



# Diversity, Equity and Inclusion (DEI) Implementation Guide for Malaysia

# About the CEO Action Network

The CEO Action Network, also known as 'CAN', is a closed-door peer-to-peer informal network of CEOs from leading Malaysian businesses. As a coalition of leaders united by a common purpose, our focus encompasses:

## **1 Advocacy**

We engage at multiple levels through various channels to enable sustainability governance, including policies and ecosystems that support sustainable business practices.

## **2 Capacity Building**

CAN is dedicated to equipping stakeholders with the tools and technical expertise necessary to champion sustainability and sustainable development.

## **3 Sustainability Performance**

We are committed to enhancing the sustainability performance of member organisations by elevating their implementation efforts and securing collective commitments on climate action and social stewardship.





# About CAN DEI Workstream

CAN's DEI workstream aims to raise awareness on the principles of and business case for diversity, equity and inclusion while helping strengthen policies and strategic interventions.

## Why DEI workstream?

- By being diverse, businesses operate on the assumption that principles of equity, inclusion and fairness are served.
- The definitions of Diversity, Equity or Equality and Inclusion are vague/narrow and often missing in the context of business and stakeholders.
- Most major companies (including CAN member organisations) have very broad strategies and approaches to DEI. A strategy or approach to DEI is not the same as Policy Commitments, which have legal implications for non-compliance.
- The DEI focus for most companies has been on Gender Diversity. The approach has a narrow focus on Gender representation on the Board and may be in the overall employee demographics.
- DEI Policy Commitments, even if they exist (in some isolated companies), are not mapped to measurable outcomes or targets, and are often incomplete / not all-encompassing.
- Overall, the business case for DEI is not well understood. Cultural sensitivities surrounding race and religion that constrain companies from engaging in the necessary discussions to develop a strong, relevant DEI strategy. Overcoming these obstacles is vital for businesses to establish fair, transparent, and high-performing value chains that truly leverage the benefits of DEI.



## What is the scope of the DEI Workstream?

- Raise awareness on the principles of and business case for DEI, while helping strengthen policies and strategic interventions.
- Apply the principles of Organisational Justice in shaping MODEL DEI policies.
- Orientate CAN members to adopt and integrate Model DEI policies and make them specific to employees and suppliers Table of Contents.
- Contribute to the broader sustainability agenda through DEI practices.

### Disclaimer

This Implementation Guide ("Guide") is issued by CAN for members to gain an understanding and appreciation of key areas that will support the development and management of DEI-related matters. This Guide was developed based on some information collated via desktop research, subject matter expertise and feedback from selected members. This Guide is provided for reference purposes only and is not exhaustive in its coverage. Case studies and references were sourced and selected based on relevance and the availability of information in the public domain and have been attributed accordingly. CAN has not received any sponsorship or benefits from any party in developing this Guide. Although care has been taken in developing the Guide, CAN and its leadership or participating companies make no representation or warranty, express or implied as to the accuracy, completeness or reliability of the contents herein. Users must exercise discernment and diligence in the interpretation and use of this Guide. It is the Boards' and company officers' responsibility to obtain independent, professional advice regarding any specific set of guidance or issues before using or relying on it. All applicable laws, regulations and rules should be referred to in conjunction with this Guide. Participating companies may adopt their own assessment and strategy in progressing their respective DEI initiatives. In no event shall CAN or its members be liable to any user or to any third party for any claim, howsoever arising, out of or in relation to this Guide. CAN nor its members shall under no circumstances be liable for any type of damages including but not limited to, direct, indirect, special, consequential, incidental, or punitive damages whatsoever or any lost profits or lost opportunities.



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# Executive Summary

The CEO Action Network (CAN) introduces Malaysia's first holistic DEI Implementation Guide, a pioneering resource tailored for the Malaysian corporate landscape. This pioneering guide recognises and addresses the nation's distinctive ethnic, cultural, and social diversity, empowering businesses with a comprehensive framework to integrate DEI principles effectively and authentically.

As a living document, the Guide acknowledges the evolving nature of DEI discourse and practices, committing to adapt and grow in tandem with emerging trends, insights, and regulatory landscapes. It encapsulates a forward-looking perspective, ensuring relevance and resilience in the face of DEI's dynamic progression.

## Key components of the DEI Implementation Guide include:

### 1 Understanding DEI:

The Guide begins by clarifying the concepts of diversity, equity, and inclusion, providing Malaysian corporates with a solid foundation to explore DEI's multifaceted nature. It emphasises the business case for DEI, demonstrating how inclusive practices can enhance performance, innovation, and market reach.

### 2 DEI in the Malaysian Context:

By examining Malaysia's demographic makeup and cultural nuances, the Guide tailors DEI principles to address local realities that are both relevant and impactful.

### 3 Stakeholder Engagement

The guide advocates a holistic approach, emphasising the significance of engaging a broad array of stakeholders—employees, customers, suppliers, partners, shareholders, and the community at large—fostering a culture of inclusion that transcends organisational boundaries.

### 4 Implementation Approach:

Detailing a phased DEI maturity model, the guide provides actionable steps for organisations, ranging from foundational DEI awareness to advanced strategies and best practices, each supported by real-world case studies from Malaysian corporates.

Drawing on the collective wisdom of CAN's diverse membership, the guide offers expansive insights while endorsing adaptability, enabling each entity to sculpt its DEI trajectory. As a dynamic document, it pledges to keep pace with the shifting contours of global and local DEI dialogues and mandates, while recognising that its adoption is voluntary and not mandatory.

This guide is not just a resource but a call to action for Malaysian corporates to lead with conviction in DEI, recognising that while the guide is principally designed for them, its principles are universally applicable. We encourage a broad spectrum of organisations, including public institutions and NGOs, to engage with its contents. Through collaborative effort and shared commitment, we can amplify DEI's impact, fostering an environment where diversity is celebrated, equity is advanced, and inclusion becomes the hallmark of societal progress, heralding a new era of corporate responsibility and community solidarity in Malaysia.

# Acknowledgements

The CEO Action Network (CAN) extends its profound gratitude to all the organisations and individuals whose dedication, expertise, and insights have been instrumental in the creation of Malaysia's first DEI Implementation Guide.

<p><b>Founding Organisation</b></p> <p>Founded the CAN DEI Workstream, providing the initial impetus and framework for ongoing DEI efforts.</p>	
<p><b>Workstream Leads</b></p> <p>Led the DEI Workstream and the development of this guide, orchestrating the collaboration and content creation.</p>	  
<p><b>Contributing Workstream Members</b></p> <p>Contributed to the guide with sector-specific insights, DEI best practices, and case studies, enhancing the depth and breadth of the content.</p>	         
<p><b>Content Review by Subject Matter Experts</b></p> <p>Reviewed the guide to ensure accuracy, comprehensiveness, and alignment with established DEI principles, providing critical feedback for refinement.</p>	   



## 01

# Introduction to Diversity, Equity, and Inclusion (DEI)

## 1.1 What is Diversity, Equity, and Inclusion (DEI)?

**A Brief History:** In 1948, the Universal Declaration of Human Rights (UDHR) advocated for the recognition and respect of inherent human dignity across different cultures and nations. This framework set an early precedent for subsequent movements, including the U.S. civil rights movement, which emerged prominently in the mid-20th century, advocating for equality and justice for marginalised groups and influencing global conversations on these themes.

For Malaysia, a country marked by its rich ethnic, cultural, and religious diversity, this global narrative took on special significance.

The nation's journey from a complex colonial past to independence highlighted both its cultural wealth and the challenges of fostering unity and equity. Engaging with DEI in Malaysia means addressing various areas of contention, particularly around discussions of race, religion, and equity, which are crucial for fostering meaningful DEI advancement.

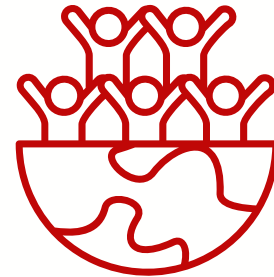
By the early 2000s, the focus broadened to encompass Diversity and Inclusion (D&I), advancing from merely acknowledging to valuing and integrating diverse identities within all societal and organisational layers. This perspective has since expanded to include Equity, thereby embracing a holistic view of DEI that aims to eliminate systemic barriers and ensure fairness and equal opportunities for everyone, continuously shaping Malaysia's social and corporate spheres.

The integration of DEI principles also aligns with the Sustainable Development Goals (SDGs) launched in 2015, demonstrating a global commitment to creating a more just, equitable, and sustainable world. In Malaysia, this means tackling systemic issues and ensuring that DEI efforts are intertwined with broader objectives like reducing inequalities (SDG 10), promoting gender equality (SDG 5), and fostering peaceful, inclusive societies (SDG 16).

## What it means

### DIVERSITY

Refers to all the attributes or characteristics that make individuals different from each other, including but not limited to race, ethnicity, gender, gender identity, sexual orientation, age, social class, physical and mental ability or attributes, religious or ethical values system, national origin, political beliefs and ideas. The essence of diversity is to foster relationships and evaluate individuals based on their potential and merits, rather than perceiving their unique attributes as disadvantages.



### EQUITY

The act of promoting justice, impartiality, and fairness within the procedures, processes, programme and distribution of resources and offering of opportunities, in ensuring equal possible outcomes for every individual. It aims to address historical disadvantages and systemic barriers that certain groups might face. This means abandoning the “one-size-fits-all” mentality.



### INCLUSION

Creating an environment where all individuals feel respected and valued for who they are, which involves facilitating inclusion at both systemic and individual levels. This environment fosters a sense of belonging, where employees are empowered to share their perspectives and participate fully, supported by organisational structures and practices that ensure everyone is included without fear of discrimination or exclusion.



