

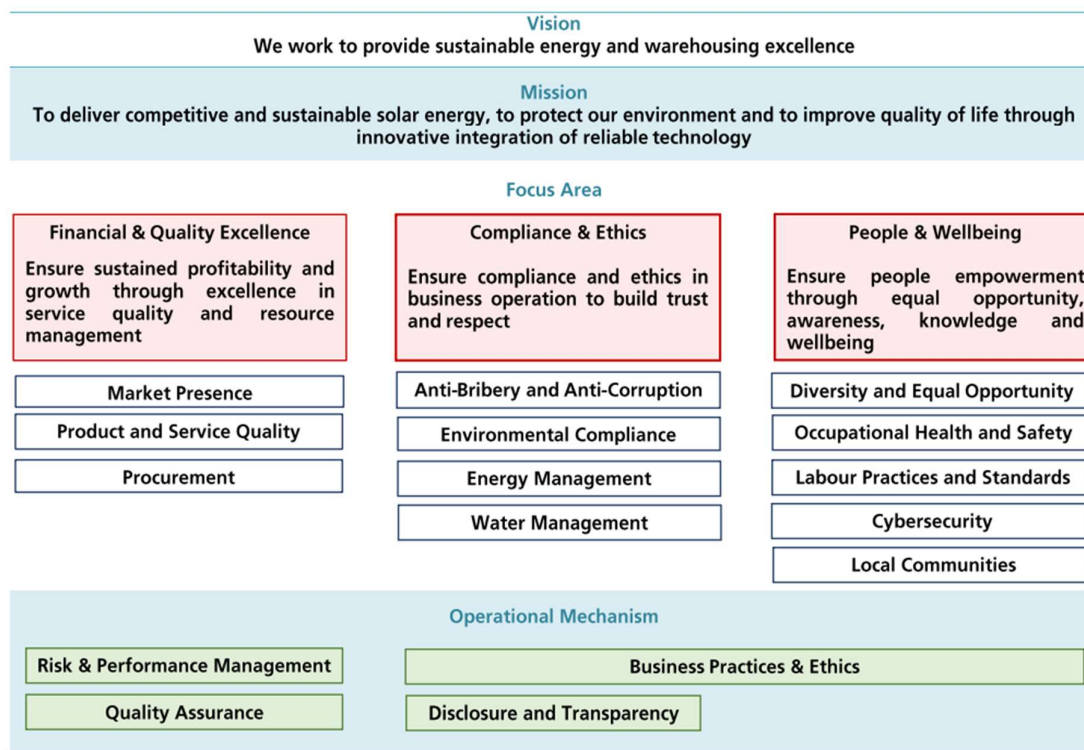
Sustainability Statement

Introduction

ILB Group Berhad (a holding company) is a renewable energy champion that provides alternative source to energy generation mainly through solar power. Having its root in the logistics and warehousing business, the Group has transitioned from warehousing business into the renewable energy industry to support the national agenda to focus on renewable energy for generation of electricity.

With an aspiration of becoming a leading industrial player, we are delighted to disclose the overview of the Economic, Environmental and Social (“EES”) material matters relevant to our Group and the steps taken to address the matters. Sustainability has been a matter of utmost importance to us as it challenges our capabilities and explore our potential in the business operation while demonstrating prudence and care for the environment and stakeholders. Our contributions reflect our sincere efforts in striving to improve our stakeholders’ lives economically and socially in a healthy environment besides technological advancement.

The following pictorial summarises the alignment of our operational activities to our Group’s sustainability focus areas that contributes to the achievement of our vision and mission:



Our vision is to provide excellent sustainable energy as an alternate source of energy and our mission is to improve the quality of life through the utilisation of solar energy and the improved environment resulting from the reliance on sustainable energy. We progress towards achievement of our vision and mission by identifying sustainability focus areas. The sustainability focus areas are addressed through the material matters that drives goal setting to address the individual matters that contributes to the achievement of our vision and mission. The operational mechanism depicts our action plan to deploy appropriate tools, standards, and policies to achieve targets derived from the material matters.

