

COMMUNICATION ON PROGRESS

to the United Nations Global Compact

2019



.....
**GEORG JORDAN MALAYSIA
SDN BHD**
.....

Communication on Progress

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Statement of continued support by the Managing Director

Georg Jordan Malaysia Sdn Bhd is proud to present its second Communication on Progress to support the Global Compact principles with respect to human rights, labor standards, environmental protection and anti-corruption. Thus, we would like to express our intention to renew our ongoing commitment to the initiatives.

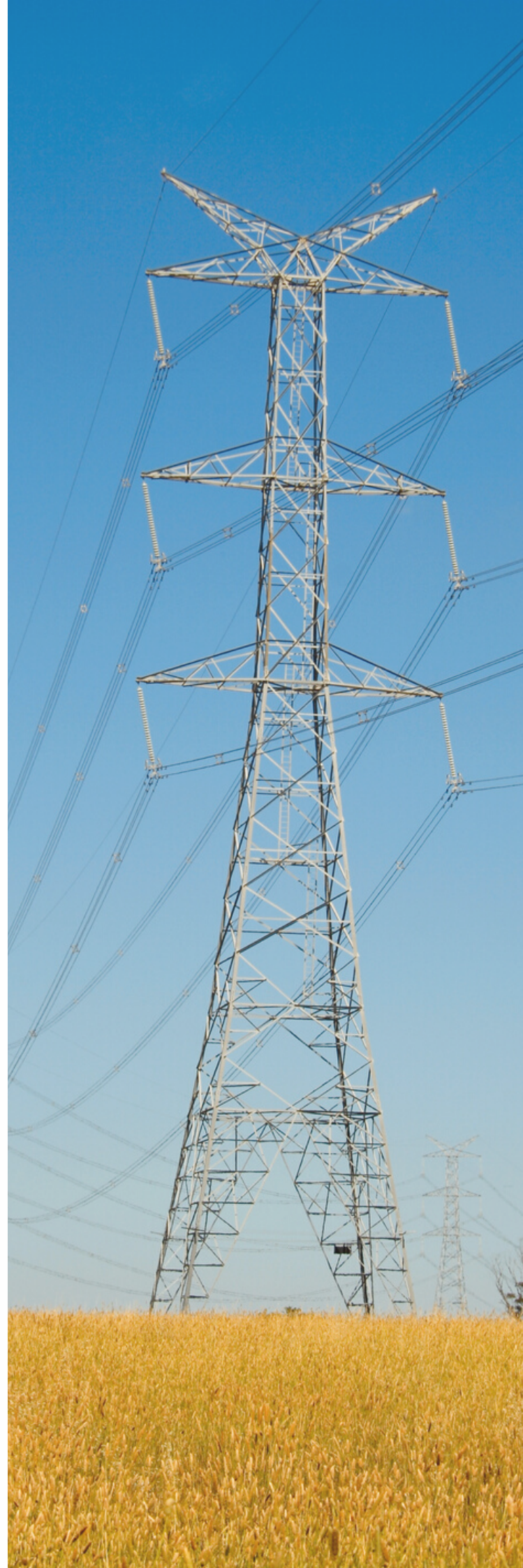
This year, we are taking a step forward to align our global strategy with the UN Sustainable Development Goals (SDGs). We wish to incorporate the SDG's into our core strategy as we believe this provides us with a long-term perspective and an opportunity to examine our business sustainability.

Georg Jordan acknowledge that all of the SDG's are extremely important issues that needs to be addressed. As a manufacturing company, we recognized that our activities may affect or contribute to these goals. Thus, it is important that our sustainable strategy and business conduct are aligned. Focusing on the areas where we can make a difference is how we can contribute successfully to SDG's noble cause

We look forward to sustain our support to this initiative and fulfilling our duty as a signatory to the UN Global Compact. The actions, results and how we support the UN Sustainable Development Goals are described in more detail in this Communication on Progress report.