## 1.2 Why DEI Matters for Businesses

Embracing DEI is more than a social responsibility; it is a strategic business decision, especially in a vibrant and diverse nation like Malaysia. Numerous studies and research have consistently demonstrated the linkages between DEI and business benefits, revealing that a workforce rich in diversity is a wellspring of innovation, market expansion, and financial resilience. However, it is important to acknowledge that much of this research is rooted in Western contexts. This highlights a gap in localised DEI research in Malaysia, underscoring the need for more region-specific studies to fully understand and leverage DEI's potential benefits within the Malaysian business landscape.



### Business Case 1: Improves Overall Performance

Multiple market studies show a strong linkage between diverse teams and overall business performance.

For example, a report for McKinsey & Co. found a substantial **48% performance difference between the most and least gender-diverse companies**<sup>12</sup>. This is also true for other dimensions of diversity, with the same study reporting that businesses with an ethnically diverse executive are 36% more likely to financially outperform in terms of their EBIT margin performance.



### Business Case 2: Talent Attraction and Retention

The younger workforce, especially Millennials and GenZs who make up the majority of the workforce today, are placing stronger emphasis on DEI.

“The rumours are real: Gen Z does take a keen interest in diversity initiatives, equality and inclusion and is ready to walk away if their employer does not meet their expectations.”  
(Talent Management Institute, 2022)



A Deloitte report<sup>5</sup> found that 69% of executives rated **diversity and inclusion as an important issue** in 2017, up 32% from 2014.

Furthermore, **3 in 4 employees and job seekers surveyed in Glassdoor's 2020 Diversity Hiring Survey**<sup>7</sup> report that a diverse workforce is an important factor when evaluating companies and job offers.



### Business Case 3: Access to New Markets

This advantage stems from a diverse workforce that mirrors the multifaceted global consumer base, offering insights and cultural competencies that can be the difference between market penetration and obscurity.

Studies indicate that about **70% of companies committed to DEI are more adept at entering and capturing new markets.**<sup>8</sup>

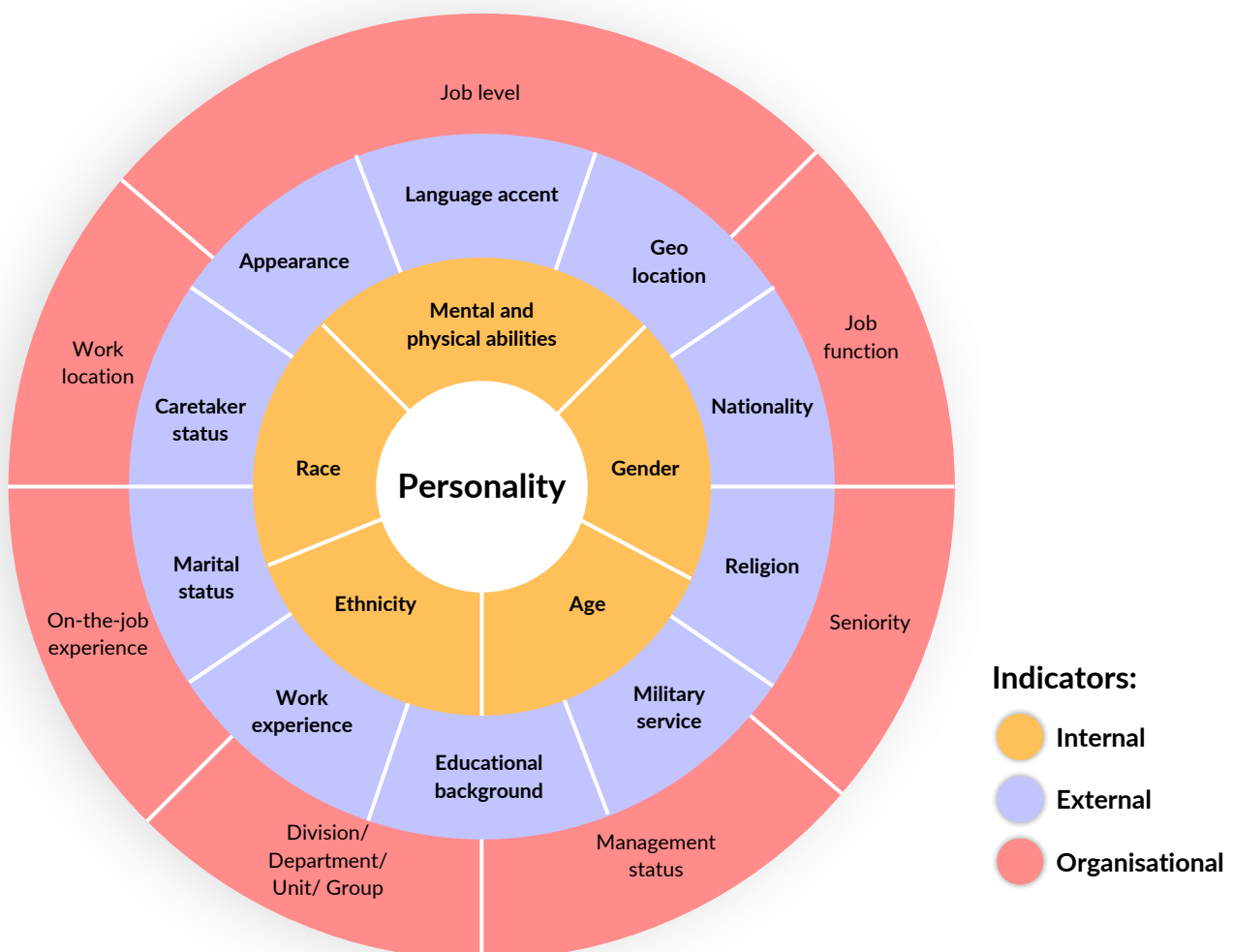
## 02

## (Mis)definitions of DEI

The journey towards effective DEI implementation is often clouded by a myriad of terms and concepts, leading to confusion and misconceptions. This chapter aims to demystify some key DEI ideas and terms DEI, thus offering Malaysian corporates a starting point in how to build a DEI culture.

### 2.1 Dimensions of DEI

For many Malaysian corporations, DEI efforts often focus on gender diversity – especially at the Board level or overall workforce. While this is a good starting point, it's important to recognise that diversity encompasses far more. To foster a truly inclusive and equitable work environment, businesses need to understand and embrace the full spectrum of diversity dimensions.



## These dimensions can be categorised into three key areas:

- 1 **Internal dimensions** of diversity refer to those characteristics that are generally inherent. They include aspects such as age, race, ethnicity, gender, and physical and mental abilities.



### Why it's important

Acknowledging internal dimensions is crucial as they often form the core of an individual's identity and significantly influence one's life experiences and perspectives.

- 2 **External dimensions** encompass characteristics that are largely influenced by external factors and life experiences and may change throughout a lifetime. These include citizenship, educational background, marital status, parental and caretaker status, socio-economic status, appearance, and work experience.



### Why it's important

External dimensions greatly shape an individual's worldview and lifestyle. Understanding these helps in appreciating the diverse life paths and choices of employees.

- 3 **Organisational dimensions** refer to the aspects related to one's role and position within the workplace. These include job function, seniority, work location, union affiliation, and management status.



### Why it's important

These dimensions influence how individuals interact within the organisational structure and culture, affecting their work experiences and opportunities.



## 2.2 Decoding Key Terms & Misconceptions

### Power Dynamics

Power Dynamics in the context of DEI refers to the ways in which power is distributed and exercised within a society or organisation, often shaping interactions and opportunities along the lines of race, gender, class, or other identity markers. These dynamics can influence who gets heard, who makes decisions, and who has access to resources.

- **Misconception:** A prevalent misconception is that power dynamics are always explicit and easy to observe. In reality, power structures can be subtle and embedded within the norms and practices of organisations or societies, making them difficult to discern and address.
- **Example:** A leader in an organisation may not recognise the significant influence of their position on employees, particularly those from underrepresented groups. If employees perceive that expressing their concerns or challenges could lead to negative repercussions or be dismissed, they may choose to remain silent.

### Privilege

Privilege in the context of DEI refers to the unearned advantages or benefits granted to individuals based on certain aspects of their identity like race, gender, or socio-economic status, sometimes at the expense of others who do not have those same advantages.

- **Misconception:** There's a misconception that privilege equates to a complete absence of life's difficulties. In reality, privilege is context-specific and situational; a person may have advantages in one area, such as socio-economic status, yet face challenges in another, like gender or race, illustrating that privilege in one domain does not preclude disadvantages in others.
- **Example:** An academically accomplished minority individual might enjoy professional respect due to their educational background yet still encounter racial prejudices, showcasing how privilege in education does not nullify racial discrimination experiences.

### Unconscious Bias

Unconscious biases are implicit attitudes or stereotypes that affect our understanding, actions, and decisions unconsciously, often contrary to our conscious intentions.

- **Misconception:** It is often believed that unconscious bias is only harboured by overtly prejudiced individuals. However, these biases are a common human condition and can be present in anyone, regardless of their conscious commitment to equality.
- **Example:** A hiring manager might inadvertently overlook a candidate with a physical disability, assuming they will require significant accommodations or will not fit into the team, despite the candidate's qualifications and ability to perform the job with or without reasonable accommodations. This bias may occur even if the manager believes they are assessing all candidates equally.

### Inclusive Human Leadership at Dutch Lady Milk Industries Berhad (DLMI)

**Inclusive leaders** are people who are aware of their own biases and who actively seek out, consider and understand different perspectives to inform their decision-making and collaborate more effectively with others.

In embracing the principles of DEI, DLMI promotes the importance of inclusive leadership, where employees are aware of their own (unconscious) biases and (consciously) work towards respecting and understanding different perspectives to inform their decision-making. In 2024, DLMI planned a series of engagement sessions with the Management Team and Business Leadership Teams to gain insights on unconscious biases as powerful predictors of behaviour and then helping with techniques to navigate through many types of biases towards shaping a positive inclusive culture, decision making, and performance.

The discussions and series of engagement cover practical information on how to 1) Identify what biases are 2) Dissect biases 3) Decide which of the biases can be addressed first 4) Look for common interest groups 5) Manage biases 6) Be mindful of bias kick backs 7) Practice and demonstrate in action on these to collectively create an inclusive culture and most importantly, 8) Revisit the loopholes and learnings ahead of important decision-making interactions with employees and stakeholders.



