting the implementation of the NAPBHR. It is intended to translate the principles of HRDD into practical actions that businesses operating in Malaysia can progressively adopt.

The Guide therefore does not introduce a separate or standalone compliance system. Instead, it encourages businesses to build HRDD into existing business processes, such as:

- enterprise risk management;
- occupational safety and health assessments;
- human resources and employment practices;

- procurement and supplier management;
- grievance and whistleblowing mechanisms;
- sustainability and environmental, social and governance (ESG) processes;
- internal audits and assessments; and
- stakeholder engagement.

1.3 What is Human Rights Due Diligence?

HRDD is an ongoing process through which businesses identify, prevent, mitigate and account for how they address their actual and potential adverse human rights impacts.

The UNGPs describe HRDD as an ongoing risk management process comprising four key elements: assessing actual and potential human rights impacts; integrating and acting upon the findings; tracking responses; and communicating how impacts are addressed.

The OECD Guidelines and OECD Due Diligence Guidance for Responsible Business Conduct provide further detail and set out six due diligence steps, including a distinct step on remediation.

For practical application in Malaysia, this Guide presents HRDD through six interconnected steps, drawing on the UNGPs and OECD responsible business conduct frameworks:

Step 1: Embed Human Rights Commitment into Policies and Management

Step 2: Identify and Assess Human Rights Risks and Impacts

Step 3: Take Action to Prevent, Mitigate and Address Impacts

Step 4: Track Implementation and Results

Step 5: Communicate How Impacts are Addressed

Step 6: Provide for or Cooperate in Remediation when Appropriate

These steps should not be viewed as a one-time or strictly linear process. Businesses should continuously review their risks, actions and outcomes and repeat the process as circumstances change.

1.4 Why Should Businesses Care About Human Rights?

Human rights are relevant to businesses because business activities can affect people directly or through business relationships. Identifying and addressing these impacts can also strengthen business resilience and responsible business practices.

1. **Protects People and Prevents Harm**

HRDD helps businesses identify risks before they result in serious harm to workers, consumers, communities or other affected persons.

2. **Strengthens Business Resilience**

Identifying human rights risks early can help businesses reduce operational disruptions, disputes, labour issues, supply-chain disruptions and reputational risks.

3. **Supports Better Workplace Practices**

Respect for workers' rights, safe working conditions, fair treatment and meaningful worker engagement can contribute to a more productive and sustainable workplace.

4. **Strengthens Business Relationships and Market Access**

Customers, investors, financial institutions and business partners may increasingly expect businesses to demonstrate responsible business practices, particularly within international and regional value chains.

5. **Supports ESG and Sustainability Practices**

HRDD provides a structured approach for identifying and addressing social and human rights risks and can complement existing ESG, sustainability and risk management practices.

For businesses subject to applicable sustainability reporting requirements, relevant HRDD information may also contribute to broader sustainability governance and disclosures, including under Malaysia's National Sustainability Reporting Framework (NSRF).

However, HRDD should not be treated simply as an ESG reporting exercise. Its primary purpose is to prevent and address harm to people.

6. Contributes to Responsible and Sustainable Growth

Businesses that integrate respect for human rights into decision-making can contribute towards a more responsible, inclusive and sustainable business environment.

1.5 Scope and Application of the Guide

The Human Rights Due Diligence Guide for Businesses of All Sizes and Across All Sectors is intended as a practical reference for businesses operating in Malaysia. The Guide applies a proportionate and flexible approach. Businesses are not expected to apply every measure in the same way or establish complex systems that are disproportionate to their size and capacity.

The appropriate approach will depend on factors such as:

- size and resources of the business;
- sector and nature of operations;
- geographical and operating context;
- nature of products and services;
- complexity of business relationships and supply chains;
- level of leverage over business partners; and
- severity and likelihood of actual or potential human rights impacts.

The Guide is intended for businesses of all sizes and sectors, including:

- Micro, Small and Medium Enterprises (MSMEs);
- large corporations and publicly listed companies;
- Government-linked companies (GLCs);
- multinational enterprises (MNEs);
- state-owned enterprises and other business entities; and
- businesses operating across sectors such as manufacturing, agriculture, construction, healthcare, technology, financial services, energy and other industries.

Proportionate HRDD does not mean that smaller businesses are expected to do nothing. It means that the approach, resources and level of formality should be appropriate to the business's circumstances and the severity of the human rights impacts involved.

Businesses may begin with existing processes and progressively strengthen their HRDD practices over time.

1.6 HRDD and Compliance: What is the Difference?

HRDD should not be confused with legal compliance. Legal compliance requires businesses to comply with applicable laws and regulations.

HRDD is a broader risk-management process that encourages businesses to identify and address actual and potential adverse human rights impacts arising from their own activities and business relationships.

For example, a business may comply with applicable working-hour requirements but still identify a human rights risk arising from excessive workload, production targets or purchasing practices that place pressure on workers.

Similarly, a business may have contractual provisions requiring suppliers to comply with labour laws, but HRDD requires the business to consider whether significant risks are actually occurring within the supply chain and whether further action is needed.

Therefore:

Compliance asks: “Are we complying with the law?”

HRDD asks: “Are people being adversely affected by our business activities or relationships, and what are we doing about it?”

Both are important and should complement one another.

1.7 Principles for Implementing HRDD

Businesses implementing HRDD should be guided by the following principles:

RISK-BASED

Focus attention and resources on the most severe actual and potential impacts.

INTEGRATED

Embed human rights considerations into existing business policies, management systems and decision-making.

PROPORTIONATE

Adapt the approach to the business's size, resources, sector and operating context.

CONTINUOUS

Review and improve HRDD as risks, operations and business relationships change.

PREVENTIVE

Where possible, identify and address risks before harm occurs.

ACCOUNTABLE

Businesses should be able to demonstrate how they identify, address, monitor and communicate their human rights impacts.

STAKEHOLDER-INFORMED

Seek meaningful input from workers and other potentially affected stakeholders where appropriate.

ACCESS TO REMEDY

Where adverse impacts occur, businesses should take appropriate steps to provide for or cooperate in remediation, consistent with their role in the impact.

1.8 Objectives of the Guide

This Guide aims to:

- 1. Increase awareness and understanding of HRDD**

Provide businesses with a clear and practical understanding of HRDD and its relevance to responsible business conduct.

- 2. Support businesses in identifying and managing human rights impacts**

Help businesses identify actual and potential adverse human rights impacts arising from their activities, operations, products, services and business relationships.

3. **Encourage integration of human rights into business practices**

Support businesses in incorporating human rights considerations into governance, risk management, procurement, employment practices, supply-chain management and decision-making.

4. **Promote prevention, mitigation and remedy**

Encourage businesses to take appropriate action to prevent and mitigate potential impacts and address actual impacts, including providing or cooperating in appropriate remedy.

5. **Promote transparency and accountability**

Encourage businesses to track the effectiveness of their actions and communicate how human rights impacts are being addressed.

6. **Support implementation of Malaysia's NAPBHR 2025–2030**

Provide practical guidance to businesses in progressively strengthening responsible business conduct and contributing to the implementation of the NAPBHR.

1.9 Using this Guide

This Guide is intended to be practical rather than prescriptive.

Businesses do not need to create an entirely new HRDD system. They should first consider what systems and processes they already have and identify where human rights considerations can be incorporated or strengthened.