Torsten Juchus,
Managing Director





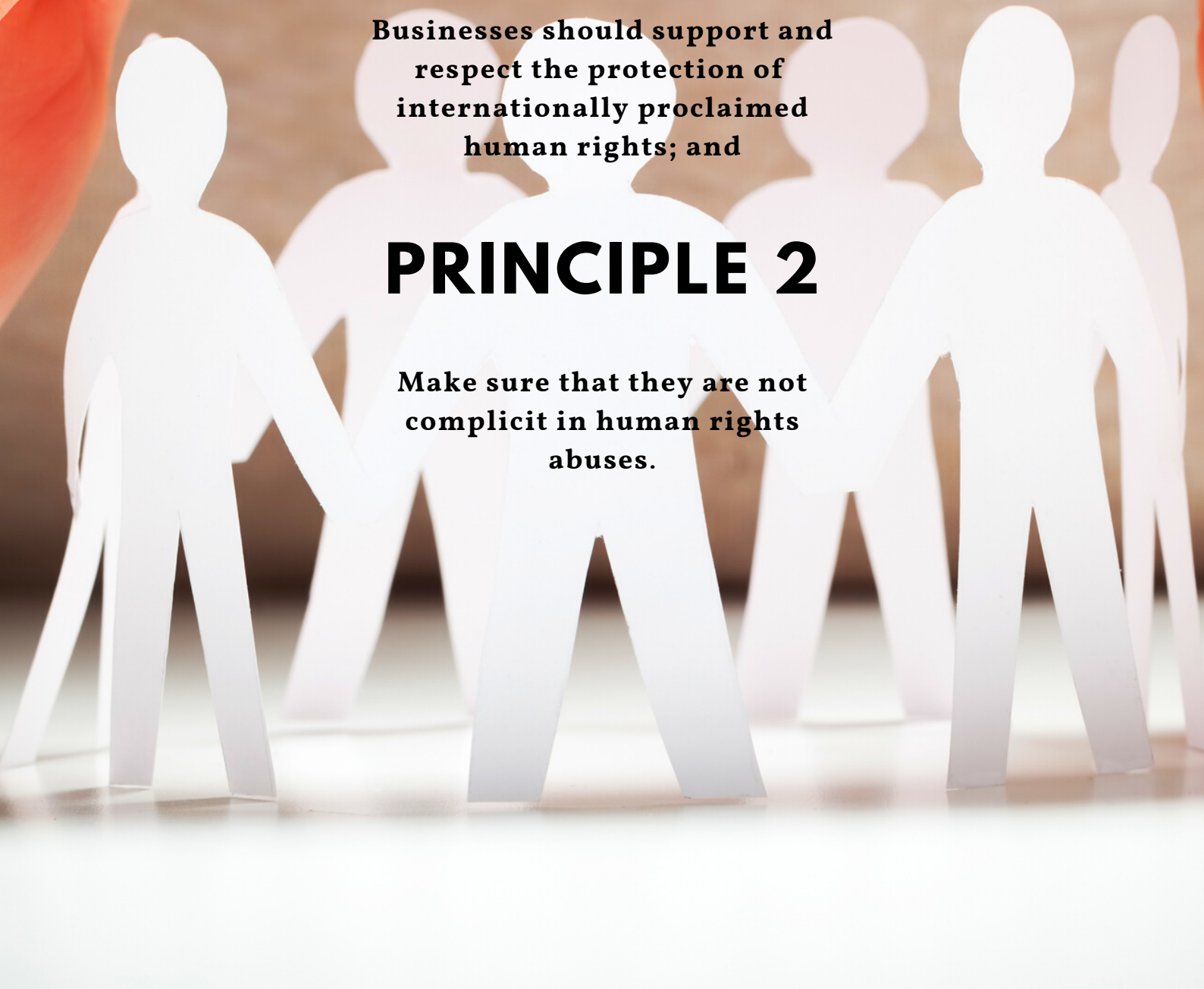
Human rights

PRINCIPLE 1

Businesses should support and respect the protection of internationally proclaimed human rights; and

PRINCIPLE 2

Make sure that they are not complicit in human rights abuses.



Policies

GJM supports and concurs with the two UNGC human rights principles. Our Social Compliance Policy and Environmental Health and Safety Policy is the foundation of our practices, procedures and initiatives on Human right. We are committed to uphold the human rights of workers and to treat them with dignity and respect as understood by the international community and standard as well as local authorities.

GJM's Code of Conduct

GJM also advocates and practices human right through our Code of Conduct and Social Accountability Standards. We practice no discrimination in skin color, race, age, gender and also religion. All our employees are allowed to practice their chosen religion and belief without any prejudice. Our employees are from multinational background with different ethnics and they are all treated equally.

SDG 10: to reduce inequality within and among countries.



Supplier's Code of Conduct

GJM further expands these principles to our supply chain. We cascaded our Code of Conduct and Social Accountability Standards to our supplier through Supplier's Code of Conduct that have been disseminate to our suppliers through 'General Requirement for Supplier' and will continue to do so with our new suppliers.

