

OSHA Amendments and Their ESG Impact in Malaysia

The Occupational Safety and Health (Amendment) Act 2022, set to take effect on 1 June 2024, will bring key changes to the Occupational Safety and Health Act 1994 (“OSHA”) that will impact Malaysian companies’ and businesses’ ESG efforts.

“[S]taying informed and compliant with these changes to OSHA is not just a regulatory obligation but a strategic imperative for enhancing your ESG efforts.”



Some of the key changes include:

- Expansion of the scope and applicability of OSHA to “all places of work throughout Malaysia, including the public service and statutory authorities”.
- Expansion of the principal’s duty to ensure the safety and health of any contractor it engages, any subcontractor or indirect subcontractor, and any employee employed by such contractor or subcontractor.
- Introduction of new duties on a principal, employer, and self-employed person, such as conducting risk assessments at the place of work and developing and implementing procedures to address emergencies.
- Appointment of an “occupational safety and health coordinator” by an employer with five or more employees.
- Prescribing situations in which employees may remove themselves from imminent danger at their place of work or the work itself.
- A ten-fold increase in maximum fines which may be imposed upon conviction of certain offences.
- Allowing for directors and specified office bearers to be jointly or severally liable for offences committed by a company.



From a legal point of view, proactively addressing the new OSHA requirements minimises the risk of legal issues, financial penalties, and reputational damage. However, aligning with the updated OSHA goes beyond risk management and compliance. It intersects with a company's commitment to employee well-being, ethical business practices, and improved stakeholder trust, including among investors, customers, and the community. Effective risk management is also a cornerstone of strong governance practices and contributes to long-term business sustainability. These form part of the Social and Governance pillars of ESG.

Action steps may include:

- Reviewing and updating your company's safety policies and procedures in line with the new changes to OSHA.
- Conducting regular training sessions for employees and management to ensure awareness and compliance.
- Implementing robust record-keeping and reporting systems to track safety incidents and corrective actions.
- Developing and promoting mental health and well-being programmes within your organisation.



As organisations increasingly prioritise ESG criteria, staying informed and compliant with these changes to OSHA is not just a regulatory obligation but a strategic imperative for enhancing your ESG efforts.

A more detailed write-up on these changes can be accessed [here](#).

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