For example:

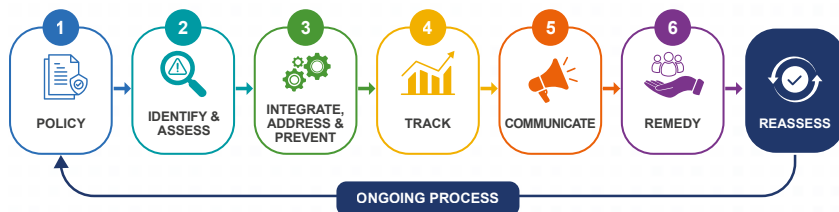
EXISTING BUSINESS PROCESS	HOW IT CAN SUPPORT HRDD
Human resources policies	Identify and address labour and workplace risks
Occupational safety and health systems	Identify and prevent workplace safety risks
Procurement procedures	Assess and manage supplier-related risks
Supplier assessments	Identify human rights risks in business relationships

EXISTING BUSINESS PROCESS	HOW IT CAN SUPPORT HRDD
Grievance mechanisms	Identify concerns and provide access to remedy
Enterprise risk management	Integrate significant human rights risks into business decisions
Sustainability/ESG processes	Track and communicate relevant human rights performance
Internal audits	Review implementation and identify areas for improvement

Businesses can therefore start where they are, prioritise what matters most, and progressively strengthen their HRDD practices. HRDD does not require businesses to establish entirely new systems. Existing policies, risk management processes, grievance mechanisms, supplier assessments and stakeholder engagement practices can provide a foundation for implementation.

A Practical Way to Understand HRDD

At its core, HRDD can be understood as a continuous cycle:



The process does not end once the six steps have been completed. Businesses should reassess their human rights risks and impacts regularly, particularly when there are changes to their operations, workforce, business relationships or operating environment.

The six steps are therefore interconnected and should be applied as an ongoing cycle of action and improvement, rather than as a one-time checklist.

The aim is not to achieve “perfect” HRDD. The aim is to progressively strengthen the business’s ability to identify risks, prevent and address harm, engage affected stakeholders, provide access to remedy and improve its practices over time.

The next chapter sets out the six steps of HRDD in practical terms, with actions, examples and tools that businesses can adapt according to their size, sector, resources and operating context.



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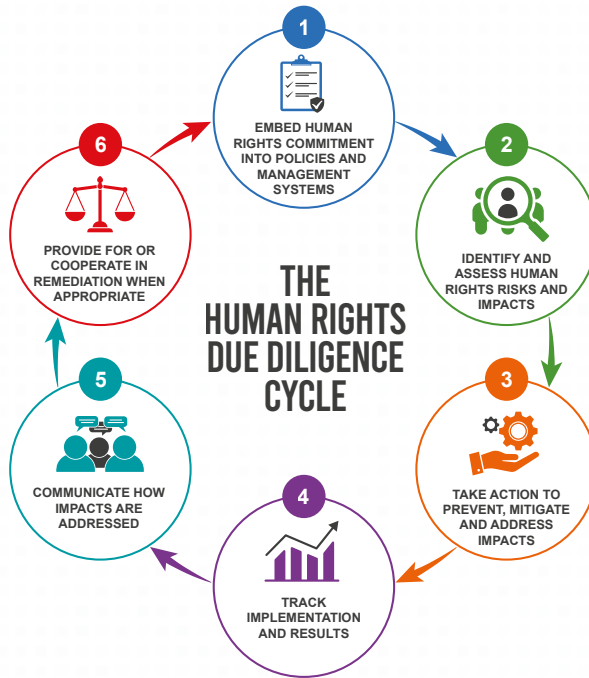
CHAPTER 2

THE HUMAN RIGHTS DUE DILIGENCE PROCESS

2.0

THE HUMAN RIGHTS DUE DILIGENCE PROCESS

Human Rights Due Diligence (HRDD) Cycle: 6 Key Steps



Human Rights Due Diligence (HRDD) is an ongoing process that helps businesses identify, prevent, mitigate and address actual and potential adverse human rights impacts arising from their operations, products, services and business relationships. It also helps businesses strengthen responsible business conduct and respond to the expectations of workers, customers, investors, business partners and other stakeholders.

In line with the UN Guiding Principles on Business and Human Rights (UNGPs) and informed by the OECD Due Diligence Guidance for Responsible Business Conduct, the HRDD process can be understood through six key steps:

Step 1: Embed Human Rights Commitment into Policies and Management

Businesses should establish a clear commitment to respecting human rights and integrate this commitment into relevant policies, procedures and management systems. The approach should reflect the size, sector and operating context of the business and be communicated to employees, business partners, suppliers and other relevant stakeholders.

Step 2: Identify and Assess Human Rights Risks and Impacts

Businesses should Identify and Assess Human Rights Risks and Impacts arising from their own operations, products, services and business relationships, including their supply chains. Depending on the business and sector, risks may include forced labour, child labour, discrimination, excessive working hours, unsafe working conditions, inadequate wages or impacts on local communities. Businesses should prioritise impacts based on their severity and, where appropriate, likelihood, giving particular attention to the most serious impacts.

Step 3: Take Action to Prevent, Mitigate and Address Impacts

Businesses should take appropriate action based on the findings from Step 2. This may include preventing or mitigating potential impacts, addressing actual impacts, strengthening workplace practices, improving health and safety measures, reviewing recruitment practices, incorporating human rights requirements into supplier contracts, engaging suppliers on corrective actions, and using appropriate grievance mechanisms.

Step 4: Track Implementation and Results

Businesses should monitor whether the measures taken are effective in preventing, mitigating and addressing human rights impacts. This may include establishing appropriate indicators, reviewing supplier performance, conducting follow-up assessments, monitoring grievance data and obtaining feedback from workers and other affected stakeholders. The findings should be used to improve the business's policies, processes and risk management measures.

Step 5: Communicate How Impacts are Addressed

Businesses should communicate, as appropriate, how they identify and address human rights impacts and the progress made. Communication may include sustainability reports, company websites, policies, supplier communications, employee briefings, stakeholder engagement or other relevant disclosures. Communication should be accessible, meaningful and proportionate to the business and its operating context.

Step 6: Provide for or Cooperate in Remediation when Appropriate

Where a business identifies that it has caused or contributed to an adverse human rights impact, it should take appropriate steps to cease or prevent the impact and provide for or cooperate in its remediation through legitimate processes. Where an impact is directly linked to the business through a business relationship, the business should use its leverage to seek to prevent or mitigate the impact and support access to remedy where appropriate.

STEP 1: EMBED HUMAN RIGHTS COMMITMENT INTO POLICIES AND MANAGEMENT

A human rights policy establishes a business's commitment to respecting human rights and provides the foundation for implementing HRDD. However, HRDD should not operate as a standalone policy exercise. Human rights considerations should be embedded into relevant policies, procedures, decision-making and management systems.

The approach should reflect the business's size, sector, operating context and business relationships, and should be aligned with applicable Malaysian laws and regulations and recognised international standards.

A business may adopt a standalone human rights policy or incorporate its human rights commitments into existing policies and frameworks, such as its code of conduct, employee policies, supplier code of conduct, sustainability policy, risk management framework or corporate values.

Action 1: Secure senior leadership commitment and assign responsibility

Senior leadership should demonstrate clear commitment to respecting human rights and provide direction for the development and implementation of the business's human rights policy.

Responsibility for overseeing the policy should be assigned to an appropriate senior person or function within the business. Depending on the business structure, this may involve the board, senior management, or relevant functions such as human resources, legal, compliance, procurement, sustainability or risk management.

The responsible person or function should coordinate with relevant departments to ensure that human rights considerations are integrated across the business rather than treated as the responsibility of a single department.