## Microaggression

Microaggressions are everyday verbal, nonverbal, and environmental slights, snubs, or insults, intentional or unintentional, that communicate hostile, derogatory, or negative messages to target persons based solely upon their marginalised group membership.

- **Misconception:** People often perceive microaggressions as harmless or too trivial to be taken seriously. However, they can accumulate, significantly affecting an individual's well-being and productivity. Importantly, jokes or comments that might seem benign or humorous to some can contribute to a hostile environment for others.
- **Example:** A statement in the workplace like “You’re not like other women; you understand technology well,” while perhaps intended as a compliment, subtly perpetuates the stereotype that women are generally less competent in technical fields. It undermines her professional abilities based on her gender.

## Affirmative Action

Affirmative action is designed to address and dismantle historical barriers to equal opportunity for underrepresented groups. By favouring individuals from these groups, the practice seeks to correct systemic inequities that persist in employment, education, and other sectors.

- **Misconception:** The common misconception is that affirmative action compromises fairness by prioritising diversity over merit. However, the core objective of this approach is to promote equity by levelling the playing field. It acknowledges that certain groups face systemic disadvantages that require proactive measures for redress. When implemented effectively, affirmative action does not negate merit but ensures that all individuals have fair access to opportunities, irrespective of their background.
- **Example:** A company might establish a leadership development programme for women and minorities to prepare them for senior roles, recognising that these groups often lack the same advancement opportunities due to systemic biases, not a lack of merit or capability.

## Tokenism

Tokenism is the practice of making a symbolic effort to be inclusive to minorities, such as hiring a small number of people from underrepresented groups, to give the appearance of equality within the workplace.

- **Misconception:** Tokenism is often mistaken for genuine inclusion. However, tokenistic practices do not effectively address the underlying systemic issues of diversity and equity.
- **Example:** A firm may hire one or two individuals from a minority group and excessively feature them in marketing materials to showcase its diversity, without providing real opportunities for growth or addressing systemic inequities.

## Intersectionality

Intersectionality is a conceptual framework that examines how various aspects of a person's social and political identities—such as gender, race, class, sexuality, and ability—interact to create distinct experiences of discrimination and privilege. This approach acknowledges that the confluence of different identity factors can intensify the discrimination faced by individuals, especially those belonging to multiple marginalised groups.

- **Misconception:** While intersectionality considers the complex facets of all individuals' identities, suggesting it applies equally to everyone may minimise the unique challenges faced by those who intersect multiple minority categories. In truth, intersectionality is insightful in highlighting how these overlapping identities can amplify experiences of marginalisation and discrimination.
- **Example:** An Indian woman in a Malaysian corporate setting may face layered discrimination that is not just gender-based but also intersects with racial biases.

## Allyship

Allyship is recognising the advantages one has and actively seeking ways to use those advantages to challenge systemic inequalities and support those who lack similar privileges (marginalised groups).

- **Misconception:** Allyship is often misinterpreted as simply acknowledging one's privilege or making public declarations of support for marginalised groups. True allyship, however, requires consistent action and the willingness to leverage one's privilege for the benefit of those without it.
- **Example:** A male manager makes a conscious effort to redirect the conversation back to the female colleagues when they are interrupted and advocates for meeting guidelines that ensure equitable participation.

## Psychological Safety

Psychological safety refers to an environment where individuals feel secure and confident to express their thoughts, ideas, and concerns without fear of punishment or humiliation. For marginalised groups, psychological safety is crucial for enabling full participation and engagement, ensuring that all voices are heard and valued equally.

- **Misconception:** Psychological safety is sometimes mistaken for an environment where feedback or constructive criticism is absent, under the guise of protecting feelings. In reality, psychological safety is about creating a culture where everyone feels safe to express ideas, ask questions, and voice concerns without fear of embarrassment or retribution.
- **Example:** In a company that employs members of the Orang Asli communities, leaders ensure that these employees have equal opportunities to contribute and speak openly, even on feelings of marginalisation. Recognising the historical marginalisation of the Orang Asli, the company adopts practices that encourage their representation and active participation.

### Safe Space Sessions by Dutch Lady Milk Industries Berhad (DLMI)

Safe Space Sessions organised by DLMI for female employees to actively engage in open dialogue, share their personal experiences and insights, mainly to foster understanding and inclusivity at workplace.

Such initiatives are part of the company's effort to cultivate psychological safety, which is all about helping employees identify and navigate through their emotional needs, while enabling them to be their honest, most authentic selves, without fear of retribution.

DLMI's people managers are coached to lead conversations and foster quality engagement, helping address day-to-day challenges and providing a listening channel to instil greater confidence and commitment to well-being.





## 2.3 The Multistakeholder Approach

The impact of a company's actions extends far beyond its internal operations, touching the lives of diverse groups of stakeholders. Recognising this expansive influence, it's imperative for Malaysian companies to adopt a Multistakeholder Approach to DEI.

- 1 Employees:** DEI for employees is the most well-adopted. Yet, there exists a significant power imbalance between employees, particularly those from underrepresented or marginalised groups, and management. This imbalance can manifest in employees feeling unable to voice their opinions, concerns, and experiences related to DEI issues. Therefore, it's crucial for companies to address these power imbalances and create safe, supportive environments for all employees.

**Example:** To foster an inclusive environment, a Malaysian technology firm launched a mentorship programme aimed specifically at supporting employees from underrepresented groups. This programme facilitates their engagement with senior leaders, enabling a direct channel for expressing concerns, contributing ideas, and participating in DEI policy development, thus ensuring equitable advancement and representation within the company.

- 2 Customers:** While customers have the collective power to influence market trends and brand reputation, individual customers might feel powerless against large corporations. By understanding and addressing the specific needs of underserved or disadvantaged groups, companies can innovate and broaden their customer base, effectively opening new market segments and reinforcing customer loyalty.

**Example:** Through universal design principles, a company can make its offerings accessible to all customers, including those with visual or hearing impairments. For instance, introducing software with voice recognition and screen readers to enhance usability for a broad audience.

- 3 Suppliers and Partners:** Companies should relinquish their dominant position and strive to establish fair and equitable terms of contracts with suppliers and partners. This ensures that suppliers, particularly smaller ones, are not exploited due to the significant power wielded by companies. Additionally, companies can leverage their influence to promote awareness and advocate for DEI principles, fostering positive changes throughout the supply chain.

**Example:** A multinational corporation in Malaysia could implement a policy that integrates DEI principles in supplier contracts and also incentivises suppliers to uphold DEI standards, using its purchasing power to promote diversity and inclusion among smaller, local businesses.

## IMPACTO's Client Charter

As an SME and a B Corp-certified sustainability advisory, IMPACTO addresses power dynamics with larger corporations through its Future Fit Policy. This policy includes a Client Charter emphasising equality, mutual respect, and shared responsibility, empowering IMPACTO to uphold fair dealings via the 'Right to Say 'No'.

This approach not only exemplifies IMPACTO's commitment to True Sustainability Leadership but also influences its corporate clients to embrace equitable practices, with an aim to foster industry-wide shifts towards fair and responsible business conduct.



- 4 Shareholders and Investors:** Minority shareholders typically have limited power in influencing corporate decisions. However, incorporating their diverse perspectives can lead to more inclusive and well-rounded corporate governance.

**Example:** Establishing a dedicated communication channel for minority shareholders to express their views on DEI issues, ensuring their concerns are considered in major company decisions.

- 5 Community and Society:** Corporations often have substantial influence over the communities they operate in. Adopting a DEI approach in community engagement ensures that development projects are equitable and inclusive.

**Example:** Prior to launching a new facility, a manufacturing company engages with local communities in Malaysia through dialogues and impact assessments, ensuring that the project benefits a diverse range of community members and addresses their specific concerns.

## 03

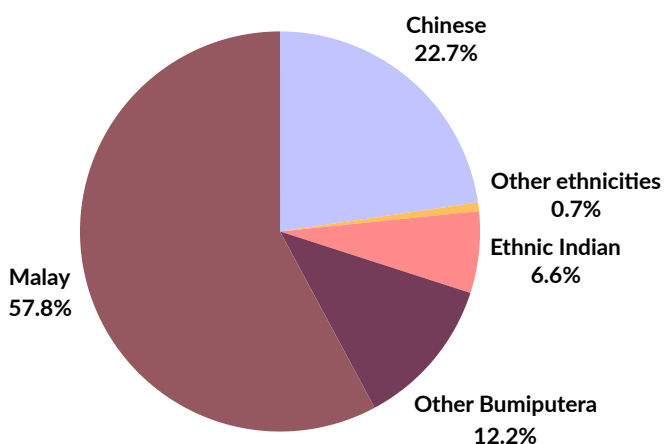
## DEI in the Malaysian Context

### 3.1 Cultural and Societal Diversity in Malaysia

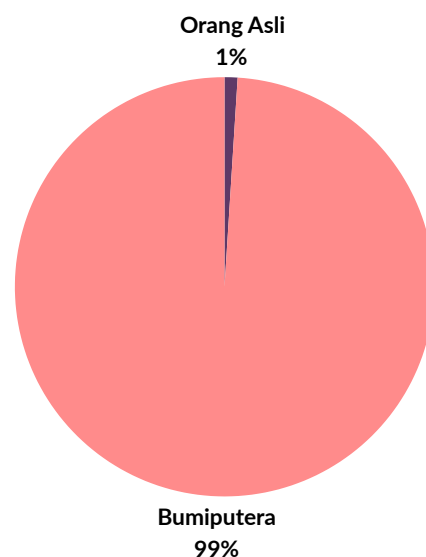
Malaysia is a unique nation, known for its diverse mix of race, ethnicity, religions, and cultures. This diversity is primarily shaped by three major ethnic groups: Bumiputera (70.1%), ethnic Chinese (22.6%), and ethnic Indians (6.6%), with other ethnicities comprising a smaller percentage.

