



Factsheet 2 Malaysia:

Labour rights violations in Malaysia's electronics supply chain

September 2026

About ElectroPower: The project *ElectroPower: Enhancing worker-driven approaches to prevent and remedy forced labour in electronics supply chains in Asia* is co-funded by the European Commission.¹ Its main objective is to strengthen the rights of workers in the electronics industry in Asia and combat forced labour through a human rights-based approach, with particular focus on women and migrant workers. Through trainings, monitoring tools, and grievance mechanisms we are enabling workers to identify abuses and collectively advocate for better working conditions. Through academic research and political advocacy, we are promoting multistakeholder dialogue, normative and regulatory development. Through financial support of trade unions and local organisations we are promoting rightsholders' empowerment and worker-driven processes to lead to structural change and remediation in electronics supply chains. ElectroPower works in collaboration with trade unions, NGOs, public procurement bodies, and policymakers to strengthen workers in Indonesia, Malaysia, and Thailand.

About our work in Malaysia: Our work in Malaysia is developed by IndustriALL Southeast Asia and Electronics Watch. We have conducted worker trainings, trade union and civil society engagement workshops, multistakeholder dialogue and field research on working conditions in its electronics factories, with special representation of women and migrant workers. Our field research, developed in April 2026, included interviews, focus groups discussions and observations of trainings, workshops and dialogues. This fieldwork took place in April 2026 in Penang, the primary hub for semiconductor manufacturing, and Kuala Lumpur. We conducted two focused groups from migrant workers from 2 different factories (12 Indonesian migrant women from one factory with union representation and 10 Nepali workers from an unorganised factory, of which 7 were men and 3 were women) and two group interviews, one with workers from one factory and the other with union representatives from two different factories. We interviewed representatives of one trade union and two civil society organisations focused on the protection of workers' rights in Malaysia, and conducted focus group with representatives of the 5 trade unions present in the electronics sector, including their leaders. This Factsheet is authored by project members Olga Martin-Ortega, Thanussha Francis Xavier and Omana George.

Introduction

Electrical and Electronics (E&E) manufacturing is Malaysian's largest industrial sector and a key sector of the country's economy. Malaysia is a key player in the global market of electronic components, in particular of semiconductors, making it particularly attractive for international investment and trade relations. The industry has evolved from basic assembly to high-value products, including components for autonomous vehicle, electronics for medical use and high-end consumer devices. Major multinational corporations and electronics manufacturing services providers are present in the country, enjoying strong government incentives and a robust infrastructure in the form of industrial parks. In 2022 Malaysia launched its New Investment Policy which lists the E&E sector as priority.ⁱⁱ As an industrial activity undertaking essential to the economy, the E&E sector enjoys important exceptions, including regarding the implementation of labour laws.

In 2025, the EU announced the re-launch of negotiations for an EU-Malaysia Free Trade Agreement and the commitment to strengthening ties both with Malaysia and ASEAN as a whole. Malaysia is the EU's third-largest trading partner in ASEAN, with bilateral trade amounting to €45 billion annually.ⁱⁱⁱ Malaysia is also a key recipient of European foreign direct investment. European companies are present in Malaysia with some having made important investment commitments for the coming years through the EU Global Getaway programme.^{iv} The EU has insisted that beyond economic exchanges, bilateral trade relations would be based on respect for human rights, robust commitments on labour rights and climate and environmental protection.

Through desk research and on the ground fieldwork we have found multiple and persistent violations of labour rights in Malaysian factories producing and/or assembling products for the supply chain of electronics. This Factsheet focuses on working conditions including working hours, overtime and health and safety violations, the specific situation of migrant workers and women and the restrictions and threats to freedom of association. All the abuses documented constitute serious violations of international labour rights, and as such they demand pressing action from governments, both Malaysia and consumer countries, including the European Union, and companies in the whole supply chain. However, it is important to note that in some instances these violations could amount to forced labour, which requires a heightened response by all actors involved, triggering specific duties under current legislation and demanding urgent policy responses. The EU and EU Member States must consider these risks when reinforcing bilateral trade relations and supporting EU companies' foreign investment in the country, as well as when implementing due diligence obligations on companies connected to Malaysia through their supply chain. In our



ElectroPower Policy Brief we assess when these violations qualify as forced labour and provide recommendations for regulation implementation for the EU and EU Member States.