Action 2: Identify key human rights issues relevant to the business

Before developing or reviewing the policy, the business should consider the human rights issues that are most relevant to its operations, products, services and business relationships.

These may include, among others, forced labour, child labour, discrimination, occupational safety and health, fair wages, working hours, freedom of association, privacy, impacts on local communities and other issues relevant to the business's operating and supply-chain context.

This initial consideration helps the business develop a policy that is relevant to its circumstances. A more detailed identification and assessment of actual and potential impacts is undertaken in Step 2.

Action 3: Develop or strengthen the human rights policy

The policy should clearly set out the business's commitment to respecting human rights and should be informed by recognised human rights standards, including the UNGPs and relevant ILO standards, as well as applicable Malaysian laws and regulations.

The policy should, at a minimum:

1. **Express a clear commitment** to respect human rights and comply with applicable laws and recognised standards;
2. **Define the scope of the commitment**, including the business's own operations and its expectations of relevant business relationships;
3. **Recognise key human rights issues** that are relevant to the business and its operating context;
4. **Set out the business's approach to preventing and addressing adverse human rights impacts**; and
5. **Commit to providing or participating in appropriate grievance and remediation mechanisms**, including measures to protect individuals who raise concerns from retaliation.

Action 4: Communicate and integrate the policy

The human rights policy should be effectively communicated to relevant stakeholders and incorporated into the business's decision-making, policies and day-to-day operations.

Internal stakeholders may include:

- Board members and senior management;
- Human resources and administration;
- Operations and production teams;
- Procurement and supply-chain functions;
- Legal, compliance, risk and sustainability functions;
- Managers and supervisors; and
- Workers and employees.

Relevant external stakeholders may include:

- Suppliers, contractors and other business partners;
- Customers and distributors;
- Government authorities and regulators;
- Trade unions and workers' representatives;
- Local communities and other potentially affected stakeholders; and
- Civil society organisations, human rights organisations, academia and other relevant stakeholders.

Communication may take place through training, employee briefings, supplier engagement, contractual requirements, internal policies, the company website, sustainability reporting or other appropriate channels.

Action 5: Review and improve

The business should periodically review its human rights policy to ensure that it remains relevant, effective and responsive to changes in its operations, business relationships and human rights risk environment.

Reviews should consider feedback from workers and other relevant stakeholders, findings from HRDD activities, grievance outcomes, changes in applicable laws and standards, and emerging human rights risks. Where gaps are identified, the business should update its policy and implementation measures accordingly.

Remember: A human rights policy is only effective when it is supported by clear responsibility, appropriate resources and integration into the business's day-to-day decisions and operations.

STEP 2: IDENTIFY AND ASSESS HUMAN RIGHTS RISKS AND IMPACTS

Once a business has committed to respecting human rights, it should identify and assess human rights risks and impacts arising from its own operations, products and services, as well as through its business relationships and supply chains.

This step helps a business understand where impacts may occur, who may be affected, how severe they may be, and which impacts should be prioritised for action.

Human rights risks may arise across different parts of a business and its value chain. Businesses should therefore consider not only their own operations, but also suppliers, contractors, business partners and other relevant relationships.

The approach should be proportionate to the business's size, sector, operating context and the severity of human rights risks involved.

Using a Human Rights Impact Assessment

A Human Rights Impact Assessment (HRIA) is one tool that can be used to identify and assess human rights impacts. It is a structured process for examining how a business activity, project, operation, policy or relationship may affect human rights.

An HRIA can help a business to:

- identify actual and potential adverse human rights impacts;
- identify affected individuals and groups;
- understand the nature and severity of impacts;
- assess the business's involvement;
- gather information from affected stakeholders; and
- determine appropriate prevention, mitigation or remediation measures.

An HRIA is particularly useful for significant new projects, entry into new markets, major operational changes, new business relationships, or contexts with heightened human rights risks.

However, an HRIA is not required for every business activity. Businesses may also use other methods such as workplace assessments, risk assessments, worker consultations, site visits, supplier assessments, audits, grievance data and stakeholder engagement.

Whatever method is used should be sufficiently robust to identify key risks and should be reviewed regularly as circumstances change.

Action 1: Map Operations, Business Relationships and Affected Groups

Businesses should first understand where impacts may arise by mapping their operations and business relationships.

This may include:

- business activities, operations and workplaces;
- products and services;
- recruitment and employment practices;
- occupational safety and health arrangements;
- working hours, wages and other conditions;
- suppliers, contractors and business partners;
- sourcing and procurement practices;
- manufacturing, distribution and value-chain activities; and
- projects affecting local communities or other groups.

Businesses should also identify the individuals and groups who may be affected, including employees, contract and migrant workers, supply chain workers, local communities, consumers and other relevant groups. The level of mapping should be proportionate to risk. Greater attention should be given to areas where severe impacts are more likely.

Action 2: Identify and Assess Actual and Potential Impacts

Businesses should identify human rights that may be affected by their activities or relationships.

Common risk areas include:

- forced labour and human trafficking;
- child labour;
- discrimination and unequal treatment;
- occupational safety and health;
- wages and working conditions;
- excessive working hours;
- freedom of association and collective bargaining;
- harassment and workplace violence;
- privacy and data protection; and
- impacts on local communities and livelihoods.

Businesses should assess both actual and potential impacts:

TYPE OF IMPACT	DESCRIPTION	EXAMPLE
Actual impact	An impact that has occurred or is occurring.	Workers are injured due to inadequate safety measures.
Potential impact	An impact that may occur in the future.	Workers may be exposed to hazardous substances without adequate protection.

The absence of complaints does not mean there is no risk. Businesses should proactively assess conditions that could lead to harm.

Engage Affected Rightsholders and Other Stakeholders

Businesses should distinguish between rightsholders and other stakeholders when conducting HRDD. Rightsholders are individuals or groups whose human rights may be affected by a business's activities, products, services or business relationships. All rightsholders are stakeholders, but not all stakeholders are rightsholders.

Examples of rightsholders may include workers, Indigenous Peoples, local communities, children, persons with disabilities, migrant workers and other individuals or groups whose human rights may be affected by business activities. Other stakeholders, such as civil society organisations, industry associations, experts and government agencies, may provide relevant knowledge, expertise or perspectives in understanding and addressing human rights risks.

Businesses should prioritise meaningful engagement with affected and potentially affected rightsholders, particularly where their rights may be significantly affected. Engagement should be appropriate to the circumstances and should take into account the needs, perspectives and circumstances of the individuals or groups concerned.

Businesses should also consider whether certain vulnerable or at-risk groups may face heightened risks of adverse human rights impacts or barriers to participation. Such groups may include, where relevant, women, children, persons with disabilities, migrant workers, ethnic or minority groups, Indigenous Peoples and local communities. Particular attention should be given to groups that may face barriers to accessing information, participating in consultations, raising concerns or obtaining remedy. Where appropriate, businesses should take additional measures to facilitate safe, inclusive and meaningful engagement and to prevent retaliation, discrimination or other adverse consequences arising from participation.

Engagement should be accessible, inclusive and culturally appropriate, and businesses should provide relevant information in a form and language that affected rightsholders can reasonably understand. Businesses should provide sufficient opportunity for affected rightsholders to express their views and concerns and should consider those views in decision-making and in the development of measures to prevent, mitigate or address adverse human rights impacts.

Where business activities may affect the rights, lands, territories, resources, livelihoods or cultural heritage of Indigenous Peoples, businesses should consider applicable requirements relating to Free, Prior and Informed Consent (FPIC). Where FPIC is applicable, engagement should be undertaken freely and without coercion, prior to decisions or activities that may affect Indigenous Peoples, and on the basis of sufficient and accessible information. Businesses should consider applicable national laws and relevant international standards when determining the appropriate approach.