Audits conducted at our supplier premise also covers human right abuses as well. We want to ensure that the product we purchase are manufactured without any violation to human right. To supplement this activity, annual supplier sustainability assessment were also carried out

Whistle Blowing Procedure

GJM encourages its employees and stake holders to report any violation of human right. We provide proper channels for employees to voice their grievances and complaints through our Grievance Procedure and Whistle Blowing Procedure that allows complainants to remain anonymous. Complainants can choose the escalation path that they feel comfortable. Our Human Right Coordinator monitor and ensure an effective grievance and complaints process. Human Right Coordinator also oversee the integrity of human right practice in our organization.

SDG 8: promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

SDG 16: to provide access to justice for all



Health, Safety & Well-being

GJM seeks to provide working conditions that guarantee the health and safety of its employees. This is described in our Environment, Health and Safety Policy which is regularly reviewed and was last updated in 7th May 2019. In 2019, GJM was certified with ISO 45001:2018 which specifically emphasize regarding employee safety, reduce workplace risks and create better & safer working conditions through an effective Occupational Health and Safety Management System. We strive to encourage the implementation of adequate occupational safety & health's regulations to our employee and others who are associated with our company.

We will continually improve our employee awareness through various trainings and implementation of safe working ethic.

To keep our employee in good shape, fully subsidized sports activities are open to all our employees. These are soccer and badminton game which were organized weekly.

SDG 3: healthy lives and promote well-being for all at all age



On top of health and safety, GJM takes a step further to attend our employee's welfare. We ensure all our employee have access to basic necessities. Filtered water dispenser and washroom facilities, are easily accessible around the plant and well maintained. Our filtered water dispenser service provider are certified by local health ministry.

As for food, GJM's canteen serve food at a subsidized price, by vaccinated food handler. Free accommodation are also provided to our employees who comes from abroad.

SDG 6 – Ensure availability and sustainable management of water and sanitation for all.

SDG 2 – End hunger, achieve food security and improved nutrition, and promote sustainable agriculture.



Corporate social responsibilities

GJM's employer and employees are supportive on charity events. Our Managing director had been emphasizing that "we shall contribute back to the society from the profit we had made in this business". Every year GJM conduct at least 2 charity events.

For this year, we had visited Children's Heart Hospital, to provide support, entertainment (with clown appearance), and handout to the patients. This events were funded by GJM management and also contribution from all employees.

This was followed by another activity where we collaborate with an NGO, Kechara Soup Kitchen in their food bank program for eliminating hunger. Food were sent to a list of poor families registered to the organization. GJM management and employees had also donated to this charity organization.

SDG 2: Ensure healthy lives and promote well-being for all ages

SDG 17: Revitalize the global partnership for sustainable development



Training

GJM's has a comprehensive training program that involve all employees. Awareness training on child labor, slavery, harassment & human trafficking has been given to our employee during their Job Orientation.

The On Job Training program ascertain our workers receive hands on training and also assessment and reassessment. All these training assessment are recorded in a training software which will then generate skill matrix for management to oversee the training effectiveness and adequacy for each workers.

Apart from hands on training, GJM practice another training program that ensure our employee received professional training as well. We perform annual Training Need Analysis to determine and provide the training that has positive impact on employee performance as well as personal development.

SDG 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.



Personal Data Privacy Rights

GJM also recognizes personal data privacy rights under Personal Data Protection Act 2010. Personal data provided to GJM are processed strictly for business or employment purposes only. We holds on to the principle of not disclosing personal data to third parties except only when required to do so by law and at the request of the individual providing the data.

Measurement of outcome



No human rights violations were reported in the various available reporting channels in 2019. We foresee to maintain this achievement throughout our operation for upcoming years ahead.



As for training, 19 professional training were conducted year 2018 involving employees from all departments



The number of accidents from October 18 to September 19 were 3 cases a slight increase from previous 12 months of only 2 cases. However, the number of operators in our facility had also increased. Various countermeasures were taken to address this concern.

Labor

PRINCIPLE 3

Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining

PRINCIPLE 4

the elimination of all forms of forced and compulsory labor



PRINCIPLE 5

the effective abolition of child labor; and

PRINCIPLE 6

the elimination of discrimination in respect of employment and occupation

Nondiscriminatory practice

In GJM, hiring process is solely based on meritocracy and criteria like academic qualifications, experience, skills and track record. Whereas promotion opportunities are justified on performance and loyalty. Race, national or social origin, religion, gender, marital status, political opinions, age, or any discriminating factors do not affect the process of hiring, remuneration, promotion and termination.