Working hours, overtime and annual and medical leave

Malaysian law establishes that normal working hours must not exceed 45 hours per week and employees can only be expected to perform 104 hours of overtime a month. Overtime must be paid at or above the minimum wage set by the Government.^v However, due to the nature as an essential sector for the economy, the law allows employers to require workers to exceed the limits of hours prescribed by the law and work on rest days.^{vi}

Our research found that in some factories a regular shift was 12 hours (8 hours working hours and 4 hours overtime). Workers cannot walk out in the middle of their shift. The overall time in the factory is always more as it includes rest and lunch, which are not computed in the 8 hours, and in occasions the time required from entering the compound to reaching the place of work and the time required to gather and change into security equipment.

Our research found that **overtime** is, on many occasions, being used as a **tool for coercion and linked to penalties**. Workers in our interviews and observations revealed:

- Refusal of overtime is linked to **penalties**, as workers are threatened with not being offered overtime in the future and not being considered for promotion or salary rewards and, in occasions, demotions. Workers report that managers use overtime acceptance as a bargaining chip to access other benefits.
- Refusal of overtime is linked to **threats**, as workers are compelled to perform overtime through scaremongering practices. These include threats to be transferred to other departments, where there is less opportunity of overtime or salary rewards, and managers linking workers refusal of overtime to reduced production which would result in “factories losing their contracts”, “factories having to close” and workers losing their jobs.

Overtime is generally welcomed by workers, given that salaries are not enough to cover a living income. In one of the regions represented by one of the unions that we interviewed, workers are affected by reduced production and therefore reported the opposite problem of that expressed by their counterparts in other regions regarding the excessive use of overtime. Workers in this region pointed at insufficient overtime opportunities, reducing an important source of income. All trade union leaders interviewed expressed that workers want more overtime, but they did not express demands of wage increase.^{vii}



Medical and annual leave is routinely denied, linked to both **penalties and threats**. Workers reported frustration at not being promoted or considered for salary rewards “even if they had not taken any sick leave”. This shows their leave rights being restricted or not exercised due to fear over negative consequences.

Workers are demanded to find their own replacements when they need to take leave. They are responsible for the production line and its production targets and therefore taking annual or medical leave depends on finding another worker willing to cover their duties. This makes taking extended leave or any leave in production lines in which very few workers are assigned to a specific machine or task, very difficult. In our own fieldwork, we could not interview the leader of one of the trade unions as he could not take time off as he could not find a replacement for his shift.

Trade union representatives also complained of the expectations that workers remain responsive to work-related WhatsApp messages while officially off duty, irrespective of rest day or sick leave.

Working conditions and occupational health and safety

Workers reported harsh and hazardous conditions, including violations of occupation health and safety standards. The main ones identified in our research relate to:

- **Use of chemicals:** workers report a lack of knowledge on what exact chemicals they are using. Even when they know which chemical they are working with, they are unaware of its potential impact on their health and whether different chemicals may interact with each other increasing human risk. Spillage of chemical agents on workers is routine. Overall, there is insufficient chemical control and management procedures, hazard training, and emergency facilities to manage accidents as detailed below. Trade unions report that factories tell them that they do not need, by law, to disclose what chemical are been used. Their obligation, according to factory managers, is to disclose the chemical composition of substances to the regulatory body. In the factory, they simply need to display the safety rules which need to be followed when working with such substances. Under the law, companies do not have to disclose information on hazardous chemicals only when the name of a hazardous chemical or the composition and ingredients of a hazardous chemical, is confidential business information,^{viii} which is not the case for the chemicals used in these factories.