Central to the Bumiputera category is a variety of subgroups, underscoring a diversity that extends beyond the predominant Malay-Muslim population, which exerts significant influence on Malaysia's national language (Bahasa Malaysia) and its state religion (Islam). Within this broad category, the Indigenous populations of Malaysia, particularly the Orang Asli in Peninsular Malaysia and numerous native groups in Sabah and Sarawak, stand out for their distinct cultural identities and heritage.

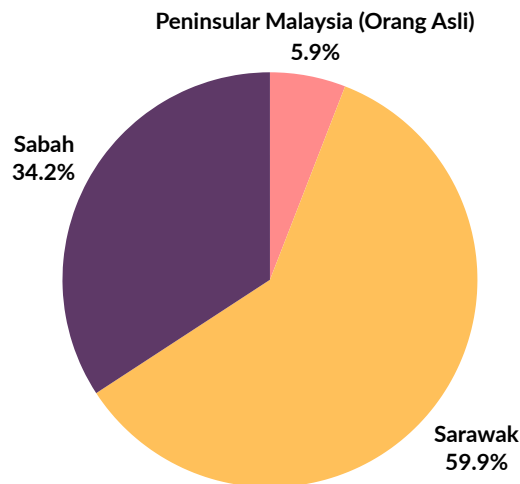
Ethnicity breakdown in Malaysia



Breakdown of Bumiputera/Orang Asli in Malaysia



### Distribution of Indigenous Populations in Malaysia



The Orang Asli of Peninsular Malaysia are categorised into three main groups: Negrito (Semang), Senoi, and Aboriginal-Malay, further divided into 18 subgroups, totalling a population of 215,215.<sup>9</sup> Similarly, Orang Asal are natives of Sabah and Sarawak. In Sarawak, the Indigenous groups, commonly referred to as Dayak or Orang Ulu, encompass a range of subgroups like Iban, Bidayuh, Kenyah, and many others, summing up to approximately 1.2 million individuals. Sabah's native populace, known as Anak Negeri, includes diverse groups such as Kadazan-Dusun, Murut, and Bajau, with a combined count of 2.1 million individuals.

Malaysia's diverse religious backgrounds influences Malaysia's cultural tapestry. 63.5 percent of the population practices Islam; 18.7 percent, Buddhism; 9.1 percent, Christianity; 6.1 percent, Hinduism; 9 percent, belong to other religious groups. Religious backgrounds are important as they inform not just Malaysia's cultural tapestry; but also individual considerations and needs.

## 3.2 Regulatory and International DEI Landscape in Malaysia

In Malaysia, the push towards DEI in corporate settings has mainly emphasised gender diversity. However, Bursa Malaysia has mandated the disclosure of Common Indicators which includes age and gender group diversity for board and employees. Companies are encouraged to also provide disclosure on employees' ethnicity and disability.

**27th June 2011**

**30% Women on Board by 2016**

The PM announced that women must comprise at least 30% of the decision-making positions in the corporate sector by 2016

**9th April 2014**

**Establish and disclose diversity policies**

The PM highlighted the need for listed issuers to establish and disclose diversity policies, covering gender, ethnicity, and age for board and management

**2nd January 2015**

**Disclosure of diversity policy**

Bursa Malaysia requires all public listed companies to disclose diversity policies covering gender, ethnicity, and age for board and workforce, for Annual Reports issued on or after January 2015

**27th June 2014**

**"II Code"**

The Malaysian Code for Institutional Investors 2014 (II Code) states that institutional investors should assess the quality of disclosures made by investee companies on the diversity targets and policies

**2nd March 2015**

**Career Comeback Programme by TalentCorp**

Designed to help women return to the workforce by offering individual tax exemption of up to 12 months, connecting them with potential employers and organising career comeback workshops

**1st January 2023**

**Revision of Employment Act 1955 for Flexible Work Arrangements (FWA)**

Introduced the option of flexible working arrangement of employees, which can help promote family responsibilities and care work

**4th June 2023**

**Bursa censures listed firms with all male board**

Bursa aims for 30% women on boards and introduced requirements for female board members in 2022. Main Market PLCs must promote diversity starting from 2023, while ACE Market PLCs face these requirements from 2025



Malaysia's commitment to DEI is demonstrated not only through its domestic policies but also by its active participation in various international frameworks and agreements. This commitment is highlighted by the nation's ratification of critical global treaties and its engagement with overarching developmental goals. Among these international commitments are:

- **Convention on the Elimination of All Forms of Discrimination against Women (CEDAW 1979, ratified by Malaysia in 1995):** Focused on eliminating discrimination against women in all areas of life.
- **Convention on the Rights of Persons with Disabilities (CRPD 2006, ratified by Malaysia in 2010):** Dedicated to ensuring the full and equal participation of persons with disabilities in society.
- **Malaysia's Engagement with the Sustainable Development Goals (SDGs):** Reflects the nation's commitment to addressing global equality and equity issues, including specific alignment with SDG 5 (Gender Equality) and SDG 10 (Reduced Inequalities).

For corporations in Malaysia, understanding and aligning with the government's DEI efforts is crucial. By acknowledging the areas highlighted in Malaysia's human rights reports and the conventions Malaysia has committed to, companies can tailor their DEI strategies to not only comply with national standards but also contribute to broader societal goals.

### 3.3 Socioeconomic Disparities and Inclusion Challenges

Malaysia faces its own set of DEI challenges that companies need to consider and tailor based on the nation's unique landscape.

#### 1 Racial Discrimination

In Malaysia, the incidence of racial discrimination in the workplace demands attention. A survey conducted by the Architects of Diversity<sup>1</sup> in 2023 highlights this concern, revealing that 64% of Malaysians experienced some form of discrimination over the past year, with 32% citing ethnicity as a key factor. The survey also suggests that respondents who were Indian Malaysians experienced particularly high levels of discrimination, especially in job applications (51%), signalling a need for systemic change.

The survey also revealed a reluctance to report discrimination, often due to insufficient evidence and perceived procedural complications. It is essential for organisations to cultivate a workplace culture that not only encourages but also actively supports the reporting and resolution of grievances. To further enhance this environment, companies should consider developing cultural sensitivity programs as part of stakeholder onboarding processes, clearly emphasizing a zero-tolerance policy towards racial or any form of discrimination or bias.

## 2 Bumiputera Considerations

Bumiputera rights are designed to address economic disparities affecting these populations. These rights, manifesting in selected or targeted preferential treatment or programmes related to areas such as education, employment, business, and property ownership, aim to uplift Bumiputera communities economically and socially. While these policies seek to rectify inequalities, they might introduce complexities for DEI efforts within companies, particularly in balancing Bumiputera considerations with the goal of creating an inclusive or equitable environment for all ethnic groups.

Companies must navigate these policies carefully, ensuring equitable opportunities for all employees, while complying with national regulations. Companies should also be mindful that they are excluding potential vendors or employees from opportunities due to their ethnic backgrounds (including Bumiputera). Conscious or unconscious biases in procurement or hiring practices need to be addressed. Best practice would be to analyse demographics of employees at all levels across the various DEI dimensions (e.g. to ensure the Management teams are representative of the merit-based pool of candidates). Inherent biases can only be covered if companies consciously collect, track, and analyse the relevant data.

## 3 Gender Issues

In Malaysia, traditional roles and expectations significantly affect women's workforce participation and advancement, as evidenced by the disparity in Labor Force Participation Rates between women (55.5%) and men (80.9%)<sup>3</sup>, despite higher graduation rates among women in learning institutions. Barriers to leadership, wage inequality, increasing workplace sexual harassment, and lack of facilities like nursing rooms highlight key safety and inclusion issues. Additionally, the prevalence of gender-neutral policies and insufficient gender-specific data impede effective and targeted interventions.

The Social and Economic Research Initiative (SERI)<sup>14</sup> study underscores the impact of family expectations on women's careers, revealing them as both supportive and challenging, often leading to career disruptions or constraints due to familial responsibilities.

To address these disparities, companies need to implement targeted strategies that include flexible work arrangements, improved safety measures, mentorship programmes, and fair career advancement opportunities, directly tackling the unique challenges faced by women in the workplace.

#### 4 Gender Identity / Sexual Orientation

In Malaysia, the situation surrounding gender identity and sexual orientation rights is understandably nuanced - shaped by federal and state Shariah laws. Federal law, notably Section 377 of the Penal Code, criminalises “unnatural offences”, while a combination of state Shariah laws also prohibits cross-dressing and gender transition recognition. Additionally, acceptance or views on non-traditional identities, shaped by various religions and cultural considerations further complicate the legal and social landscape, adding complex layers.

Malaysian companies navigating this legal and cultural context are advised to embrace DEI principles tactfully and thoughtfully. Without contravening local laws, organisations can still foster an inclusive atmosphere through unbiased policies and practices, ensuring employees are treated with dignity and judged on merit and work performance, without tolerance of harassment at the workplace.

#### 5 Disability Inclusion

Disabilities encompass a range of conditions that may impact individuals' daily functioning and participation in society. These include both physical disabilities, such as mobility impairments, visual or hearing impairments, and mental disabilities, including conditions like depression, anxiety disorders, or autism.

In Malaysia, the rights of persons with disabilities are protected in the Persons with Disabilities Act 2008, which mandates that persons with disabilities shall have the right to employment on an equal basis with others, ensuring they have access to suitable job opportunities, reasonable accommodations, and a discrimination-free work environment.

Despite these legal provisions, cultural norms in Malaysia sometimes pose additional challenges for individuals with disabilities, manifesting as discrimination or denial of the presence of disabilities. In 2019, only 1.6% of the Malaysian population, or approximately 537,000 individuals with disabilities, were officially registered. However, it is estimated that this is unrepresentative of the true number as the World Health Organisation (WHO) estimates that 15% of the global population experiences some form of disability.