Women in GJM covers a significant share of managerial and executive positions. Several key departments in GJM are headed by women. We recognize the unique quality of women in work place, such as the ability of multitasking, self-discipline, persistent, attention to detail and the ability to motivate others.

GJM intend to maintain this healthy trend by continuing to recruit diversified employee.

SDG 5: achieve gender equality and empower all women and girls

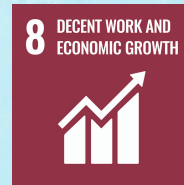


No forced labor

Our goal is to create an environment where our employees are motivated to contribute to the company. We strictly opposed to all forms of forced and compulsory labor as this will only create dissatisfied worker who will cause more harm than good to the organization. More importantly, forced labor ethically wrong and against GJM's code of conduct and Social Compliance Policy.

Although we appreciate loyal employee, all our employees are free to leave in accordance with contractual terms and local labor law.

SDG 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.



Prohibit child labor

GJM does not recruit child labor and condemns all forms of exploitation of children. We strictly adhere to Children and Young Person (Employment) Act 1966 and do not tolerate any breach of rules. GJM only recruit workers who are 18 years old and above which exceeded the ILO (International Labor Organization) requirements.

We strictly emphasized this requirement in our Code of Conduct and Social Accountability Standards that have been disseminate to our suppliers. Through our Supplier's Code of Conduct, we requests our suppliers implement similar policies, including the prohibition of forced, bonded or compulsory labor, and the abolition of child labor. In order to monitor and improve the working conditions of our supply chain, we conduct periodic supplier audit at their premise to ensure that they are in line with principles of international labor standards

Freedom of Association

In conformance with the regional law, GJM respects the rights of its workers to form and join trade unions, to bargain collectively and to engage in a peaceful assembly. However till date there is no worker's union was established although they are allowed to do so.

Workers are able to openly communicate and share ideas and concerns with management regarding working conditions and management practices without fear of discrimination, intimidation or harassment. Moreover, to facilitate the communication process, the management had appointed representative from each nationalities to voice out their request or grievance. The Grievance Procedure was also established and being informed to workers through the 'Employee Hand Book'

Wages

GJM ensures that compensation paid to workers comply with all applicable wage laws, including the implementation of the minimum wage policy, overtime hours and legally mandated benefits. In compliance with local laws, our workers are compensated for overtime at pay rates greater than regular hourly rates.

To ensure the overtime is properly monitored, we implemented biometric access system. We also ensure there is no illegal deduction of wages and timely payment of salaries is being practiced at all time. Pay slip was provided to indicate the details of wages.

SDG 1: End poverty in all its forms everywhere



Appreciation to Employees

GJM demonstrates great appreciation to its employees and numerous events are organized to remind them that they are part of GJM's success. Annual dinner has been organized to all our employees. During this event, Best employee of the Year Award from every department in the shop floor is given to recognize who has exceptional contribution to the company. Annual bonus was also given to all employees based on their performance. Loyalty bonus was also given after 5 years and 10 years of services as a token of appreciation

Measurement of outcome



No violations of labor law were reported in 2019.



In 2019, we have a conducted an Occupational & Health Survey (OH&S Survey) in order to have better communication with our employees regarding working conditions. Based on the survey result, more than 90% of the employees who participated in the OH&S Survey are satisfied with the concern that visibly demonstrated by the management on safety and health.



The initial ISO 45001:2018 audit that was conducted by independent accredited third party and had found no non-conformance. We will continue to maintain the certification.



As of year 2018, percentage of women in top executive positions in the company is 47% while percentage of women employed in relation to the whole organization that including operators and supervisors is 11%. The employment rate for men is relatively higher than women in the shop floor is due to most of the roles are dealing with heavy physical activities

Environment

PRINCIPLE 7

Businesses should support a precautionary approach to environmental challenges;



PRINCIPLE 8

undertake initiatives to promote greater environmental responsibility; and

PRINCIPLE 10

encourage the development and diffusion of environmentally friendly technologies

Environmental Policy and Management System

GJM's Environment, Health & Safety Policy outlined our commitment to meet environmental obligations. GJM strive to comply with all legal and other stakeholder's environmental requirement. We systematically check for related requirements and its updates. Our compliance to these requirement are assessed every year.