- **Lack of adequate personal protection equipment (PPE):** PPE provided to workers are basic, like cloth masks, latex gloves and shoes. If workers are working with hazards such as chemicals, the PPE they use should be adequate to protect them against these chemical hazards and this is normally not the situation. In addition, workers are not provided enough PPE and they have to buy using their own funds or get creative, as a trade union representative declared, and take it from other departments without permission. Workers are doing what they need to protect themselves to work to comply with their targets.
- **Lack of training:** Research in one of the regions specifically identified workplaces where workers handling chemicals such as boric acid, ammonia, nitric acid, sulfuric acid, hydrogen peroxide, hydrochloric acid and sodium hydroxide reported limited or no formal chemical and safety training, with knowledge instead passed informally from senior workers. Workers also report short trainings on the use of machinery, which are delivered by their peers who have done the job longer than then, not necessarily formally trained to train co-workers, or having such responsibility as part of their job description. Some workers report having spending most of their time training others whilst also expected to perform their assigned tasks. The high turnover in some positions makes the need for constant training exhausting for these workers. They also reported that if the new worker does something wrong or gets into an accident the worker who trained them gets penalised for the incident. There is no financial compensation for the training role or the heightened accountability assumed. However, experiences were not uniform. A group of migrant women workers reported receiving workplace orientation, machinery and occupational safety training (even though they did not clarify whether such training was delivered by qualified personnel), including chemical-handling training where relevant, and did not raise major concerns about workplace cleanliness.
- **Exhaustion:** Harsh working conditions lead to exhaustion and exhaustion related accidents. Workers report strict schedules making them stressed and tired as well as exposition to extreme heat. Several workers reported routine fainting. Two incidents in the same facility, with some time in between, which resulted in the death of two workers after they collapsed, were recounted by workers. In one of the incidents, they linked the death to the lack of quick access to a means of transport to reach a medical facility. A recurrent complaint was related to the way the industrial complex was organised, which required workers to walk and move around constantly to reach different areas, for example, from the place of work to the place where they needed to gather and put on safety equipment. With very little time to move from one side

of the compound to the other, with constant security checks between them and with the pressure not to delay in between tasks, workers reported been constantly running, stressed and exhausted. It is important to note that the time between security checks at the large compound in which some of the workers and trade union representatives interviewed work is unpaid time. Work is only considered to have started when workers tap into the security checkpoint in their own plant, but the entrance to the complex is far and requires passing through many security checks. Working time stops every time a worker taps in an out. Trade union representatives referred to this as robbed time and pointed at this as the reason why some do not take breaks, as they do not want to lose time in changing in an out of security suits.

- **Occupational health impacts:** Musculoskeletal and ergonomic risks were repeatedly raised across all our interviews and observations in all the regions. Participants described slipped discs and back problems as widespread among production-line workers. These accounts were based on participant estimates rather than medical prevalence data. Workers also reported lifting chemical tanks weighing approximately 25 kg and prolonged visual strain during detailed inspection and repair work carried out over 12-hour shifts. Medical surveillance was also described as uneven. In some workplaces, routine annual medical examinations were reportedly limited to workers aged around 40 and above, despite younger workers also being exposed to chemicals and other hazards. These medical examinations are basic government-provided health screenings rather than occupational health examinations. Workers reported not getting the results of these tests. Overall, there seems to be a false sense of security given that some medical tests are provided. Noise exposure and hearing protection were additional concerns. Some workers reported that hearing tests were not routinely conducted and that workers requesting additional hearing protection could be dismissed as making unnecessary demands, despite reports of hearing loss. In one case recounted to our research team the company undertook eye tests following an increase in faulty outputs in the factory. Workers needed to work with diminutive pieces under bright lights. Managers wanted to know the cause of the increase in faulty products rather than the impact of working conditions on workers eyesight. The practices described are in contravention with Malaysian laws which requires the conduct of medical surveillance for employees exposed to hazardous substances and conditions. This includes workers exposed to chemicals, noise, dust and other occupational hazards including noise exposure.^{ix}

Treatment of migrant workers

Our research included interviews and focus groups with Indonesian migrant women workers, in an organised factory, and Nepali migrant workers, mostly men, working in a unorganised factory. Indonesian workers had a younger profile and did not mention the need to send remittances to their home country, whilst Nepali workers were older and were particularly concerned with the money they could send back home. We further interviewed two organisations which work directly with migrant workers. All the migrant workers interviewed had documented legal status and therefore working legally in Malaysia. The legal status of migrant workers in Malaysia is primarily governed by the Immigration Act 1959/63 and its Regulations. Documented migrants hold valid work permits which are tied to specific employers and sectors. Their permit requires an annual renovation and is conditional to passing a medical check-up. Migrant workers can work in Malaysia for a maximum of 10 years. Legal restrictions and on the ground conditions render migrant workers vulnerable to exploitation and increased precarity:

- **Recruitment and employment documentation:** Indonesian migrant workers described being shown contracts or agreements before leaving Indonesia, including information on basic salary, benefits and other employment conditions. However, some reported differences between the terms shown in Indonesia and those presented after arrival in Malaysia. Participants also stated that they generally did not retain copies of the employment agreements signed in Malaysia. Among Indonesian migrant workers, one participant reported that the contract shown in Indonesia stated an eight-hour working day, while an agreement presented after arrival referred to a 12-hour schedule. The human resources department later explained that eight hours were normal working time and the additional four hours were overtime. The worker said she felt she had little choice but to accept the arrangement after arriving in Malaysia.
Regarding recruitment fees, participants reported that such fees varied depending on the agent. Under the arrangements described, workers initially paid the recruitment agent and expected the amount to be reimbursed after employment began. One participant reported that a recruitment fee paid in 2017 had still not been reimbursed despite the issue having been raised. All Nepali workers reported to us that their fees had been reimbursed. None of the workers interviewed reported that their documents had been retained by the employer or the agent.
- **Obstacles to changing employment:** employer-tied visas mean that a worker's legal status is dependent on their sponsoring employer. Migrant workers cannot legally change employers, without approval from the Immigration Department. Once their contract is finished, they need to go back to their home country and obtain a new permit to work, and then they can change sectors.

- **Threats and vulnerabilities linked to migrant legal status:** Migrant workers report fear increased by threats of not having their contracts renewed which would result in immediate termination of their legal status and the need to return home straight away. Such threats are linked to accepting harsh and dangerous conditions and the restriction of freedom of association (see below). We heard that they were “trying to be invisible so we can get on with our lives”, “don’t draw attention to yourself, don’t demand, don’t complain”. Reduced production creates a further vulnerability for migrant workers. Participants reported that downsizing and lower demand had reduced overtime opportunities and, in some cases, led to contracts not being renewed. Because overtime had previously formed an important part of total earnings, reduced overtime directly affects household income, while non-renewal creates uncertainty about migrants’ ability to remain employed in Malaysia.
- **Impact on family and reproductive rights:** Migrant workers legal status and the restrictions attached to it directly impact on workers’ family life and their choice to start families or their situation if they are pregnant. Women migrant workers and a married couple of migrant workers expressed their fear over pregnancy and the impact it would have on their work status. Pregnancy would result in immediate termination of contract and therefore having to leave Malaysia. Women we interviewed reported not considering pregnancy and family life until their 10-year maximum term is over. The group of Indonesian women we interviewed reported that, whilst they understood that pregnancy while employed would lead to termination of the employment contract and return to the country of origin. At the same time, these participants said they personally did not strongly object to the condition because their current priority was to work, earn and eventually return home, and they did not want additional family responsibilities while in Malaysia.
- **Unsafe and degrading living conditions:** Migrant workers are accommodated in what they refer to as hostels. In our interviews and focus groups Nepali workers related that their rooms are overcrowded, with over 25 people sharing a room, toilets and common areas. The limited kitchen facilities made it difficult for workers to cook their own meals. Workers pointed at the lack of security, privacy and storage space. They reported outsiders could easily walk in. The lockers were small and workers felt they could not store their possessions safely, adding to their stress. Contrarily, Indonesian women migrant workers described company-provided dormitories with approximately three workers sharing a room and no issues regarding cleanliness or lack of space. This suggests significant variation in accommodation standards between companies and worker groups, but it is also important to remark that the Indonesian migrant workers interviewed worked in a

unionised factory, whilst Nepali workers came from a factory without direct union presence.