Businesses should document relevant engagement processes, concerns raised and follow-up actions, while respecting privacy, confidentiality and the safety of individuals involved. Stakeholder engagement should be viewed as an ongoing process throughout the HRDD cycle rather than a one-off consultation.

Action 3: Assess Severity, Likelihood and Priority

Identified impacts should be assessed to determine priority and timing of response.

Assessing severity

Under the UNGPs, the severity of a human rights impact should be assessed by considering:

FACTOR	KEY CONSIDERATION
Scale	How serious the harm is.
Scope	How many people are or may be affected.
Irremediability	How difficult it would be to restore the affected person or persons to a situation equivalent to that before the harm occurred.

Serious injury, loss of life or permanent harm is generally more severe than temporary or reversible harm.

Considering likelihood

For potential impacts, businesses should also consider the likelihood of the impact occurring based on factors such as:

- past incidents or complaints;
- nature and frequency of activities;
- working and operating conditions;
- sector risks;
- geographic context;
- supply chain complexity;
- stakeholder information; and
- credible external sources.

Low likelihood should not automatically reduce the priority of a potential impact where the potential harm is severe or irreversible.

Prioritising impacts

Where a business cannot address all impacts at the same time, it should prioritise **the most severe impacts first**, taking likelihood into account where relevant.

PRIORITY	APPROACH
Critical/Immediate	Severe impacts requiring immediate action.
High/Urgent	Significant impacts requiring timely action.
Moderate/Medium	Impacts requiring planned action and monitoring.
Lower	Less severe impacts managed through routine processes and continued monitoring.

Note: These categories are illustrative. Businesses should develop an approach appropriate to their size, sector and operating context.

Lower priority does not mean no action. All impacts should be monitored and reassessed over time.

Action 4: Determine the Business's Involvement in the Impact

Businesses should assess their connection to each impact. Under the UNGPs, a business may cause, contribute to, or be directly linked to an impact.

INVOLVEMENT	DESCRIPTION	EXAMPLE
Causing	The business's actions or omissions directly result in harm.	Failure to provide safety measures leads to worker injury.
Contributing	The business's actions contribute alongside another party.	Purchasing practices lead to excessive working hours at a supplier.
Directly linked	The business is connected through a relationship but does not cause or contribute.	A business sources from a supplier using forced labour.

The nature of the business's involvement is important because it helps determine the appropriate response in Step 3.

Businesses should not assume that lack of direct control over a supplier means that they have no responsibility to act. The appropriate response will depend on the nature of the business's involvement, the severity of the impact and the business's ability to exercise leverage.

Practical Example: Applying HRDD

A Malaysian manufacturing company conducts an HRIA using workplace records, site visits, worker consultations and supplier information. It identifies the following impacts:

IMPACT	TYPE	SEVERITY	LIKELIHOOD	PRIORITY
Worker injuries due to poor safety measures	Actual	High	Already occurring	Critical – immediate action
Exposure to hazardous chemicals without protection	Potential	High	Medium	High – urgent action
Excessive working hours during peak demand	Actual/ Potential	High	Medium	High – urgent action
Gender pay disparity for equal work	Actual	Medium	Already occurring	Moderate – planned action

Note: The ratings above are illustrative and do not represent fixed ratings for these types of impacts. Severity should be assessed in each case based on the scale, scope and irremediability of the harm. Likelihood should also be considered for potential impacts. The rating shown for gender pay disparity does not mean that discrimination is inherently less severe than other human rights impacts.

The company should prioritise the most severe impacts and determine appropriate action based on its involvement in each impact. For example, it may need to immediately address safety failures, strengthen chemical handling controls, review working-hour practices and address identified pay disparities.

Where impacts arise through suppliers or other business relationships, the company should assess its involvement and consider how it can use its leverage to prevent or mitigate the impact.

STEP 3: TAKE ACTION TO PREVENT, MITIGATE AND ADDRESS IMPACTS

Step 2 helps businesses identify and prioritise actual and potential adverse human rights impacts. Step 3 is where businesses take action based on those findings.

Businesses should integrate the findings from Step 2 into relevant policies, procedures and business decisions, and take appropriate measures to prevent, mitigate or address adverse human rights impacts.

The appropriate response will depend on the nature and severity of the impact and the business's relationship to it. A business may cause or contribute to an impact through its own activities, or an impact may be directly linked to its operations, products or services through a business relationship.

Action 1: Integrate findings into policies, procedures and decision-making

Businesses should incorporate the findings from Step 2 into relevant policies, procedures and business decisions.

This may include:

- reviewing and updating human rights, labour, ethics or sustainability policies;
- incorporating human rights considerations into enterprise risk management;

- integrating human rights expectations into procurement and supplier-management processes;
- including appropriate human rights requirements in contracts or supplier codes of conduct;
- reviewing recruitment, employment, working hours, wages, health and safety and disciplinary practices;
- assigning clear responsibilities for addressing identified risks; and
- providing appropriate training and resources to employees and relevant business partners.

Human rights considerations should also be taken into account when making significant business decisions, such as appointing suppliers, entering into major contracts, restructuring operations or developing new projects. Businesses may integrate HRDD findings into their existing governance, risk management, sustainability and reporting processes. Where applicable, relevant human rights risks may also inform sustainability governance and disclosures under Malaysia's National Sustainability Reporting Framework (NSRF).

Important: HRDD is not only about reporting human rights risks. Its purpose is to use the findings to improve business practices and prevent or address adverse impacts.

Action 2: Prevent and mitigate potential adverse human rights impacts

Where a potential adverse impact is identified, businesses should take reasonable steps to prevent it from occurring or, where prevention is not possible, reduce its likelihood and severity.

Depending on the circumstances, this may include:

- changing a business practice or process;
- strengthening workplace health and safety measures;
- improving recruitment and employment practices;
- providing human rights training;
- strengthening supplier requirements and monitoring;
- reviewing purchasing or contracting practices that may contribute to the risk;
- engaging suppliers or business partners to develop corrective action plans; and
- giving particular attention to groups that may face heightened risks, such as migrant workers, women, children and persons with disabilities.

Example:

If a business identifies a risk of excessive working hours among workers employed by a supplier, it should not only require the supplier to comply with working-hour requirements. The business should also consider whether its own production schedules, delivery requirements or purchasing practices may be contributing to the risk.

Action 3: Address actual adverse human rights impacts

Where an actual adverse human rights impact is identified, the business should take appropriate action to cease, prevent or mitigate the impact and address the harm, according to its level of involvement.

Under the UNGPs:

- **Where the business causes an impact**, it should take the necessary steps to cease or prevent the impact.
- **Where the business contributes to an impact**, it should cease or prevent its contribution and use its leverage to mitigate any remaining impact.
- **Where the impact is directly linked to the business through a business relationship**, the business should use its leverage to seek to prevent or mitigate the impact.

Businesses should consider the severity of the impact and the effectiveness of available measures when determining the appropriate response.

Example:

If a business discovers that workers have not received wages or overtime payments to which they are entitled, it should:

1. identify the cause and affected workers;
2. take steps to stop the underpayment;
3. take appropriate corrective action;
4. address the underlying business practice or process; and
5. monitor whether the issue has been effectively addressed.

Where remediation is required, businesses should provide for or cooperate in appropriate remediation in accordance with Step 6.

Action 4: Provide access to grievance mechanisms

Businesses should establish or strengthen appropriate operational-level grievance mechanisms (OGMs) to enable workers and other potentially affected stakeholders to raise concerns about business-related human rights impacts.

