

HUMAN RIGHTS IN YOUR BUSINESS AND SUPPLY CHAIN

22 December 2025



Many businesses choose to believe that they need not be concerned about Human Resources-related breaches because they do not have shackled workers when in fact, practices which are commonplace such as retention of passports, recruitment fees paid by workers, excessive working hours, poor living conditions, lack of access to the outside world and discrimination amount to human rights breaches. Most times, it is NGOs or activists who expose these practices in businesses but by the time that happens, it is a costly mistake to redress.

Repercussions

The repercussions are usually felt when:

- a) local authorities such as the Labour Department, Department of Health & Safety and even Immigration Department (if retention of passport is practised) start investigating, which in turn could lead to prosecutions;
- b) the customer or clients of businesses start questioning or conducting their own audits into forced labour practices because of allegations surfacing and who are in turn pressured by their clients conducting their own supply chain audit. It is not unusual for such audits to eventually lead to contracts being cancelled;
- c) sanctions could be imposed by foreign governments to ban products derived or suspected to have derived from supply chain that are tainted by forced labour practices from entering their countries. This could cripple companies that depend heavily on exports to the US or the EU (including companies that supply the production of these exports) until such issues are remedied; and
- d) a)reputational damage caused to the company in light of media coverage either caused by activists exposing such practices or authorities investigating.

Collective Responsibility

Once human rights breaches are identified in a business, it will have a ripple, if not tsunami effect, on the other businesses within the same or related supply chain. Therefore, when it comes to maintaining a sustainable supply chain that is free from forced labour practices, the responsibility is a collective one as every party in the supply chain is dependent on each other, be it supplier, service provider or client/customer.

Investors and Supply Chains

Maintaining a sustainable supply chain or supply chain governance is no longer a “nice to have” or just an internal business function. It is now one of the crucial components that investors pay close attention to. The risk to investors is not just loss of investment funds if the business becomes loss making due to high value remediation exercises that have to be undertaken or loss of business; but in today’s climate, the reputational risks to investors can be just as damaging.

So Far, Yet So Close

In a world where supply chain transcends national borders, liability may be attributed to the parent company in its home jurisdiction even though forced labour is practiced in another country where the supply chain lies.



This was what happened in the case of **Limbu & Ors v Dyson Technology Ltd & Ors** [2024] EWCA Civ 1564¹ (“**Limbu v Dyson**”). A claim was brought against Dyson UK premised on negligence, false imprisonment and unjust enrichment due allegedly to workers in Malaysia being subjected to conditions of forced labour in the course of manufacturing components and parts in the supply chain for Dyson group. The workers in question were not workers of a Dyson subsidiary in Malaysia but of a third-party contract manufacturer. The English Court of Appeal held that the English court has jurisdiction to hear the matter even though the alleged forced labour practices happened in Malaysia. One of the reasons is that Dyson’s primary operation and coordination is based in England and the relevant policies were promulgated and devised in Dyson UK. Other reasons include that the workers would have difficulty securing funding for litigation in Malaysia and that they may risk deportation if they turn up in the Malaysian court to give evidence.

While the facts in **Limbu v Dyson** may be distinguishable from other scenarios, the underlying rationale could be applied to any business where their supply chain spans across borders. This is a rude awakening as parent companies can no longer find refuge behind national borders and be complacent of forced labour conditions within their value chain on the other side of the world.

¹ <https://www.judiciary.uk/wp-content/uploads/2024/12/Limbu-v-Dyson-judgment.pdf>

Thirdly, Malaysia has entered into an Agreement on Reciprocal Trade with the United States of America on 26 October 2025 which requires Malaysia to adopt and implement a prohibition on the importation of goods mined, produced or manufactured wholly or in part by forced or compulsory labour. Fourthly, EU's Corporate Sustainability Due Diligence Directive (CSDDD) requires large companies to identify, prevent and address adverse human right impact across their own operation and global value chain. All of these will necessarily bring about changes to how businesses operate, and thus, businesses ought to be prepared and ready to adapt.

Conclusion

Ensuring that your business and supply chain is sustainable, upholds the basic principles of human rights and is free from forced labour is no longer a "nice to have" but must be viewed as a crucial component of a company's business and supply chain.