- **Access to trade union and representation:** As described further, lack of access to trade union and representation is a problem beyond migrant workers. However, migrant workers have less access to representation as traditionally trade unions have not included them as their target for unionisation. In Malaysia only one trade union in the electronics sector, EIEU Northern Region, has focused on migrant workers. Migrant workers experience with trade unions was significantly different. Indonesian women migrant workers from the unionised factory, were all union members and said declared they had joined voluntarily after union committee members explained and promoted membership. None reported pressure specifically because of their union membership. This contrasts with the reprisals and intimidation reported by other migrant workers. Migrant workers we interviewed are routinely harassed and subjected to threats for communicating or trying to join unions. Two long term women workers reported reprisals after having participated in unions elections in their factories. One of them was denied the renewal of her contract, and therefore her right to remain in Malaysia, despite “having and excellent record at work and not having taken medical or sick leave, being absent or been late at work and not having issues or problems with managers or supervisors.” The other one was transferred to a different plant and assigned a new job, which she had to learn from scratch, as a punishment for supporting the union. She too was denied a contract renewal and would be sent back to her home country. Their co-workers agreed that this was an intimidation practice by management to prevent others from seeking trade union involvement. Some unions reported that they do not target migrants because they fear they would put them at risk, and they have a heightened sense of responsibility, as migrant workers’ jobs and their capacity to stay in the country is more precarious and retaliation for trade union involvement would have particularly serious consequences.
- **Restrictions on access to representation and grievance mechanism:** Migrant workers are not represented by national unions. Only one union works directly with migrant workers and tries to organise them and raise their concerns. Organisations working with migrant workers recounted the difficulties to pursue the cases of those which had to leave the country, including their lack of access to formal procedures, the bureaucracy attached to judicial processes and the difficulties for workers to access such procedures once they are back in their home countries. Migrant workers face all sort of barriers to follow up in their grievance procedures. Two of the workers which participated in our research found after attending one of our trainings that their co-workers from Nepal all had their contract renewed and theirs

did not. They believe it is because of their union activism. They had to go back to Nepal immediately. The case is still pending at the time of writing of this Factsheet.

Gender discrimination and sexual harassment

In our research we aimed to collect data regarding the specific situation of women workers and the challenges they faced.

- **Discrimination against women:** Gendered occupational segregation was also reported. Women were described as concentrated in operator positions, while technician and higher-ranking roles were more commonly held by men. Because employment categories carry different wages, allowances and benefits, this occupational segregation can have material consequences for women's earnings and progression. Pregnancy and maternity may also affect workplace advancement. Some, workers reported that women returning from maternity leave could be denied promotions or bonuses on the basis that they had worked fewer hours during the assessment period. In other workplaces, however, positive practices were noticed by trade union representatives, including lactation rooms, designated parking for pregnant workers and reduced workloads during pregnancy. Women migrant workers also reported been discriminated by local women, but our interviews did not provide enough details regarding how this takes place.
- **Limited trade union leadership:** Out of the 5 unions which have presence in the electronics sector only one of them is led by a woman as its president. Women occupy few leadership positions and when they are part of leadership teams, they tend to occupy lower ranks, such as membership of committees. When asked about intimidation of union leaders in general, several interviewees responded that women are easier targets than men. One woman union representative described being personally targeted by a manager over minor matters unrelated to her work performance, including her WhatsApp status, parking and arrival time. She and her colleagues believed that she is subject to added pressure because she is a woman, as this is not happening to other union members. The account highlights the pressure that women may face when occupying visible union roles in a heavily male-dominated sector.
- **Sexual harassment:** Women reported sexual harassment by managers in the form of flirting, unwanted attention, unwanted advances and repeated personal comments by supervisors. More serious instances were also reported, such as been offered rewards and benefits linked to having closer relationships with the managers. Women workers reported the "girlfriend" of the manager got more benefits. Trade

union representatives described a serious sexual harassment case in which a woman worker pursued complaints with union support through company procedures, government channels and the sexual harassment tribunal. Although the perpetrator was found responsible and ordered to compensate and apologise to the worker, he remained employed while the woman ultimately resigned. The case illustrates that a formal finding in favour of a victim does not necessarily ensure that she can remain safely in the workplace. One migrant woman worker recounted that a co-worker's contract was terminated, and she was sent back to her country after rejecting a supervisor's advances.