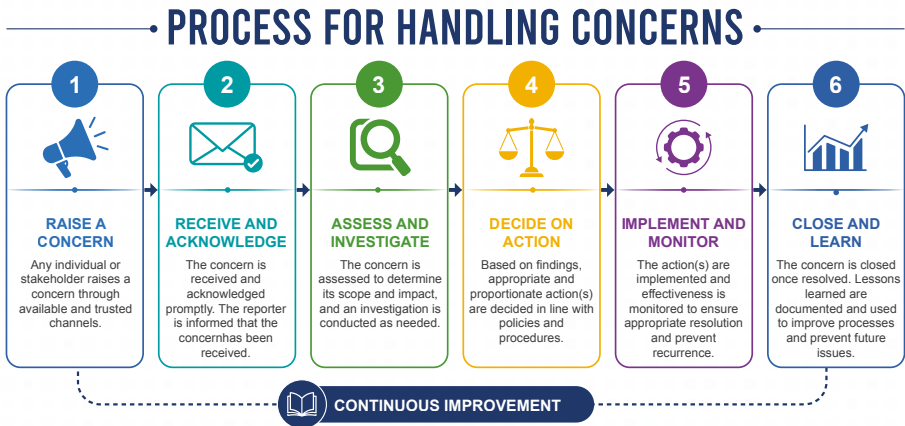
An OGM may include:

- HR or employee grievance procedures;
- whistleblowing channels;
- worker-management mechanisms;
- complaints or feedback channels;
- supplier grievance mechanisms; or
- other appropriate channels suited to the business.

An effective grievance mechanism should be:

CRITERION	WHAT THIS MEANS
Legitimate	Trusted and capable of handling complaints fairly and impartially.
Accessible	Easy to use without unreasonable barriers.
Predictable	Has a clear process and reasonable timelines.
Equitable	Allows affected persons to participate fairly.
Transparent	Provides appropriate information on the process and outcome.
Rights-compatible	Ensures that the process, outcomes and remedies are consistent with internationally recognised human rights.
Dialogue and engagement-based	Encourages meaningful engagement where appropriate.
A source of continuous learning	Uses complaints and feedback to improve business practices.

A basic grievance process may include:



Businesses should take reasonable measures to protect complainants from retaliation and, where appropriate, allow confidential or anonymous reporting.

Existing grievance and remedy mechanisms in Malaysia

An OGM should complement, and not prevent access to, existing State-based and non-State-based mechanisms. Depending on the nature of the complaint, affected persons may have access to:

Business-level mechanisms

- HR and internal grievance procedures;
- whistleblowing channels;
- supplier or contractor grievance mechanisms; and
- worker-management mechanisms.

State-based mechanisms

- Jabatan Tenaga Kerja (JTK) for relevant labour complaints and employment-related issues;
- Jabatan Perhubungan Perusahaan (JPP) and the Industrial Court for matters within their respective jurisdictions;
- courts and other relevant enforcement or regulatory authorities; and
- Suruhanjaya Hak Asasi Manusia Malaysia (SUHAKAM) for complaints concerning alleged human rights violations within its mandate.

Non-State mechanisms

- trade unions and worker representatives;
- mediation or other alternative dispute resolution mechanisms;
- relevant industry mechanisms; and
- other legitimate grievance mechanisms.

Applying Step 3 in practice

Businesses should ask:

- **What needs to change?** Identify the changes needed based on the findings from Step 2.
- **Who is responsible?** Assign responsibility to the relevant person or function.
- **What resources are needed?** Allocate appropriate financial, human and technical resources.
- **What action is required?** Prevent, mitigate or address the identified impact.
- **How can affected persons raise concerns?** Ensure accessible grievance and reporting channels.
- **Is the action effective?** Monitor outcomes and feedback from affected stakeholders.
- **Does the response require remediation?** Where appropriate, provide for or cooperate in remediation through legitimate processes, as addressed in Step 6.

The level of effort should be proportionate to the size of the business, its sector, operating context and the severity of the identified human rights risks. SMEs may use existing HR, procurement, risk management and grievance systems rather than creating entirely new structures.

STEP 4: TRACK IMPLEMENTATION AND RESULTS

Taking action to prevent, mitigate or address adverse human rights impacts is not the end of the HRDD process. Businesses should track whether the actions taken are effective in addressing the risks and impacts identified in Step 2.

Tracking effectiveness helps businesses determine whether:

- the identified human rights risk has been reduced or addressed;
- the action taken has produced the intended outcome;
- affected workers or stakeholders consider the response effective;
- further action is required; and
- similar or new risks have emerged.

This is particularly important because an action may appear effective on paper but may not produce meaningful change in practice.

Action 1: Set indicators to measure effectiveness

Businesses should establish appropriate indicators to assess whether their actions are achieving the intended outcome. Indicators should be linked to the human rights risks identified in Step 2 and the actions taken in Step 3.

Examples include:

HUMAN RIGHTS RISK	ACTION TAKEN	POSSIBLE INDICATOR
Excessive working hours	Review working arrangements	Overtime hours and worker feedback
Workplace safety risks	Strengthen safety measures	Number and severity of workplace incidents
Recruitment-related exploitation	Strengthen recruitment procedures	Recruitment fees paid by workers; worker feedback
Discrimination	Training and policy improvements	Complaints and employee feedback
Supplier labour risks	Supplier corrective action plan	Corrective actions completed and verified
Ineffective grievance mechanism	Improve complaint channels	Awareness, accessibility, resolution and feedback

Businesses do not need to develop complex indicators. Simple, relevant and reliable indicators are often sufficient, particularly for SMEs.

Action 2: Collect information and feedback

Businesses should collect relevant information before and after implementing significant actions where practical. Information may include:

Quantitative information

- number and type of grievances;
- working hours and overtime;
- workplace accidents or incidents;
- employee turnover or absenteeism;
- supplier assessment results; and
- number of corrective actions completed.

Qualitative information

- worker feedback;
- interviews or consultations with affected stakeholders;
- employee surveys;
- feedback from trade unions or worker representatives; and
- feedback from suppliers or other relevant business partners.

Feedback from affected stakeholders is particularly important because numerical indicators alone may not show whether a human rights impact has actually been addressed.

Action 3: Assess whether the response was effective

Businesses should compare the information collected against the objectives established for the action.

For example, a business may identify excessive overtime as a significant risk and introduce changes to staffing and production schedules. If overtime hours decrease but workers continue to report excessive workload or fatigue, the business should not consider the issue fully resolved. Further action may be necessary.

Businesses should therefore consider:

- Has the risk been reduced?
- Has the adverse impact been addressed?
- Has the situation improved for affected persons?
- Were the measures implemented as intended?

- Are there any unintended consequences?
- Do affected stakeholders consider the response effective?
- Does the business need to take further action?

Action 4: Use the findings to improve

Where an action is ineffective or only partially effective, businesses should review and adjust their response.

For example, if a supplier corrective action plan does not adequately address a recurring labour-rights concern, the business may need to:

- provide additional guidance or capacity building;
- increase engagement or monitoring;
- review its own purchasing practices;
- strengthen contractual requirements;
- develop a further corrective action plan; or
- consider other appropriate measures based on the severity of the impact.

Lessons learned should also be used to improve policies, procedures and future HRDD activities. This creates a continuous improvement cycle, where findings from tracking feed back into the HRDD process.