As a manufacturer, we are concern of the environment impact that our processes may cause. Therefore, an environment aspect and impact analysis is performed for existing and new process. For example, assessments of life cycle impact of products have been conducted and revise accordingly. Appropriate engineering control is also performed whenever feasible for high impact process.

To prevent from being stagnant and complacent, our management system also ensures that continuous improvement are carried out for better environment preservation and conservation. Our organization maintain ISO 14001:2015 certification to affirm that our efforts in environment sustainability are adequate and in correct direction

We have maintain an active Environment, Health & Safety Committee to serve as a medium for employee and management to work together to solve and improve any health and safety issues. The Whistle Blower procedure which were described in earlier part of this report is also applicable for any environmental offence.

Recycle

Several programs have been done to ensure our environmental foot print is minimized to the lowest feasible level. We believe that recycling helps conserve resources and reduces land and water pollution. It also reduce our waste which leads to landfill expansion.

We have initiated paper recycling program since 2018. This program received continuous support from our employees by segregating and disposing all their paper wastes at allocated disposal area which then will be collected by our recycling contractor. Other than that, to ensure our packaging is designed for easy dismantle & recyclability, we have used carton box as our packaging material.

SDG 15: sustainably manage forests, combat desertification, halt and reverse land degradation, halt biodiversity loss.



In 2019, we have took an extensive effort by adding scrap metal in our recycle program. Scrap metal can be recycled repeatedly with no degradation of its properties. It provides the raw material for new products while offering a much lower carbon footprint and more efficient utilization of resources than new material

SDG 13: Take urgent action to combat climate change and its impacts



Reduce chemical usage & wastage

As our main business involved Epoxy resin casting through Automatic pressure gelation (APG) technique, we are using various chemicals types and metal insert as our main raw materials. We are fully aware regarding the impacts of these chemicals on the environment. Therefore we continuously monitor the usage of release agent used and set KPI for Epoxy Wastage during mixing and casting process. Various improvement have been done in order to achieve the target set.

We also have built relationships with waste management companies looking at innovative ways to recycle different types of waste that included hazardous and non-hazardous waste. For metal inserts such as copper, steel, and brass, in order to minimize wastage of these raw materials for any reject products, GJM has the facilities to regain and reuse these metals.

SDG 12: ensure sustainable consumption and production patterns.



Reuse

GJM uses brass, copper and steel component which are casted into epoxy. In case of defective product, GJM has the facilities to regain and reuse these metals instead of disposing the entire product. This reduce waste and our consumption.

Meanwhile in office, our employee do their part by practicing reusing paper and ink cartridge.

SDG 12: ensure sustainable consumption and production patterns.



Restriction of Hazardous Substances Directive ("RoHS") and Registration, Evaluation, Authorisation and Restriction of Chemicals Regulation ("REACH")

GJM is constantly improving its REACH and RoHS programs to ensure that the parts obtained from suppliers for the assembly of products are REACH and RoHS compliant. We are committed to design, develop and manufacture products that are safe for used. Suppliers not only need to provide the declarations letters but also requires lab reports as well.

In 2019, we are strived to comply with RoHS 3 (EU Directive 2015/863) which adds four new restricted substances – all phthalates. The four phthalates are mainly used as insulation plasticizers, and are on the REACH list of SVHC (Substances of Very High Concern).

Waste water management

GJM does not only committed to ensure access of clean water to our employees, but also equally responsible to the local environment and wider society to ensure water resources are not contaminated. We provide washroom facilities that are suitable for the company size and ensure sewerage water discharge are periodically tested by accredited laboratory.

Women's sanitary facilities are also provided in the ladies As for our canteen, Grease traps are installed at discharge point to filter pollutant before releasing to public drain.

SDG 6: Ensure availability and sustainable management of water and sanitation for all.

SDG 14: Conserve and sustainability use the oceans, seas and marine resources for sustainable development.



Solid waste management

All solid waste generate in GJM are handled responsibly. General waste, recyclable waste and hazardous are collected separately. General waste are collected and disposed at landfill approved by local government.

Schedule waste collection points in our facilities are indicated with distinguished yellow color. It is then labeled, contained and disposed by licensed contractor..

SDG 11: Make cities and human settlements inclusive, safe, resilient and sustainable.



Spillage control

GJM manufacturing process requires the use of chemicals. We are aware and concern of the adverse effect of some of the chemical if accidentally release to water or soil.