### MRCB's Disability Equality Training (DET) and Disability Related Service Training (DRST)



In March 2023, MRCB facilitated Disability Equality Training (DET) and Disability Rights and Sensitivity Training (DRST) at Kuala Lumpur Sentral Station (SSKL), impacting 160 Auxiliary Police officers and Security Guards. Conducted by qualified trainers from the Malaysian Association of the Blind, this initiative significantly raised awareness among the staff about the needs of visitors and commuters with disabilities.

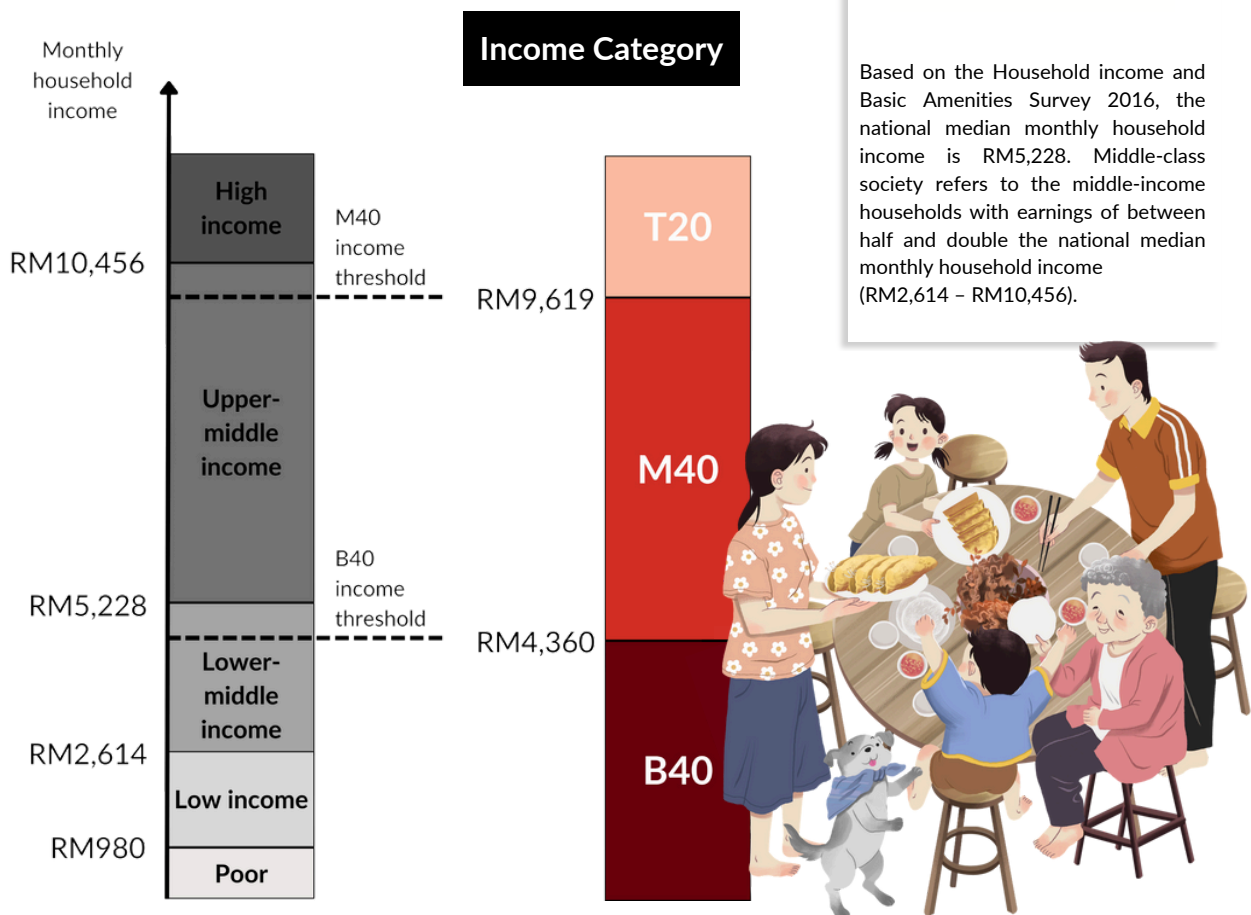
This enhanced awareness and sensitivity contribute to creating a more inclusive environment at SSKL, aligning with the values of diversity and accessibility.

For MRCB, such training is valuable as it ensures that their staff are equipped with the necessary knowledge and skills to cater to the needs of diverse communities, thereby enhancing the overall experience and accessibility of their facilities.

## 6 Indigenous Rights

While indigenous communities in Malaysia are recognised under the Bumiputera category, they continue to encounter various forms of marginalisation, not limited solely to economic aspects but spanning across cultural and social dimensions. Examples include limited access to cultural preservation resources, challenges in maintaining traditional languages, and obstacles in educational and employment opportunities. For businesses, respecting indigenous rights means acknowledging their unique status and needs, ensuring their inclusion in employment, and supporting community development initiatives within their ecosystem or circle of business and influence.

## 7 Socio-economic Disparities



Malaysia's socio-economic landscape is segmented into three main income groups: the Bottom 40% (B40), the Middle 40% (M40), and the Top 20% (T20). The B40 category represents the segment of the population with the lowest income levels, often grappling with systemic barriers that limit access to quality education, secure employment, and upward mobility. In the workplace, B40 employees may face job insecurity, limited career progression opportunities, and a lack of access to healthcare and other essential benefits. Moreover, societal and workplace discrimination based on socioeconomic status can exacerbate these disparities.



Companies looking to address DEI effectively must understand the unique challenges faced by the B40 group and implement targeted initiatives that promote socio-economic inclusion, such as skill development programmes, equitable hiring practices, and support for employee well-being, to ensure all employees have the opportunity to thrive.

It is worth noting that Malaysia's current income-based classification (B40, M40, T20) is transitioning from a broad income-based classification to a more detailed net income-based categorisation to better reflect financial realities. This change acknowledges the current system's limitations, particularly how it overlooks variations in household size and regional living costs, which can obscure the true economic status of B40 and M40 groups. Such an adjustment is vital for accurately identifying and assisting those in need, ensuring that interventions are effectively targeted.

## 8 Ageing Population

As Malaysia progresses toward becoming an "aged society" by 2044, with 14% of its **population over 65**, and a "super-aged society" by 2056 with more than 20% of its **population over 65**, it faces critical socioeconomic challenges and opportunities. The anticipated demographic shift is poised to reduce GDP growth significantly, with ageing contributing to a third of this decline by 2050. Employment<sup>18</sup> among older adults remains low, with only 45.2% of those aged 55 to 64 actively employed.

The evolving demographic necessitates a deliberate approach to aged care and employment, recognising the elderly's potential to contribute to a burgeoning "silver economy." Addressing the challenges requires robust policy interventions, including enhancing employment opportunities for older workers, bolstering social protection, and fostering an inclusive aged care ecosystem.

## 04

# Implementation Approach

## 4.1 A Phased Approach to DEI

In Malaysia, the diversity of organisations should naturally largely mirror the diversity of the country. Attempting to apply a one-size-fits-all strategy to Diversity, Equity, and Inclusion (DEI) would not only be contradictory but also lead to frustration and ineffective outcomes.

Our guide adopts the "Five Stages of DEI Maturity" model (Washington, 2022) as a foundational framework. . This model allows a structured and tiered approach to DEI implementation, designed to accommodate the unique DEI maturity levels of Malaysian companies. The implementation tiers—Foundation, Advanced, and Excellence—are tailored to guide organisations through their DEI journey, ensuring that each step is aligned with their current state of DEI maturity and aspirations for growth.

### Five Stages of DEI Maturity

#### Stage 1: Aware

Triggered by one or a few events, internal or external, resulting in soul-searching and a genuine desire to improve.

- Why does DEI matter to us personally?
- Where do we want to go?

#### Stage 2: Compliant

Complying with industry and government/legal requirements for DEI (if any). But organisations in this stage tend to be stuck.

- We do DEI because we have to
- Where can we set goals that are bigger than our compliance targets?
- How can DEI help us to meet our other goals

### CAN's Tiered Approach to DEI

#### Tier 1: Foundation

Focuses internally, laying the groundwork for DEI by building awareness and compliance among their employees.

This stage is about understanding and improving DEI within the organisation.

### Stage 3: Tactical

Have moved beyond compliance and fully engaged in executing own DEI initiatives. However, DEI is lacking strategically.

- What is our strategy?
- Where do we need to standardise?
- How can we connect DEI work up and down the organisation?
- What is our full sphere of influence?

### Tier 2: Advanced

Represents organisations moving beyond foundational compliance to incorporate DEI more substantially into their culture as well as their supply chain

### Stage 4: Integrated

Has defined its DEI strategy, developed a culture of inclusion and taken a close look at the impacts of discrimination and inequity across its internal and external stakeholders, seeking to address those challenges.

- DEI is part of everything we do.
- What systems and structures do we need to create?
- Why not (challenge the status quo)

### Tier 3: Excellence

Leaders in DEI, driving change not only within their own organisation and supply chain but also influencing DEI across the industry, including customers and community members. They set the standard for DEI practices in the broader business ecosystem.

### Stage 5: Sustainable

DEI efforts are deeply embedded in their corporate DNA, have passed stress tests such as economic challenges, and leadership changes and these leaders have a mindset of continuous improvement.

Furthermore, the journey through the Five Stages of DEI Maturity encompasses integrating top-down strategies with bottom-up initiatives around DEI, fostering an organisation-wide culture of inclusion, and ultimately achieving equity in both policy and practice.

**Within the CAN DEI implementation approach, each Tier is delineated into practices and initiatives across three critical levers:**

- **Data Collection and Reporting:** provides a factual basis for benchmarking DEI progress and informing strategy. It ensures transparency, aids in identifying disparities, and measures the impact of DEI initiatives, enabling targeted improvements.
- **Capacity Building and Culture Change** is fundamental for nurturing a DEI-centric organisational culture. It equips individuals with the knowledge and skills to foster inclusivity, driving the transformation towards a more diverse and equitable workplace.
- **Policies, Programmes, and Commitments** establish the structural foundation for DEI. They define the organisation's DEI objectives and commitments, guiding the development and implementation of programmes that operationalise equity and inclusion in all business practices.