Applying Step 4 in practice

Businesses should ask:

- **What were we trying to achieve?** Clearly define the intended outcome of the action.
- **How will we know if it worked?** Identify simple and relevant indicators.
- **What do the affected people say?** Obtain feedback from workers and other relevant stakeholders.
- **Has the risk been reduced or the impact been addressed?** Assess both the data and the experience of affected persons.
- **What should we do next?** Improve, adjust or strengthen the response where necessary.

Important: Tracking effectiveness is not about collecting data for its own sake. The purpose is to determine whether the business's actions are making a meaningful difference to the people affected and to continuously improve the HRDD process.

Link to Malaysia's NAPBHR

This approach supports the implementation of Malaysia's NAPBHR 2025–2030, particularly its emphasis on strengthening responsible business practices, monitoring implementation and promoting continuous improvement.

Businesses may also use relevant HRDD information within their existing governance, risk management and sustainability processes. Where applicable, relevant information may contribute to sustainability-related reporting under Malaysia's NSRF.

HRDD should not be treated solely as a reporting exercise. Tracking is intended to determine whether actions are effective in preventing and addressing adverse human rights impacts.

STEP 5: COMMUNICATE HOW IMPACTS ARE ADDRESSED

Businesses should communicate how they identify, prevent, mitigate and address adverse human rights impacts. Effective communication helps businesses demonstrate accountability and build trust with workers and other stakeholders. It also enables affected persons and other relevant stakeholders to understand how human rights risks are being managed.

Communication should be appropriate to the business's size, sector, operating context and the nature and severity of its human rights impacts.

Communication is not simply about promoting what the business is doing well. Businesses should communicate relevant challenges, significant risks and progress in addressing them, where appropriate.

Action 1: Communicate relevant information to stakeholders

Businesses may communicate their actions through appropriate channels, such as:

- sustainability or annual reports;
- company websites;
- policies and public statements;
- employee communications;
- supplier communications;

- stakeholder consultations or meetings;
- training and awareness programmes; and
- other appropriate communication channels.

The information communicated may include:

- the business's human rights commitments and policies;
- significant human rights risks identified;
- actions taken to prevent or mitigate those risks;
- measures taken to address actual impacts;
- information on grievance mechanisms and how stakeholders can raise concerns;
- progress and significant challenges; and
- lessons learned and improvements made.

The level of disclosure should be proportionate to the business and its circumstances. Businesses are not expected to disclose confidential, commercially sensitive or personal information.

Action 2: Communicate in a way that is accessible and meaningful

Communication should be tailored to the intended audience.

Businesses should consider:

- the language and level of detail appropriate for the audience;
- whether the information is accessible to persons with disabilities;
- whether affected stakeholders have access to digital communication;
- whether information needs to be provided through direct engagement rather than written disclosure; and
- whether stakeholders have an opportunity to ask questions or provide feedback.

For example, information provided to workers about a grievance mechanism should be clear and practical, explaining where to make a complaint, how the complaint will be handled and what protections are available.

Communication with affected communities, workers, trade unions, suppliers or civil society organisations may require different approaches depending on their needs and circumstances.

Action 3: Use existing reporting and governance processes

Businesses should, where appropriate, integrate relevant human rights information into existing corporate governance and sustainability processes rather than creating separate reporting systems.

For businesses within the scope of Malaysia's sustainability reporting requirements, relevant human rights information may form part of their broader sustainability disclosures under the NSRF. However, HRDD communication is broader than sustainability reporting. A business should also communicate directly with affected stakeholders where appropriate, particularly where an identified impact requires engagement, corrective action or remedy.

Action 4: Communicate progress and remain accountable

Businesses should consider communicating not only successful outcomes but also significant challenges and areas requiring further action.

For example, where a business identifies a serious labour-rights risk in its supply chain and has implemented a corrective action plan, it may communicate:

- the nature of the issue, where appropriate;
- the actions taken;
- the progress made;
- any remaining gaps; and
- the steps planned to address those gaps.

This demonstrates that human rights due diligence is an ongoing process rather than a one-time compliance exercise.

What should businesses communicate?

Businesses can use the following questions as a practical guide:

- **What are our human rights commitments?** Communicate relevant policies, responsibilities and expectations.
- **What significant risks have we identified?** Communicate relevant information about significant human rights risks, where appropriate.

- **What have we done?** Explain the measures taken to prevent, mitigate or address impacts.
- **Are our actions effective?** Communicate relevant progress, outcomes and lessons learned.
- **What remains to be addressed?** Where appropriate, acknowledge significant gaps or challenges and explain the next steps.
- **How can stakeholders engage with us?** Provide clear information on grievance mechanisms and other channels for raising concerns.

Communication throughout the HRDD cycle

Communication should not be treated as an activity that happens only at the end of the HRDD process. Businesses should communicate and engage with relevant stakeholders throughout the process where appropriate.

The information obtained through communication and stakeholder feedback should also be used to improve the business's HRDD process.

Remember: Good communication is **transparent, accessible, meaningful and proportionate**. The objective is not simply to demonstrate compliance, but to strengthen accountability and enable meaningful engagement with people who may be affected by the business.

Link to Malaysia's NAPBHR

This approach supports the NAPBHR 2025–2030, which promotes greater awareness, transparency and responsible business conduct and encourages businesses to strengthen their human rights policies and practices.

Businesses should therefore view communication as part of their broader responsibility to demonstrate how they are identifying and addressing human rights impacts, rather than treating it solely as a reporting requirement.

STEP 6: PROVIDE FOR OR COOPERATE IN REMEDIATION WHEN APPROPRIATE

HRDD is not complete when a business identifies and addresses a human rights impact. Where people have been harmed, businesses should take appropriate steps to provide for or cooperate in remediation, depending on their involvement in the impact.

Remediation aims to restore affected persons, as far as possible, to a situation equivalent to that which existed before the adverse impact occurred, or otherwise address the harm suffered.

The appropriate response will depend on:

- the nature and severity of the harm;
- the number and circumstances of affected persons;
- the business's involvement in the impact;
- the business's ability to influence the situation; and
- the views and needs of affected persons.

Important: Remediation is different from simply correcting a business process. Corrective action addresses the cause of a problem, while remediation addresses the **harm suffered by affected persons**.

Action 1: Determine whether remediation is required

Businesses should assess whether an actual adverse human rights impact has resulted in harm to individuals or groups and whether remediation is required. Where the business:

- **caused** the impact, it should take appropriate steps to cease or prevent the impact and provide for or cooperate in remediation;
- **contributed** to the impact, it should cease or prevent its contribution and provide for or cooperate in remediation to the extent appropriate; and
- is **directly linked** to the impact through a business relationship, it should use its leverage to seek to prevent or mitigate the impact and may play an appropriate role in remediation, depending on the circumstances.

Where another party is responsible for the harm, businesses should not assume that simply ending the business relationship is sufficient. The business should consider whether it can use its leverage to encourage appropriate remediation and prevent recurrence.

Action 2: Engage affected persons in determining appropriate remedy

Where remediation is required, businesses should, where appropriate, engage with the affected persons or their legitimate representatives to understand:

- the nature of the harm suffered;
- the remedy they consider appropriate;
- whether the proposed remedy is accessible and acceptable; and
- whether additional action is required to prevent further harm.

Engagement should be carried out in a manner that is accessible, safe and respectful, with appropriate measures to protect affected persons from retaliation.

The remedy should reflect the nature and severity of the harm and should not require affected persons to waive their legal rights or access to other legitimate remedy mechanisms.