- **Right to privacy:** Women reported feeling intimidated by the widespread use of CCTV in factories. Whilst this was a feeling by all workers, they all reported that this impinged more severely on the privacy of women. They commented on the angle of the cameras. CCTV is placed above their head, rather than focused on the work process, making them uncomfortable.
- **Overall social dynamics affecting women:** Gathering specific data and perceptions regarding women in and out of the workplace was not easy. We encountered certain disregard over women only experiences and social dynamics which seemed to consider women experiences less relevant to discuss. Examples included men leaving the room when women talked (often to smoke), translators failing to translate women interventions and women deferring to what their male counterpart had said. In our interviews and focus group discussions we observed that issues affecting women were not given sufficient relevance and women tended not to talk unless prompted and space was made for them to intervene. This represents a wider social dynamic in which women voices are disregarded, which affects not only their working and living conditions but also the attention gender issues get from trade unions and those supporting workers.

Restriction of freedom of association

During our fieldwork we interacted with trade union representatives of all the unions present in the electronics sector. Until recently, trade unions were only allowed to exist by sector, and by region within the sector. The electronics sector was represented by the EIEU Northern Region, EIEU Western Region, EIEU Southern Region and EIEU Eastern Region. Following a change in the law,^x the National Union of Transport Equipment and Allied Industries Workers (NUTEAIW) was allowed to hold elections in electronics factories in June 2025 and at the time of our research it was present in several factories. Workers and trade unions representatives reported:

- **Discouragement, intimidation and reprisals:** Intimidation around trade union elections in the factories sought discouraging workers from organising within their

workplace and result in low turnout. Tactics include regular use of scaremongering by managers. Several workers reported having been told: “if the union comes into the factory, it can lose its contracts and close down and you won’t have work anyway.” Threats and reprisals regarding trade union membership and trade union support were also reported. We heard about principal officers facing uncertainty during mergers, with concern that employers will avoid retaining workers perceived as likely to organise in the new company. We heard several specific cases of trade union members and leaders subjected to intimidation and reprisals, included the one referred to in the gender discrimination section. In particularly salient case, a trade union leader has been dismissed and subjected to a smear campaign and legal investigation after acting as a whistleblower regarding unsafe working conditions. Trade union leaders also pointed at practices of union busting, with factories obtaining external advice on how to discourage union activity.

- **Personal cost and commitments:** There is a personal cost of union activity. Union activities are carried out outside normal working hours, which impacts on personal and family life. Union leave may be restricted to matters connected to the leader’s own workplace even where the union represents workers across several factories. However, we observed great personal commitment to trade unions and the role they play. One of the trade unions reported that conditions improved after their union obtained recognition in a particular factory, reinforcing workers’ view that collective representation is important for addressing workplace injustice and negotiating allowances and other employment benefits.

Notes

ⁱ Grant no. NDICI HR INTPA/2024/458-874 (January 2025-June 2028).

ⁱⁱ Malaysia, Ministry of Investment, Trade and Industry, [New Investment Policy, Sector Level](#) (nd).

ⁱⁱⁱ European Commission, [Statement by President von der Leyen on the re-launch of the negotiations for an EU-Malaysia Free Trade Agreement](#). Brussels, 20 January 2025.

^{iv} European Commission Global Getaway, [Expansion of SiC Power Fab to world’s largest 200-mm-semiconductor production plant in Malaysia](#). 16 September 2026.

^v Employment (Amendment) Act 2022, amending the 1955 version, governs labour relations in Peninsular Malaysia, establishing labour rights and responsibilities of both employees and employers, including provisions on working hours, minimum wage, termination protection and annual, sick and hospitalisation leave as well as maternity and paternity leave.

^{vi} Employment Act 1955, article 60.A.2.

^{vii} The Malaysian Trades Union Congress (MTUC) has called for the minimum wage to be increased from the current RM1,700 to RM3,100 per month as a living wage benchmark. [The Star](#), 23 August 2026.

^{viii} Occupational Safety and Health (Classification, Labelling and Safety Data Sheet of Hazardous Chemicals) Regulations 2013, Article 15.

^{ix} Occupational Safety and Health Act 1994 (OSHA) and related regulations. See [Corporate Health Screening in Malaysia — Employer Guide](#) (nd)

^x Amendments to the Trade Unions Act 1959, which came into force on 15 September 2024.