Secondary containment were applied at chemical handling and storage area.

Barrier were also installed to supplement the secondary containment. GJM Workers who handle chemicals are trained on spillage emergency response procedure using spill kits which are easily accessible in our facility.

SDG 14: Conserve and sustainably use the oceans, seas and marine resources for sustainable development.



Affordable and clean energy

In Malaysia, as most other countries, Electrical energy consumed from the grid line either has direct or indirect impact on environment. In fact, GJM's core business is manufacturing electrical insulators which is used in electrical distribution. Having this in mind, we always strive to manufacture quality products at a competitive price.

At the same time, we are is very concern on the electricity we consumed. We measure, monitor and improve energy efficiency in relative to our business' outputs. This is reflected in our monthly KPI on energy consumption. We continuously improve our facility to be more energy efficient, from smaller-scale initiatives such as replacing lighting with LEDs to larger upgrades of energy efficient machinery and equipment.

Our purchasing department will opt for these technology whenever new machine or replacement is required. This also include the various electrical equipment that GJM provide to worker's hostel.

SDG 7: To ensure access to affordable, reliable, sustainable and modern energy.



Our Power Monitoring software had enable us to detect real time energy usage. Any surge in energy usage can be easily detected with date, time and amount recorded. Leveraging on this information, we are able to pin point the root cause and take correct countermeasure. Example of this was when we notice the frequent energy surge is correlated to the frequent air compressor kick in. The issue was solved when we repaired all leakages along the compressed air piping and equipment.

SDG 9 ~ build resilient infrastructure, promote sustainable industrialization and foster innovation.



Measurement of outcome



The surveillance audit for ISO 14001:2015 Environment

Management System was conducted on July 2019 by accredited certification body (Afnor) with only 1 minor non-conformance. The non-conformance was rectified and closed. Environment performance is reported to top management annually during Management Review Meeting.



Our effort to use energy saving technologies and control of energy consumption, had resulted an improvement in Energy Consumption KPI from 4.15 kWh/KG on August 2018 to 3.41 kWh/KG on August 2019.

GJM have established the Environmental Management Program (EMP) to identify, monitor and control the company's environmental performance;



In 2018, a program to reuse A4 Papers in the office was implemented in order to reduce paper consumption and paper wastage. Number of A4 paper rims used was from 17 rims/month and is gradually reducing at an average of 0.5 - 1 rim a month since this program was introduced in March 2018.



In 2019, we further expand our recycling program to metal. From April till September 2019, a total of 1 ton of waste metal have been collected and recycled.

ANTI CORRUPTION

PRINCIPLE 10

Businesses should work against corruption in all its forms, including extortion and bribery.



No corruption and bribery commitment

We tolerate no forms of corruption and bribery as spelled out in our Code of Conduct And Social Accountability Standard. This commitment are extended to our supplier through Supplier Code of Conduct. Both code of conducts were endorsed by the managing director and promoted via various channel. For example, during orientation Human Resource Department will emphasize on the deterrence of corruption and bribery.

Purchasing process

Here in GJM, we conduct our business with uncompromising integrity. The highest possible standards of ethical and business conduct are required and expected from all our employees. Our Code of Conduct emphatically emphasized against engagement in any form of corruption or bribery, including any payment or other form of benefit on any government official for the purpose of influencing & decision making in violation of law. All employees are trained on the GJM Code of Conduct policy as part of the induction program.

We have established a Standard Operating Procedure for Purchasing Department that requires to conduct 'Commercial Comparison' before purchase any goods and services. This is to ensure our procurement decision are done solely based on integrity, quality and price competitiveness among suppliers.

Apart from that, all sensitive transactions that involved large amount of money will require Managing Director's authorization and approval. These purchase limit are controlled by our computer system, which would not allow the transaction to proceed without approval.

Whistle blowing procedure

GJM's whistle blowing procedure does not only serve as a venue to complain violation of human right as stated in earlier part of this report. It can also be applied when an employee or stakeholder reasonably believe bribery or corruption had happened.

Complete steps of reporting, validation, investigation and action are described in this procedure. The management will not hesitate to report to local authority if serious offence had been committed.

SDG 16 ~ Promote just, peaceful and inclusive societies



Measurement of outcome



GJM financial and accounts was audited by Ernst & Young. As of the date of this report, there has been no findings related on bribery or corruption.



No reports of corruption or bribery were filed through all the available channels at GJM in 2019.