## 4.2 Tier 1: Foundation

This is the starting point of the DEI journey. Companies in this tier are aware of DEI needs, or might have been triggered by internal and/or external events, including but not limited to announcements by competitors, encouragement from business partners, pressure by regulators, and even prodding by interested or affected employees.

### Data Collection and Reporting

Gather and report on demographic data for gender, age and ethnicity/race of the workforce.

☐

### Capacity Building and Culture Change

Conduct workshops for all employees to understand DEI concepts and terminologies.

☐

### Policies, Programmes and Commitments

Establish a brief DEI policy statement that outlines the organisation's commitment.

☐

Commit to a minimum gender ratio of 30:70\* at leadership roles (i.e. Board level).

☐

\*This target is inspired by the 30% Club's global initiative to enhance gender diversity in leadership positions, where evidence suggests that a minimum of 30% female representation is required to exert meaningful influence and enhance board effectiveness. Companies are encouraged to consider their specific industry context and workforce dynamics, adjusting the target if necessary to address any sector-specific challenges or constraints.



## TM's Commitment to 30% Women in Leadership

TM has embraced the 30% Club's global initiative, with 31% of women represented at the management level and 36% on the Board reported in 2022.

## Our People

Warga TM

**19,499**

Diversity

**36%** women on board

**31%** women in Senior Management



For more information, please read: [TM Integrated Annual Report 22](#), pages 116-118



## CIMB's Employee Diversity and Inclusion Policy

The Group's Employee Diversity and Inclusion Policy underscores the importance of embracing diversity and respecting differences. Implemented in 2021, this policy articulates guiding principles and standards to drive progress toward diversity and inclusion goals.



### Equal Opportunities & Fair Treatment

We aim to provide equal opportunities for employment, development, and career progression based on objective criteria, merit and with due regard for diversity



### Inclusiveness, Dignity & Respect

We strive to maintain a work environment that promotes positive well-being and one where all employees are treated with respect and dignity

For more information, please read: [CIMB Sustainability Report 2022](#), page 97

## 4.3 Tier 2: Advanced

Companies at this tier have moved beyond the Foundation level awareness and compliance and are now executing their own DEI initiatives beyond regulatory or industry requirements. Leaders in these companies would be in the process of integrating DEI into organisational strategy and developing a culture of inclusion across the company.

### Data Collection and Reporting

Gather and report on additional employee demographic data: disabilities, parental status, caregiver status.

☐

Provide supporting statements on the data disclosures.

☐

Track and report on supply chain demographic, i.e. geography, size (SMEs), women-led, minority-led

☐

### Capacity Building and Culture Change

Conduct annual DEI Surveys for employees to identify progress.

☐

Establish a DEI Governance structure (including the formation of Employee Resource Groups (ERGs)\* that cater to different identity groups).

☐

### Policies, Programmes and Commitments

Conduct a gap analysis to ensure DEI alignment for all employee-relevant policies (recruitment, growth & retention).

☐

Establish formal mentorship and sponsorship programmes to support career growth for under-represented employees.

☐





## CIMB's D&I Survey

CIMB conducts a D&I pulse survey to gauge awareness within the organisation, yielding positive results that reflect CIMB's inclusive work culture.

### D&I Pulse Survey

- ✓ 92% of employees believed that workforce diversity (in terms of gender, age, background, belief, ethnicity, skills and abilities) is valued at CIMB
- ✓ 90% of employees agreed that CIMB demonstrates a strong commitment to creating an inclusive work environment
- ✓ 88% of employees agreed that all CIMBians are given equal opportunities for development and growth regardless of gender, age, socio-economic background, ethnicity and disabilities
- ✓ 88% of employees were aware of and understood the procedures and channels for reporting incidents relating to discrimination and harassment at the workplace
- ✓ 88% of employees agreed that CIMB offers learning programmes that promote awareness about diversity and inclusion at the workplace

For more information, please read: [CIMB Sustainability Report 2022](#), page 97



## SAP's Employee Network Groups

SAP has ERGs known as Employee Network Groups, considering them as essential and intrinsic functions within the organisation. They currently have up to 40,000 employees in its 13 Employee Network Groups worldwide.



# 40,000

Employees in the  
Employee Network Groups

The Board has declared a total dividend of **16.5 per share**, with a total of payout amounting to **RM627.5 million**

Our strong foundation in sustainability has enabled us to **build a sustainable business** while creating value for our stakeholders

For more information, please read: [SAP 2022 Diversity and Inclusion Report](#), page 4

## 4.4 Tier 3: Excellence

Companies at this tier have robust DEI strategies, an inclusive culture and DEI embedded in their DNA. DEI efforts are continuously improved and enhanced despite economic challenges or changes in leadership. DEI efforts are also adapting and evolving as the company expands these initiatives to culturally different regions and through changing trends in technology, politics and society.

### Data Collection and Reporting

Identify, track and report on additional under-represented stakeholders i.e. customer base and communities (if relevant).

☐

Publish detailed DEI reports, including pay equity across multiple dimensions (gender, work/career levels).

☐

### Capacity Building and Culture Change

Conduct workshops for suppliers and community members to understand DEI concepts and terminologies.

☐

Actively mentor and advocate for DEI to the public (through forums, policy advocacy, community engagements etc) led by organisational leaders or identified DEI champions

☐

### Policies, Programmes and Commitments

Set DEI Targets (beyond gender/employees).

☐

Fully integrate and institutionalise DEI principles across all organisational policies, including procurement, hiring, retention, and promotion.

☐



## Petronas' DEI Advocacy

PETRONAS collaborates with a range of associations and organisations to drive their DEI culture. This includes the International Association of Oil & Gas Producers (IOGP), the World Business Council for Sustainable Development (WBCSD), and the World Economic Forum (WEF) to network and benchmark global practices of Diversity, Equity, and Inclusion (DEI).



In 2022, their Senior Vice President of Group Human Resource Management assumed the role of Commissioner in the Business Commission to Tackle Inequality (BCTI) by WBCSD.

For more information, please read: [Petronas Integrated Report 2022](#), pages 217-218



## Microsoft's Comprehensive DEI Reporting

Microsoft prioritises representation, as evidenced by the global data on gender, race, and ethnicity. They conduct detailed analyses within various levels and roles, including those held by Asian or multiracial employees, as well as individuals with disabilities or military backgrounds. Regular updates are provided on their commitments to the Racial Equity Initiative, pay, employee sentiment, workforce exits, and new hire data.



For more information, please read: [Microsoft Global Diversity & Inclusion Report 2023](#)

## 05

## Appendix

## 5.1 DEI Survey Sample

This DEI Survey Sample is designed based on the Global Diversity, Equity, and Inclusion Benchmarks (GDEIB) to provide a comprehensive framework to assess an organisation's DEI efforts across multiple dimensions. It focuses on areas such as Leadership, Strategy, Structure, Recruitment, Development, and Inclusion.

This sample survey leverages a Likert scale (1 = Strongly Disagree, 5 = Strongly Agree) for respondents to rate their agreement with each statement, allowing for quantitative analysis of DEI perceptions within the organisation. To ensure comprehensive insights, the survey should be completed by a diverse cross-section of employees at all organisational levels and repeated regularly, such as annually, to track progress and shifts in DEI engagement over time.

Category	Question	Likert scale (1-5)
Leadership	Leaders at [Company Name] demonstrate a strong commitment to DEI in their actions and decisions.	
	DEI values are clearly communicated and visibly supported by leadership.	
Strategy	Our DEI strategy is clearly defined, communicated, and aligned with our organisation's overall goals.	
	There is a clear accountability mechanism for DEI goals within our organisation.	
Structure	Our organisational structure supports DEI, with dedicated resources (like a DEI office or officer) in place.	
	Employee resource groups or committees focused on DEI are actively supported and influence company policies.	
Recruitment	Recruitment practices at [Company Name] are designed to attract a diverse pool of candidates.	
	There are measures in place to minimise bias in hiring and selection processes.	



Category	Question	Likert scale (1-5)
Development	Employees have equal access to professional development opportunities that support career growth.	
Inclusion	I feel valued and included regardless of my background or identity.	
	Our workplace culture actively supports the expression of diverse perspectives and ideas.	
Well-being and Safety	The company provides a safe environment where employees can report DEI concerns without fear of retaliation.	
	Well-being programmes at [Company Name] consider the diverse needs of our employees	
Community and Social Impact	Our organisation actively engages with diverse communities and supports social equity initiatives.	
Feedback and Continuous Improvement	There is a regular review of DEI policies and practices to ensure they meet the evolving needs of our workforce.	
	Employee feedback is actively sought and used to inform DEI strategies and actions.	

The overall scoring can be interpreted as follows:

- **4.5 - 5.0 (Strongly Agree):**

**Interpretation:** This score range indicates that your organisation is excelling in DEI practices. Employees perceive a strong commitment to DEI across various dimensions, suggesting that DEI principles are deeply embedded in the organisational culture and operations.

**Action:** Maintain and build upon these strengths. Consider sharing best practices and exploring new areas for DEI innovation.

- **3.5 - 4.4 (Agree):**

**Interpretation:** Scores in this range suggest that your organisation has implemented DEI effectively, but there is room for improvement. Some areas may not fully meet the expectations or needs of all employees.

**Action:** Identify specific areas where scores are lower to target improvements. Enhance communication about DEI initiatives and increase opportunities for employee involvement in DEI planning and implementation.

- **2.5 - 3.4 (Neutral):**

**Interpretation:** Neutral scores indicate ambivalence or uncertainty about the effectiveness of DEI efforts. This may reflect a lack of awareness or engagement with DEI initiatives or gaps in implementation.

