

## MAEI Position on International Labor Standards & Practices

The Malaysian American Electronics Industry (MAEI is an American Malaysian Chamber of Commerce (AMCHAM) sub-committee representing 24 companies in the Electrical & Electronics (E&E) industry with significant investments in Malaysia. MAEI and its members reaffirm our commitment to upholding international labor standards and practices.

The E&E industry contribution to the Malaysian economy and society is very large – RM37B in GNI and 522,000 jobs and is expected to grow to RM90B in GNI and 679,000 jobs by 2020<sup>1 2</sup>. We recognize that in such a large industry, there will be issues and challenges and the existing initiatives to address these issues need to continue with extensive collaboration amongst relevant stakeholders.

A report by released by Verité, on Forced Labor in the Production of Electronic Goods in Malaysia suggests that forced labor indicators are present in Malaysia based on the International Labor Organization (ILO) framework. MAEI recognizes the importance of adhering to international labor standards and practices and its members have worked diligently to craft and implement extensive systems to ensure compliance.

Reliance on third-party employment agents in foreign worker management and limited freedom of movement from termination penalties and passport retention increases foreign workers' vulnerability to forced labor conditions. MAEI recognizes the following best practice measures to remove or reduce these risks:

- a) *Recruitment:* Increase foreign recruits' understanding of employment terms in their native language; Being present alongside agents in foreign countries during the recruitment process; Conducting anonymous questionnaires to assess excessive payment to third-party employment agents.
- b) *Fees:* Require third-party agents to reimburse foreign workers in full for excessive fees which they have paid and risk contract termination with MAEI companies if foreign workers report paying such recruitment fees to agents.
- c) *Penalties:* Limit required notice period for workers to terminate employment without penalty. MAEI members generally do not require employees to serve notice prior. For those that do, MAEI commits to ensuring minimal required notice periods and limited salary deductions for those employees that do not comply with such notice periods. MAEI commits to ensuring workers will be repatriated following termination of employment in accordance of Malaysian law.
- d) *Passports:* No passport retention/immediate and free access to passports. Most MAEI companies do not retain their foreign workers' passport and provide lockers with security cameras at the factory or residence. Some MAEI companies offer storage service where foreign workers could voluntarily store their passport on-site and retrieve their passport within 24 hours' notice.

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<sup>1</sup> Source: ETP Electrical and Electronics NKEA Fact Sheet:

[http://etp.pemandu.gov.my/upload/NKEA\\_Factsheet\\_Electrical\\_Electronics.pdf](http://etp.pemandu.gov.my/upload/NKEA_Factsheet_Electrical_Electronics.pdf)

<sup>2</sup> CREST Malaysia Home Page: <http://crest.my/v2/>

To better ensure the best labor practices throughout the Malaysian E&E sectors, MAEI companies will collaborate with suppliers and contractors to achieve compliance with all international standards and with MAEI/EICC commitments. On an occasion of non-compliance, a corrective action plan would be put in place. Companies may resort to termination of business relationships with the non-compliant suppliers or agents if they fail to implement the corrective action within a reasonable timeframe.

MAEI members recommit to existing initiatives to ensure compliance with international labor standards, including random audits on suppliers or contractors, continuous safety education and continuous hygiene education with foreign workers. Many MAEI members subscribe to the Electronic Industry Citizenship Coalition (EICC) Code of Conduct designed to prevent trafficked and forced labor and utilize a range of EICC training and assessment tools to support continuous improvement in the social, environmental and ethical responsibility of their supply chains.

The MAEI encourages our member companies employing foreign workers to continuously improve their practices based on feedback and collaboration with relevant authorities. The MAEI is committed to work with the government and other stakeholders to improve this issue in the greater industry through best practice sharing.

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## **ABOUT AMCHAM MALAYSIA**

The American Malaysian Chamber of Commerce (AMCHAM) was founded in 1978 as an international, non-profit, private-sector business association. It comprises nearly 1000 members representing over 350 American, Malaysian and other international companies. The Chamber is affiliated with the Asia Pacific Council of American Chambers of Commerce (APCAC) and with the U.S. Chamber of Commerce, which is the largest chamber of commerce in the world. AMCHAM conducts the Young Enterprise and other Junior Achievement programs in Malaysia.