Action 3: Consider appropriate forms of remediation

Depending on the circumstances, remediation may include:

FORM OF REMEDIATION	EXAMPLE
Restitution/restoration	Restoring a worker's employment or other situation where appropriate.
Compensation	Payment for financial or other harm where appropriate.
Rehabilitation	Medical, psychological or other appropriate support following harm.
Apology or acknowledgement	Formally acknowledging the harm and expressing regret.
Corrective action	Taking steps to address the consequences of the harm.
Guarantees of non-repetition	Changing policies, practices or controls to prevent similar harm from recurring.

These forms of remediation are not exhaustive. The appropriate remedy will depend on the circumstances and the needs of the affected persons.

Action 4: Use grievance and other legitimate remedy mechanisms

Businesses should ensure that affected persons can access appropriate grievance and remedy mechanisms without fear of retaliation. These may include:

Business-level mechanisms

- operational-level grievance mechanisms;
- HR grievance procedures;
- whistleblowing channels; and
- supplier or contractor grievance mechanisms.

State-based mechanisms

- relevant labour authorities;
- courts and tribunals;
- regulatory or enforcement authorities; and
- SUHAKAM, where the matter falls within its mandate.

Non-State mechanisms

- trade unions and worker representatives;
- mediation and other alternative dispute resolution mechanisms; and
- other legitimate grievance mechanisms.

Businesses should not prevent or discourage affected persons from accessing judicial or other legitimate remedy mechanisms. An internal grievance mechanism should complement, rather than replace, existing legal avenues.

Action 5: Implement, monitor and learn from remediation

Once an appropriate remedy has been agreed or determined, businesses should take reasonable steps to ensure that it is implemented effectively. Businesses should:

- assign responsibility for implementing the remedy;
- establish appropriate timelines;
- keep affected persons informed of progress, where appropriate;
- monitor whether the remedy has addressed the harm; and
- identify lessons to prevent similar impacts from recurring.

Where remediation is provided through a supplier or other business relationship, the business should use its leverage, where appropriate, to monitor progress and encourage effective remediation.

Findings from remediation should be fed back into the HRDD process and used to strengthen policies, procedures and preventive measures.

For example, a Malaysian business discovers that workers employed by a contractor were unlawfully denied wages. The business should:

APPLYING STEP 6 IN PRACTICE



Where the business did not cause or contribute to the impact but is directly linked through the contractor, it should consider how it can use its **leverage** to encourage the contractor to provide appropriate remedy and prevent recurrence.

Remember: Remediation is about the people who have been harmed.

A business should not consider an adverse human rights impact fully addressed simply because it has:

- corrected an internal policy;
- terminated a supplier;
- conducted an audit; or
- closed a grievance case.

Where people have suffered harm, the business should consider whether appropriate remedy has actually been provided or facilitated.

Link to Malaysia's NAPBHR

This approach supports the NAPBHR 2025–2030's focus on strengthening responsible business conduct, access to remedy and effective mechanisms for addressing business-related human rights concerns.

Businesses should also comply with applicable Malaysian laws and should recognise that corporate grievance mechanisms operate alongside existing State-based judicial and non-judicial mechanisms.





3.0

CHAPTER 3

PRACTICAL TOOLS
AND TEMPLATES FOR
BUSINESSES

3.0

PRACTICAL TOOLS AND TEMPLATES FOR BUSINESSES

This chapter provides simple tools that businesses can use to start, assess, document and progressively strengthen their HRDD practices. Businesses do not need to use every tool. They may select and adapt the tools according to their size, sector, resources, operating context and human rights risks.

3.1 HRDD Self-Assessment Checklist

This checklist is designed to assist businesses in assessing their current practices and identifying areas for improvement in implementing HRDD.

The checklist is intended as a practical starting point and does not replace existing legal obligations or industry-specific requirements. Businesses may use this checklist according to their size, sector and operational context.

NO.	ASSESSMENT AREA	YES	PARTIALLY	NO	REMARKS/ ACTION REQUIRED
A. Commitment and Governance					
1	Does the business have a commitment to respect human rights?				
2	Has the business developed a Human Rights Policy or incorporated human rights commitments into existing policies?				
3	Does senior management support and oversee human rights commitments?				
4	Has the business allocated sufficient resources (e.g. personnel, budget or training) to implement human rights commitments?				

NO.	ASSESSMENT AREA	YES	PARTIALLY	NO	REMARKS/ ACTION REQUIRED
5	Are human rights considerations incorporated into the business's risk management, sustainability or ESG practices?				
B. Identifying Human Rights Risks					
1	Has the business conducted assessments to identify actual and potential human rights impacts?				
2	Does the business regularly review and update its human rights risk assessment?				
3	Does the business identify risks throughout its value chain, including suppliers, contractors and business partners?				
4	Does the business engage with potentially affected stakeholders when identifying human rights risks?				
5	Does the business consider sector-specific human rights risks relevant to its operations (e.g. labour conditions, occupational safety, environmental impacts or community concerns)?				
C. Labour and Workplace Practices					
1	Does the business have policies and practices to promote fair recruitment and employment practices?				
2	Does the business take measures to prevent forced labour, child labour, debt bondage or exploitation in its operations and supply chain?				
3	Does the business ensure workers receive fair wages and benefits, including mandatory social protection such as EPF and SOCSO contributions, in accordance with applicable laws and standards?				

NO.	ASSESSMENT AREA	YES	PARTIALLY	NO	REMARKS/ ACTION REQUIRED
4	Does the business provide a safe and healthy working environment and regularly assess occupational health and safety risks?				
5	Does the business have measures to prevent discrimination, harassment, bullying and retaliation in the workplace?				
6	Does the business respect workers' rights to raise concerns and participate in workplace discussions without fear of retaliation?				

D. Supply Chain and Business Relationships

1	Does the business communicate human rights expectations to suppliers, contractors and business partners?				
2	Does the business conduct human rights screening or assessment before engaging suppliers or business partners?				
3	Does the business include human rights requirements or expectations in contracts, supplier codes of conduct or procurement policies?				
4	Does the business provide support or guidance to suppliers to improve their human rights practices?				

E. Preventing and Addressing Risks

1	When human rights risks are identified, does the business develop action plans to prevent, mitigate or address those risks?				
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NO.	ASSESSMENT AREA	YES	PARTIALLY	NO	REMARKS/ ACTION REQUIRED
2	Does the business prioritise the most severe human rights impacts based on their scale, scope and irremediability, taking likelihood into account for potential impacts?				
3	Does the business track whether corrective actions taken have effectively reduced human rights risks?				

F. Monitoring, Reporting and Transparency

1	Does the business maintain records of human rights assessments, actions taken and follow-up measures?				
2	Does the business communicate relevant human rights information through sustainability reports, ESG disclosures or other communication channels?				
3	Does the business review its human rights practices periodically and improve its approach based on lessons learned?				

G. Grievance Mechanism and Remedy

1	Does the business provide accessible grievance channels for employees, suppliers, customers and affected communities?				
2	Are grievance mechanisms designed to be accessible, confidential, fair and non-retaliatory?				
3	Does the business have processes to provide or cooperate in providing appropriate remedy where it has caused or contributed to adverse human rights impacts?				

3.2 Human Rights Policy Template

3.2.1 Policy Statement

[Business Name] is committed to respecting human rights throughout its operations, business activities and relationships.

We recognise that businesses have a responsibility to identify, prevent, mitigate and address actual and potential adverse impacts on individuals and communities affected by our activities.

This Human Rights Policy reflects our commitment to responsible business conduct and aligns with internationally recognised principles, including the United Nations Guiding Principles on Business and Human Rights (UNGPs).

3.2.2 Purpose

This Policy establishes the principles and commitments that guide **[Business Name]** in integrating human rights considerations into our decision-making, operations and business relationships.