**Action:** Investigate the causes of neutrality. Boost DEI training and awareness programs, ensure policies are clearly communicated and accessible, and actively engage employees in DEI discussions.

- **1.5 - 2.4 (Disagree):**

**Interpretation:** Disagree scores signal areas where DEI practices may be lacking or ineffective, potentially indicating significant gaps between DEI policies and their execution.

**Action:** Conduct a thorough review of DEI policies and practices to identify and address deficiencies. Engage in dialogue with employees to understand their concerns and incorporate their feedback into a comprehensive DEI strategy overhaul.

- **1.0 - 1.4 (Strongly Disagree):**

**Interpretation:** This score range suggests critical issues with DEI perception and implementation. Employees may feel that DEI principles are not supported or prioritised by the organisation.

**Action:** Immediate and decisive action is needed to address these concerns. Consider external DEI consultations to provide insights and develop an action plan. Prioritise transparent communication and quick wins to start rebuilding trust in DEI commitments.

## 5.2 DEI Model Policy Guidelines

This section aims to help organisations develop a DEI policy gap assessment to develop a comprehensive DEI policy.

### Section One: Assessment

The development of a DEI Policy begins with a thorough assessment of existing policies. This assessment should consider:

1. Multiple stakeholders to business and their issues and expectations
2. Business and the commitment to address the issues and expectations that have a direct impact on morale and performance

Below is the guide for the most fundamental self-assessment of the existing policy/policies:

- 1** Question: Does your policy statement clearly define key DEI terms, ensuring common understanding among all employees and suppliers?



#### Key considerations

- **Clarity and Accessibility:** Ensure DEI terms are defined with clarity, avoiding jargon to ensure accessibility for all stakeholders. Consider translations or explanations in multiple languages if necessary.
- **Relation to Business and Stakeholder Engagement:** Explicitly connect how DEI terms relate to daily business operations, stakeholder engagement, and overall organisational values, fostering a shared understanding.

- 2** Question: Have you identified the dimensions of diversity and their significance to your business and stakeholders?



#### Key considerations

- **Balanced Approach:** Address unique challenges and potentials across gender, ethnicity, ability, and more, ensuring policies do not favour one group at the expense of another but rather support all individuals to optimise their potential.
- **Specific Policies for Underrepresented Groups:** Implement policies that address the needs of women and other underrepresented groups, focusing on creating equitable opportunities for growth and leadership.
- **Catalyst for Leadership Diversity:** Develop programmes and initiatives specifically designed to encourage and support underrepresented groups in taking on leadership roles, acknowledging and leveraging the diversity of thought and experience they bring.

- 3 Question: Does your policy statement clearly define key DEI terms, ensuring common understanding among all employees and suppliers?



#### Key considerations

- **Geographical and Demographical Considerations:** Tailor policies to address the specific DEI challenges present in the areas you operate, such as regions with weak gender representation or high unemployment rates.
- **Leadership Diversity:** If leadership roles are predominantly held by a single gender or ethnic group, implement targeted initiatives to diversify leadership positions.
- **Integration of Marginalised Communities:** Focus on policies that facilitate the integration of rural, minority, and disadvantaged communities into your workforce, enhancing diversity and creating opportunities for economic advancement.

- 4 Question: Are your policies linked to specific measures of performance or success?



#### Key considerations

- **Compliance and Standards Approach:** Define clear, quantitative outcomes for DEI initiatives, ensuring they align with or exceed local regulations and standards
- **Qualitative and Quantitative Measures:** Beyond compliance, adopt a holistic approach that includes both tangible metrics and qualitative assessments of DEI impact, such as employee satisfaction and cultural integration.
- **Leadership and Innovation in DEI:** Aim for policies that not only meet but set new standards for DEI, encouraging innovative approaches to diversity and inclusion that can serve as benchmarks within your industry.

It is also important to align DEI policies to Organisational Justice, which addresses how resources are distributed, decisions are made, information is shared, and individuals interact, laying a foundation for a truly inclusive environment. Below is the guide for a comprehensive self-assessment based on the theory of organisational justice. The idea is to anchor policies or translate these into specific clauses where relevant in codes of conduct and/or contracts.

#### **Distributive Justice:**

##### **Do our policies ensure fair distribution of risks and benefits?**

- ✓ Policies should articulate the concept of shared value creation for all stakeholders, ensuring a fair and equitable distribution of risks and rewards.
- ✓ Ensure there are clear guidelines on how accountability, risks, and rewards are determined and shared, promoting equity and fairness in all business dealings.
- ✓ Assess whether policies provide equitable opportunities and outcomes for all employees, regardless of their background or status.

#### **Procedural Justice:**

##### **Do our policies ensure fair decision-making processes?**

- ✓ Include mechanisms for gathering and incorporating feedback from all stakeholders on decisions that affect them, ensuring their voices are heard and valued.
- ✓ Policies should detail the involvement of diverse stakeholders in organisational decisions, particularly those that directly impact them.
- ✓ Evaluate whether the decision-making process is transparent, inclusive, and allows for equitable participation from all stakeholders.



**Informational Justice:****Do our policies enable fair exchange and use of information?**

- ✓ Implement guidelines ensuring all stakeholders have equitable access to the necessary tangible and intangible resources for their roles, thereby preventing information asymmetry.
- ✓ Policies should clearly communicate the rights and responsibilities regarding information access, usage, and protection, ensuring fairness and compliance with data protection laws.
- ✓ Evaluate whether information-sharing practices are equitable and do not disadvantage any stakeholders.

**Interpersonal Justice:****Do our policies facilitate fair communication between actors?**

- ✓ Establish standards for effective and respectful communication with and between stakeholders, ensuring information is relevant and accessible.
- ✓ Ensure there are independent and effective channels for feedback and grievances, promoting a culture of openness and accountability.
- ✓ Assess whether communication practices are inclusive, offering equal opportunities for all stakeholders to share their perspectives and concerns.

## Section Two: Integrating DEI Principles in Policies

The policies are not comprehensive. These exemplify the need to track and monitor qualitative aspects of DEI, making sure that relevant issues are managed through root-cause analysis and treatment. The shift is away from quantitative approaches that may not track our performance on the very intent of DEI policies.

	Recruitment	Growth	Retention
Diversity	<p>Policy supports applications from diverse groups, ensuring an inclusive recruitment process.</p> <p><b>Measure:</b> Percentage of applications received and processed from defined diverse groups.</p>	<p>Policy focuses on investing in the development of employees/suppliers from diverse backgrounds to ensure equitable growth opportunities.</p> <p><b>Measure:</b> Investment in reskilling or upskilling of diverse groups.</p>	<p>Policy includes employees and suppliers in decision-making processes affecting their relationship with the organisation, promoting inclusion.</p> <p><b>Measure:</b> Number of engagements with mutual agreements on retention, growth, or exit plans.</p>
Equity	<p>Policy includes a comprehensive analysis of candidates to identify and mitigate potential disadvantages for learning and growth.</p> <p><b>Measure:</b> Percentage of skill sets assessed as mission-critical.</p>	<p>Policy invests in capacity building for personal and professional growth, ensuring equitable development opportunities.</p> <p><b>Measure:</b> Investment in personal and professional development of stakeholders.</p>	<p>Policy respects and addresses employees' and suppliers' expectations, ensuring equitable treatment and opportunities.</p> <p><b>Measure:</b> Number of qualitative engagements and percentage of issues resolved with positive action.</p>
Inclusion	<p>Policy ensures the recruitment process values mutual fit and shared values, promoting a sense of belonging from the start.</p> <p><b>Measure:</b> Percentage of candidates where mutual fit of values and aspirations was achieved.</p>	<p>Policy encourages qualitative engagement before major decisions, ensuring inclusive decision-making processes.</p> <p><b>Measure:</b> Number of qualitative engagements and percentage of issues resolved with positive action.</p>	<p>Policy includes employees and suppliers in decision-making processes affecting their relationship with the organisation, promoting inclusion.</p> <p><b>Measure:</b> Number of engagements with mutual agreements on retention, growth, or exit plans.</p>

### Section Three: Policy Interventions

This table outlines specific checks to ensure DEI policies are effectively integrated into organisational practices, aligning with the principles of Organisational Justice.

	Distributive Justice	Procedural Justice	Informational Justice	Interpersonal Justice
Diversity	Check for defined risks and rewards for each project and role, considering diverse operational, skills-based, or strategic impacts on performance.	Ensure issues reflect diverse interests and motivations, involving people with differences in decision-making processes.	Verify that relevant information supports people with diverse interests and motivations.	Confirm that communications are inclusive, addressing diverse groups without bias
Equity	Assess if any stakeholder disadvantages are acknowledged and addressed to prevent performance barriers.	Review measures and decisions to ensure they support diverse groups' needs and motivations.	Ensure information needs for diverse groups are met and effective communication channels are established.	Check if communications involve diverse groups as spokespersons, ensuring equity in representation.
Inclusion	Ensure engagements evaluate and adjust the risk: reward ratio to be fair and proportionate for all stakeholders.	Verify that stakeholder expectations and feedback are considered in decision-making that impacts their role or performance.	Assess for any information asymmetry that disadvantages individuals, aiming for equal access and opportunity.	Confirm that internal communications consider diverse interests, promoting an inclusive environment.