Article by **Selvamalar Alagaratnam** (Partner) & **Teng Wei Hun** (Senior Associate) of the Employment Law Practice of Skrine.



SELVAMALAR ALAGARATNAM

Partner
Employment Law Practice

T: +603 2081 3836
E: sa@skrine.com



TENG WEI HUN

Senior Associate
Employment Law Practice

T: +603 2081 3896
E: wei.hun@skrine.com

*This article is adapted from a presentation by the writers at the **Six Signals for 2026**, an event hosted by Skrine on 10 December 2025.*



A proud member of international legal network, **LexMundi**
Bringing the best together™

PRACTICE AREAS

- Banking and Finance
- Construction and Engineering
- Corporate
- Corporate Structures and Secretarial Services
- Employment
- Fraud and Asset Recovery
- Intellectual Property and TMT
- Litigation and Arbitration
- Real Estate
- Regulatory Compliance
- Restructuring and Insolvency
- Tax and Revenue

INDUSTRIES

- Aviation
- Financial Institutions
- Healthcare, Biotechnology and Pharmaceuticals
- Industrial and Manufacturing
- Insurance and Reinsurance
- Maritime and Shipping
- Oil & Gas, and Energy
- Projects and Infrastructure
- Real Estate
- Technology, Media and Telecommunications

CONTACT US

Level 8, Wisma UOA Damansara
50 Jalan Dungun, Damansara Heights,
50490 Kuala Lumpur, Malaysia

T +603 2081 3999
F +603 2094 3211
E skrine@skrine.com



www.skrine.com

Welcome to **Skrine**, where legal excellence meets unwavering dedication. We are a homegrown Malaysian firm known locally and internationally as a beacon of trust and proficiency in the ever-evolving landscape of jurisprudence. Founded on the principles of **wisdom**, **fortitude** and **ingenuity** over 60 years ago, we navigate the complexities of the law with precision and insight.

Through our wide range of practice groups managed by lawyers with extensive experience, we work with our clients to achieve the results they aspire towards. While keeping pace with rapid development on all fronts, Skrine has remained steadfast in its commitment to champion the cause of its clients with diligence, skill, and a relentless pursuit of justice.

OUR APPROACH

While fostering a one-to-one lawyer-client relationship is of significant importance, in instances where cases do not fit neatly into one area of law, we take advantage of the various internal practice groups and combine the skills of our lawyers to ensure that all relevant legal issues are addressed.

ONE-STOP CENTRE WITH DEDICATED FOREIGN DESKS

We are a one-stop centre for all your legal needs to help you set up in Malaysia and hit the ground running. Beyond our borders, we understand the significance of dedicated foreign desks including **China**, **India (South Asia)** and **Middle East and North Africa (MENA)**. A key benefit is the seamless and efficient delivery of our services to multilingual nations where our lawyers are proficient in Mandarin, and Hindi, while many within the Firm are proficient in Cantonese and Tamil.

VALUE ADDED SERVICES

We recognise that from the perspective of our clients, the day-to-day management of internal legal matters does not stop at specific cases that require external legal counsel or representation. We therefore offer a number of value-added services to help clients keep abreast with updates in the law and ensure internal compliance. This includes our e-alerts, newsletters, in-house trainings, workshops and seminars on industry-related legal topics.

FIRM AWARDS

As a testament to the high standards we uphold, Skrine has garnered some of the top local and international awards for both legal firm and individual lawyers (a full list can be viewed at our website). We are honoured to have received the following:

- Chambers Asia-Pacific Leading Firm Year 2026
- Legal 500 Asia Pacific: Top Tier Firm Year 2025
- Global Arbitration Review (GAR): Ranked in Top 100 International Arbitration Practice 2012-2025
- IFLR 1000 2019-2025: Tier 1 Firm for Corporate/Mergers & Acquisitions, Energy, Infrastructure and Oil & Gas
- Chambers Asia-Pacific and Greater China Region Awards 2024: Malaysia Law Firm of the Year
- *asialaw*: Malaysia Law Firm of the Year 2023