3.2.3 Scope

This Policy applies to our business operations and guides the conduct of our employees and workers, including contract and outsourced workers. It also sets out our human rights expectations of suppliers and business partners.

Our commitment to respecting human rights extends to all individuals and communities who may be affected by our business activities and relationships, including workers, customers, consumers and local communities.

3.2.4 Our Human Rights Commitments

a. Respect for Workers' Rights

We are committed to:

- Providing safe and healthy working conditions;
- Promoting fair treatment and non-discrimination;
- Respecting applicable labour standards;
- Preventing forced labour and child labour;

- Respecting freedom of association and collective bargaining in accordance with applicable laws; and
- Ensuring adequate social security and protection for all workers.

b. Equality, Diversity and Inclusion

We are committed to providing a workplace free from discrimination, harassment and unfair treatment. We promote equal opportunities regardless of background, gender, disability or other protected characteristics.

c. Responsible Supply Chain Practices

We encourage suppliers and business partners to uphold responsible business practices and respect human rights within their operations and supply chains.

d. Environmental Responsibility and Community Impact

We recognise that environmental impacts may affect human rights and are committed to managing environmental risks responsibly while considering affected communities.

e. Grievance Mechanisms and Remedy

We protect persons who raise concerns from retaliation and provide for or cooperate in appropriate remediation where we have caused or contributed to adverse human rights impacts.

3.2.5 Roles and Responsibilities

RESPONSIBLE PARTY	ROLE
Senior Management	Provide leadership and oversight
Human Resources	Manage workplace-related human rights issues
Procurement Team	Consider human rights risks in supplier relationships
Employees	Understand and uphold human rights commitments

3.2.6 Review of Policy

This Policy will be reviewed periodically to ensure continued relevance and effectiveness.

This template is provided as a starting point. Businesses should adapt the policy to reflect their own operations, sector, workforce, business relationships and human rights risks.



3.3 Human Rights Risk Assessment and Action Plan

Businesses may use this template to identify, prioritise and manage human rights risks.

BUSINESS ACTIVITY/ RELATIONSHIP	HUMAN RIGHTS IMPACT	AFFECTED STAKEHOLDERS	ACTUAL/ POTENTIAL	SEVERITY	BUSINESS INVOLVEMENT	ACTION REQUIRED	RESPONSIBLE PERSON	TIMELINE	STATUS

Assess severity based on the scale, scope and irremediability of the harm, and prioritise the most severe impacts. For potential impacts, also consider likelihood and record it in the “Human Rights Impact.

3.4 HRDD Progress and Effectiveness Tracking Template

Businesses may document their HRDD progress using the following template.

3.4.1 Business Information

- Business Name:
- Sector:
- Reporting Period:
- Prepared By:

3.4.2 Human Rights Commitment

Describe the business's human rights commitments, policies or initiatives.

3.4.3 Key Human Rights Risks Identified

RISK AREA	DESCRIPTION	STAKEHOLDERS AFFECTED	ACTIONS TAKEN

3.4.4 Measures Implemented

ACTION	RESPONSIBLE DEPARTMENT	STATUS

3.4.5 Monitoring and Evaluation

Record not only the activities completed, but also whether they have reduced risks or addressed harm. Where practical, compare conditions before and after the action, include feedback from affected workers or other rightsholders, and identify any further action needed.

Examples:

- Number of employees trained;
- Workplace safety improvements;
- Complaints received and resolved;
- Supplier assessments conducted.

3.4.6 Challenges and Improvements

Describe:

- Challenges faced;
- Lessons learned;
- Future actions planned.

3.5 Stakeholder Identification and Engagement Guide

Meaningful engagement with rightsholders and other stakeholders is an important part of HRDD because businesses may not always fully understand their actual or potential human rights impacts without hearing directly from those who may be affected or who have relevant knowledge and expertise.

Businesses should identify affected and potentially affected rightsholders, as well as other relevant stakeholders who may have knowledge, expertise or influence in understanding and addressing human rights risks.

Particular attention should be given to vulnerable or at-risk groups who may face heightened risks of adverse human rights impacts or barriers to meaningful participation. Where appropriate, businesses should take additional measures to facilitate safe, accessible, inclusive and meaningful engagement with such groups.

Internal Stakeholders

STAKEHOLDER	POSSIBLE ROLE
Board and senior management	Oversight and decision-making
Employees	Provide workplace feedback
Human resources department	Manage employment-related risks
Procurement team	Manage supplier expectations

External Stakeholders

STAKEHOLDER	POSSIBLE ROLE
Suppliers and contractors	Address supply chain risks
Workers' representatives/trade unions	Provide workers' perspectives
Customers	Raise concerns regarding products/services
Communities	Highlight impacts of business activities

STAKEHOLDER	POSSIBLE ROLE
Government agencies	Provide regulatory guidance
Civil society organisations	Provide expertise and independent perspectives
Industry associations	Support knowledge sharing

Recommended template for rightsholder and stakeholder identification and engagement:

RIGHTSHOLDER/ STAKEHOLDER/ AFFECTED GROUP	HOW MAY THEY BE AFFECTED?	LEVEL OF IMPACT/ CONCERN	ENGAGEMENT METHOD	KEY CONCERNS RAISED	ACTION/ FOLLOW- UP

3.6 Grievance Mechanism Quick Check

QUESTION	YES	PARTIALLY	NO	ACTION REQUIRED
Can workers and affected stakeholders raise concerns easily?				
Are different reporting channels available?				
Can concerns be raised confidentially or anonymously where appropriate?				
Is there protection against retaliation?				
Is there a clear process and timeline for handling complaints?				
Are complainants informed of the outcome?				
Are complaints used to identify recurring human rights risks?				
Is appropriate remedy provided or facilitated where required?				



CHAPTER 4

CONCLUSION

4.0

CONCLUSION

Advancing Responsible Business Conduct Through Human Rights Due Diligence

Respect for human rights is an essential component of responsible and sustainable business conduct. As businesses operate across increasingly interconnected markets and value chains, identifying and addressing human rights impacts is important not only for protecting people, but also for strengthening long-term business resilience and sustainability.

HRDD provides a practical and ongoing approach for businesses to identify, prevent, mitigate and address their actual and potential adverse human rights impacts arising from their operations, products, services and business relationships.

HRDD is not a one-size-fits-all process. Businesses are encouraged to begin with measures that are appropriate to their size, sector, resources, operating context and the severity of potential or actual impacts. Existing policies, risk management systems, workplace practices, supplier processes and grievance mechanisms can be strengthened and integrated into the HRDD process.



The implementation of HRDD should also be viewed as a process of continuous improvement. Businesses should use information, stakeholder feedback and lessons learned to strengthen their policies, improve practices and respond to emerging risks. Ultimately, the effectiveness of HRDD should be measured not only by the processes established, but by whether those processes contribute to preventing and addressing harm to people.

Advancing business and human rights requires the collective efforts of Government, businesses, workers, civil society, academia and other stakeholders. Meaningful stakeholder engagement, responsible business practices and effective access to remedy are essential to building a business environment that respects human rights while supporting sustainable economic development.

This Human Rights Due Diligence Guide for Businesses of All Sizes and Across All Sectors is intended to serve as a practical reference for businesses at different stages of their HRDD journey. Through its progressive adoption and continuous improvement, businesses can contribute to a stronger, more responsible and rights-respecting business ecosystem in Malaysia.

The Government looks forward to continued collaboration with businesses and other stakeholders in advancing responsible business conduct and supporting the effective implementation of the NAPBHR 2025–2030.





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