## 5.3 DEI Resources and Reading

No	References	Overview
1	<a href="#"><u>Architects of Diversity. (2023, September). State of Discrimination Survey Malaysia 2023.</u></a>	This survey examines discrimination in Malaysia, focusing on various identities like religion and race, in line with human rights principles and the UN Sustainable Development Goal 16. Despite constitutional guarantees, weak enforcement has allowed discrimination to persist, indicating the need for stronger legal frameworks and institutional support.
2	<a href="#"><u>CodeBlue. (2019, August 25). Existing Data on Disabled People in Malaysia is Understated, says UN Expert.</u></a>	The article highlights the underrepresentation of disabled people in official data, with only 1.6 per cent of Malaysians identified as disabled compared to the global average of 15 per cent. This discrepancy raises concerns about the accuracy of data collection and the need for improved policies and initiatives to support disabled individuals.
3	<a href="#"><u>Department of Statistics Malaysia. (2022, November 29). Statistics on Women Empowerment in Selected Domains, Malaysia, 2022. Prime Minister's Department Department of Statistics Malaysia.</u></a>	The document provides statistical data and analysis on Malaysia's population, covering demographic trends, age distribution, ethnicity, and geographical distribution. It underscores the country's population dynamics, including urbanisation rates and changes over time. This information serves as a valuable resource for policymakers, researchers, and businesses to understand Malaysia's societal composition and plan accordingly.
4	<a href="#"><u>Department of Statistics Malaysia. (2024, February 14). Demographic Statistics, Fourth Quarter 2023. Ministry of Economy Department of Statistics Malaysia.</u></a>	The document provides statistical data and analysis on Malaysia's demography, covering gender, ethnic group, population growth, births and deaths. This information serves as a valuable resource for policymakers, researchers, and businesses to understand Malaysia's societal composition and plan accordingly.
5	<a href="#"><u>Deloitte US. (2017). Unleashing the power of inclusion. Attracting and engaging the evolving workforce</u></a>	This report is a result of a collaboration between Deloitte and the Billie Jean King Leadership Initiative (BJKLI) to conduct research on how organisations foster inclusion as the workforce continues to evolve. To attract and retain today's top talent, organisations should remain laser-focused on fostering an inclusive culture while being responsive to the needs and priorities of today's workforce. The report identifies specific opportunities to challenge traditional processes and foster a holistic approach to inclusion that can benefit organisations now and for generations to come.

No	References	Overview
6	<a href="#">Gardenswartz L. &amp; Rowe A. (2003). Diverse teams at work : Capitalising on the power of diversity. Society for Human Resource Management</a>	The book "Diverse Teams at Work: Capitalising on the Power of Diversity" by Gardenswartz and Rowe explores the benefits of diversity in the workplace. It provides insights into how organisations can leverage diverse teams to drive innovation, creativity, and productivity. Through practical strategies and examples, the book demonstrates how embracing diversity can lead to better decision-making and business outcomes.
7	<a href="#">Glassdoor. (2023). Glassdoor's Diversity and Inclusion Workplace Survey.</a>	This survey was conducted by The Harris Poll and underscores how important diversity and inclusion (D&I) is to job seekers and employees today. The survey reveals that disparities still exist within companies concerning experiences with and perceptions of diversity, equity, and inclusion in the workplace. It emphasises the need for employers to improve their D&I practices and transparency to attract and retain diverse talent.
8	<a href="#">Hewlett, S. A., Marshall, M., &amp; Sherbin, L. (2014, August 1). How Diversity Can Drive Innovation. Harvard Business Review.</a>	The article explores how diversity within organisations can fuel innovation and business success. It highlights research indicating that companies with diverse leadership teams are more likely to generate higher financial returns. By embracing diversity, organisations can tap into a wider range of perspectives and ideas, driving creativity and problem-solving capabilities.
9	<a href="#">Jabatan Kemajuan Orang Asli (JAKOA). (2023, December 31). Taburan Etnik Orang Asli Mengikut Etnik/Sub-Etnik Mengikut Negeri.</a>	This website provides the population spread of Orang Asli ethnic and sub-ethnic groups by State.
10	<a href="#">Jaouen, M. (2023, March 29). The Indigenous World 2023: Malaysia. IWGIA.</a>	The article provides an overview of the Indigenous peoples in Malaysia, emphasising their diverse cultures, languages, and livelihoods. It discusses the challenges they face, including land rights issues, marginalisation, and discrimination, and calls for greater recognition of their rights and participation in decision-making processes.
11	<a href="#">Korn Ferry. (2021). Diversity, equity, and Inclusion Diagnostic - Korn Ferry.Korn Ferry.</a>	The Korn Ferry DEI Maturity Model Factsheet provides a thorough insight into Korn Ferry's approach to Diversity, Equity, and Inclusion (DEI) maturity within organisations. This document outlines essential components of the model, including its purpose, structure, and benefits. It serves as a valuable resource for organisations aiming to enhance their DEI initiatives and foster a more inclusive workplace culture.



No	References	Overview
12	<a href="#"><u>McKinsey &amp; Company. (2020, May). Diversity wins: How inclusion matters.</u></a>	This report offers insights into the vital connection between diversity and business prosperity. It highlights the importance of fostering inclusive environments to fully leverage the strengths of diverse teams. Through data-driven analysis and case studies, the report demonstrates how organisations can enhance their competitive edge by prioritising initiatives focused on diversity and inclusion.
13	<a href="#"><u>ScienceDaily. (2009, April 3). Diversity Linked to Increased Sales Revenue and Profits, More Customers.</u></a>	This article highlights recent research findings in the field of science and technology, shedding light on innovative discoveries and advancements. It offers valuable insights into various scientific disciplines, providing readers with up-to-date information on emerging trends and breakthroughs. This resource serves as a reliable source of knowledge for professionals, researchers, and enthusiasts interested in staying informed about the latest developments in science.
14	<a href="#"><u>Social and Economic Research Initiative. (2024). Malaysian Women in Workforce: Charting A Path to Inclusive Employment.</u></a>	This research outlines the challenges faced by Malaysian women in the labour market despite high graduation rates. Gender inequality persists, impacting women's career prospects and resulting in lower labour force participation rates. The report explores themes such as family influence, gender segregation, job mismatch, and ethnicity, aiming to address disparities and advocate for policy changes that empower women in both public and private realms. Part I introduces the issue, while Part II discusses results, recommendations, and conclusions.
15	<a href="#"><u>United Nations. (2009). Convention on the elimination of all forms of discrimination against women.</u></a>	The United Nations website on the Committee on the Elimination of Discrimination against Women (CEDAW) provides comprehensive information about the international treaty and its implementation. It offers valuable resources, including reports, documents, and updates on efforts to promote gender equality and women's rights worldwide. This platform serves as a vital tool for policymakers, advocates, and individuals interested in advancing gender equality and combating discrimination against women.

No	References	Overview
16	<a href="#"><u>United Nations General Assembly. (2020, April 6). A/HRC/44/40/Add. 1 Report of the Special Rapporteur on extreme poverty and human rights on his mission to Malaysia.</u></a>	The Special Rapporteur on extreme poverty and human rights, Philip Alston, visited Malaysia from 13 to 23 August 2019. The purpose of the visit was to report to the Human Rights Council on the extent to which the Government's policies and programmes relating to extreme poverty are consistent with its human rights obligations and to offer constructive recommendations to the Government and other stakeholders.
17	<a href="#"><u>Washington, E. F. (2023, May 22). The five stages of DEI maturity. Harvard Business Review.</u></a>	The article outlines the five stages of Diversity, Equity, and Inclusion (DEI) maturity within organisations, ranging from compliance-driven to integrated and transformative. It emphasises the importance of moving beyond compliance to achieve meaningful cultural change and business impact through DEI initiatives.
18	<a href="#"><u>World Bank Group. (2020, November 23). A silver lining: Productive and inclusive aging for Malaysia. World Bank.</u></a>	This publication presents insightful research and analysis on the challenges and opportunities associated with population aging in Malaysia. It offers recommendations for policymakers and stakeholders to promote productive and inclusive aging, ensuring that older individuals can continue to contribute to society and enjoy a high quality of life. This resource serves as a valuable reference for anyone interested in understanding and addressing the implications of demographic changes in Malaysia.

## 5.4 Glossary

Term/s used	Definition
<b>Aged society</b>	This refers to a demographic structure where a significant proportion of the population consists of older adults, typically aged 65 and above. This demographic shift often results from declining birth rates and increased life expectancy, leading to various social, economic, and healthcare implications.
<b>Bias</b>	Prejudice or favouritism towards certain individuals or groups based on stereotypes, assumptions, or preconceived notions. Bias can manifest in various forms, including unconscious biases that influence decision-making and behaviour without conscious awareness. Addressing bias is essential for promoting diversity, equity, and inclusion, as it can create barriers to equal opportunities and perpetuate systemic inequalities. It requires self-awareness, education, and ongoing efforts to challenge and mitigate biases at individual, organisational, and societal levels.
<b>Bumiputera</b>	The term "Bumiputera" in Malaysia refers to individuals of Malay or indigenous descent, encompassing various ethnic groups native to the Malaysian Peninsula and certain parts of Borneo. This designation is pivotal in the context of Malaysia's affirmative action policies, which aim to empower and uplift these communities socio-economically. Through the recognition of Bumiputera status, selected individuals or companies might be granted specific privileges and opportunities in areas such as education, employment, business, and access to governmental resources and contracts.
<b>Caregiver status</b>	This refers to an individual's responsibility for providing care and support to dependents, such as children, elderly parents, or family members with disabilities or illnesses. It encompasses the physical, emotional, and financial commitments involved in caregiving, often impacting an individual's time, energy, and ability to participate fully in the workforce or other activities.
<b>DEI dimensions</b>	This includes internal (age, race, gender), external (citizenship, socio-economic status), and organisational (job function, management status) factors. Understanding these is crucial for appreciating diverse identities and experiences in the workplace.

Term/s used	Definition
<b>Indigenous groups</b>	The indigenous groups of Malaysia, including the Orang Asli, Dayak, and Sabah's native populace, represent diverse communities. The Orang Asli consist of Negrito (Semang), Senoi, and Aboriginal-Malay subgroups, while Dayak includes the Iban, Bidayuh, and Kenyah, and Sabah's native populace encompasses Kadazan-Dusun, Murut, and Bajau communities.
<b>UNSDGs</b>	The United Nations Sustainable Development Goals (UNSDGs) are a set of 17 global objectives aimed at addressing pressing social, economic, and environmental challenges by 2030. These goals encompass various aspects such as poverty alleviation, gender equality, climate action, and sustainable economic growth, providing a roadmap for international cooperation and development efforts.