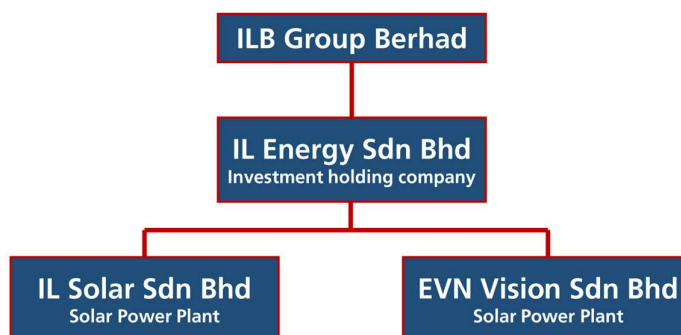
Reporting Standards

This Sustainability Statement has been prepared in accordance with the following sustainability guidelines, standards and frameworks as follows:

- Practice Note 9 of the Main Market Listing Requirements
- Sustainability Reporting Guide, 3rd Edition
- Global Reporting Initiative (“GRI”), 2021
- Malaysia Code of Corporate Governance, Updated April 2021

Reporting Scope

This Sustainability Statement covers the sustainability activities and performance for the financial period from 1 January 2023 to 31 December 2023 (“FY2023”) and covers ILB Group Berhad’s solar renewable energy division based in Malaysia as it is the primary business activity of the Group.



The IL Solar Sdn Bhd is a 10 Mvac Solar Power plant in Bukit Kayu Hitam. A power purchase agreement with TNB was signed in March 2017 for supplying energy to Tenaga Nasional Berhad (TNB) for a 21 years term.

EVN Vision Sdn Bhd is a 1 Mvac Solar Power Plant in Seberang Perai, Penang. A power purchase agreement was signed in June 2015 for supplying energy to Tenaga Nasional Berhad (TNB) for a 21 years term.

Feedback

We value your feedback on this Report and any matters described herein. Inquiries, comments and suggestions regarding the content of this Report may be emailed to us to marketing@ilb.com.my.

OUR APPROACH TO SUSTAINABILITY

Sustainability Governance

We have a devoted line of leadership that strive to attain our sustainability goals. The focus remains on managing the day-to-day activities integrated with sustainability practices in the supervision of committed leaders motivated to create value for the Group and the stakeholders by achieving the sustainability goals.



The Board of Directors had met five (5) times in a meeting for FY2023 on quarterly basis. The Board had reviewed and approved changes in internal management practices, updates on Environmental, Social, Governance (ESG) matters, review of audit outcomes, potential business opportunities and reviewed performance of the Group every quarter for example,

information on energy generation, projects in pipeline, financial statements, policies, employee trainings, community engagement activities and other matters.

The Management Committee had met eight (8) times in a meeting for FY2023 every two months once or on ad-hoc basis to review and monitor implementation progress of sustainability plans and strategies for the year. The Committee reviews and approves budget for insurance coverage package for employees, financial analysis for ongoing projects, repair and maintenance work at solar farm site, amendment in employee handbook, and changes to internal practices.

The Operational Management are informal divisional meetings to address arising matters. The teams meet on ad-hoc basis to address updates and progress at the divisional level.

Policies Good Governance

ILB Group Berhad has implemented policies to guide the internal stakeholders in carrying out daily business activities. Following are the policies, but not limited to, supporting the Group's goal of upholding highest ethical standards, excellence in leadership and enhancement of relationship with external stakeholders through loyalty, trust and integrity emulated in the business practices:



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Stakeholder Management

Our relationship with our stakeholders is crucial to sustain our business operations as various stakeholders play differentiated roles to support our business continuity. We strive to align our organisational practices with the needs of our stakeholders by engaging with them. The following engagement channels have enabled us to address the unique interests of our stakeholders and respond to their needs with our enhanced business practices:

Stakeholders	Engagement Channels	Frequency	Areas of Interest	Our Response
Shareholders & Investors	<ul style="list-style-type: none"> Financial announcement and reporting Meetings and briefings Corporate website 	<ul style="list-style-type: none"> Annually Quarterly 	<ul style="list-style-type: none"> Financial Performance Regulatory compliance Corporate governance Ethical business conduct Internal Control and risk management 	<ul style="list-style-type: none"> Emphasis on strong anti-bribery and corruption policy and practices Monitoring and management of sustainability performance and targets Emphasis on market presence through enhanced marketing efforts
Customers	<ul style="list-style-type: none"> Quality and performance assessment Progress meetings and updates 	<ul style="list-style-type: none"> Annually Periodically 	<ul style="list-style-type: none"> Quality of service Product development and innovation 	<ul style="list-style-type: none"> Emphasis on quality of product and service through attentive customer service and provision of quality products for affordable price
Vendors & Suppliers	<ul style="list-style-type: none"> Supplier performance evaluations Meetings and discussions 	<ul style="list-style-type: none"> Annually Ad-hoc 	<ul style="list-style-type: none"> Sustainable and fair procurement practices Anti-bribery and corruption awareness 	<ul style="list-style-type: none"> Ensure due diligence assessment and fulfilment of assessment criteria Emphasis on anti-bribery and corruption policy
Employees	<ul style="list-style-type: none"> Performance appraisals Operational meetings and discussions Occupational safety meetings Trainings 	<ul style="list-style-type: none"> Annually Periodically Ad-hoc 	<ul style="list-style-type: none"> Employee health and safety Career development and advancement Communication and engagement 	<ul style="list-style-type: none"> Compliance to Occupational Safety and Health Act 1994 Provide opportunity for training when need arises to support employee advancement Organisation of employee engagement activities & participation in community

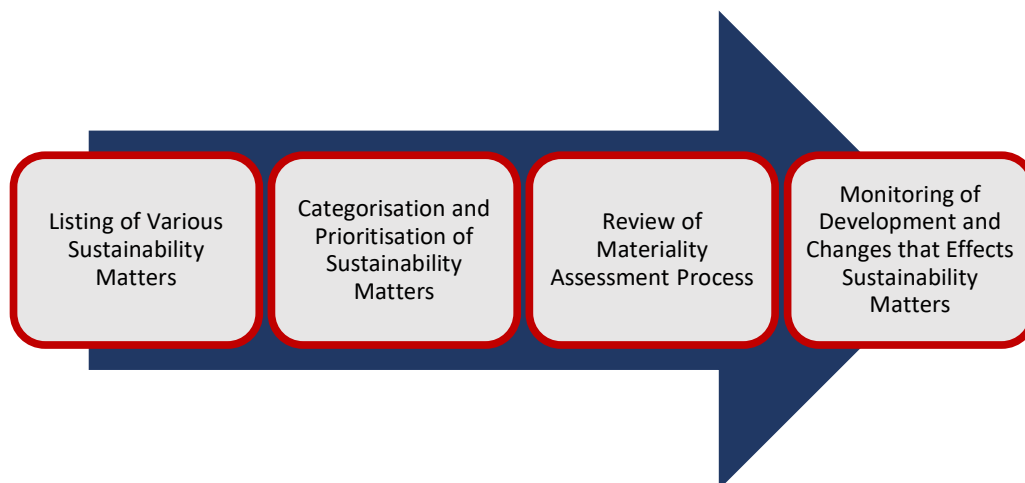
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				engagement activities
Government Regulators	<ul style="list-style-type: none"> • Meetings and consultations • Training programmes and dialogue • Audit and verification 	<ul style="list-style-type: none"> • Annually • Ad-hoc 	<ul style="list-style-type: none"> • Regulatory Compliance • Approvals and permits • Standards and certifications 	<ul style="list-style-type: none"> • Adherence to governmental laws, regulations and requirements • Adherence to environmental laws
Local Communities	<ul style="list-style-type: none"> • General meetings • Media announcements • Annual report • Group website 	<ul style="list-style-type: none"> • Annually • Ad-hoc 	<ul style="list-style-type: none"> • Community wellbeing • Community investment opportunities 	<ul style="list-style-type: none"> • Continued community engagement activities

Sustainability Material Matters

The most important sustainability matters to the Group are identified by assessing the internal and external risks matched against the stakeholders' areas of interest. Following is the process used to determine the material matters:



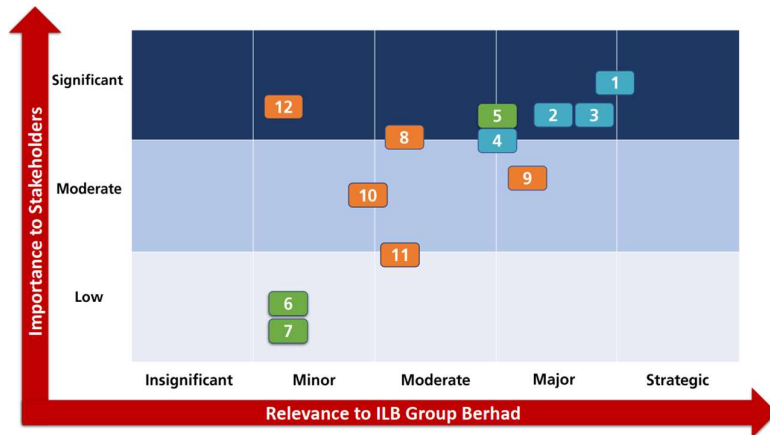
We have monitored our business environment and re-assessed our organisational goals and strategies in the year 2023. After the annual materiality matters assessment had been completed by the Management Committee, it was concluded that the materiality matter “Financial Performance” is no longer a priority to the Group as the financial performance is a reflection or result of how other materiality matters such as the “Market Presence”, “Product and Service Quality”, “Procurement” and “Environmental Compliance” are managed. Thus, “Financial Performance” was removed as a material matter and the Group’s focus and effort shall be invested in other crucial materiality matters that will contribute to the financial performance.

The Group had also decided to list “Energy Management” and “Water Management” as prioritised materiality matters to comply by the mandatory requirement by Bursa Malaysia on the disclosures related to energy and water consumption. The revised materiality matters were approved by the Board of Directors. The Group had not listed “Waste Management” as one of the prioritised material matters as “Waste Management” material matter is not applicable for the Group.

The pictorial below reflects the sustainability matters and its significance to the business and stakeholders of ILB Group Berhad:

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Economic	Environment	Social
1. Market Presence	5. Environmental Compliance	8. Diversity and Equal Opportunity
2. Anti-Bribery and Anti-Corruption	6. Energy Management	9. Occupational Health and Safety
3. Product and Service Quality	7. Water Management	10. Labour Practices and Standards
4. Procurement		11. Cybersecurity
		12. Local Communities

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Key Performance Indicators (“KPIs”) & Targets and Performance Overview for FY2023 and KPIs and Targets for FYE 31 December 2024 (“FY2024”)

The following table summarises our targets and performance for FY2023 and our targets for FY2024:







Material Topic	FY2023 KPI & Targets	FY2023 Performance	FY2024 KPI & Targets
Market Presence	<ul style="list-style-type: none"> Continue to monitor and look for ways to improve the market presence through outstanding achievements, riding on latest trends / best practices and possible expansion 	<ul style="list-style-type: none"> Market representation less than 1% 	<ul style="list-style-type: none"> To enhance our market presence by capturing more customers through enhanced marketing efforts.
Anti-Bribery and Anti-Corruption	<ul style="list-style-type: none"> Maintain zero reports of corruption 	<ul style="list-style-type: none"> Zero cases of bribery and corruption 	<ul style="list-style-type: none"> Zero cases of bribery and corruption
Product and Service Quality	<ul style="list-style-type: none"> Maintain zero complaints from customer on services provided 	<ul style="list-style-type: none"> Zero customer complaints regarding service and products Generated 18,382,172 kW/h energy through solar farm, 11,765 tonnes of carbon dioxide avoided and achieved 15,993 acres reduction of forest required to offset carbon dioxide from the atmosphere 	<ul style="list-style-type: none"> Zero customer complaints regarding service and products
Procurement	<ul style="list-style-type: none"> Maintain 100% local purchases 	<ul style="list-style-type: none"> 69% proportion of spending on local suppliers 	<ul style="list-style-type: none"> To enhance proportion of spending on local suppliers
Environmental Compliance	<ul style="list-style-type: none"> Maintain zero reports or penalties for non-compliance to environmental laws 	<ul style="list-style-type: none"> Zero non-compliance to environmental laws and regulations 	<ul style="list-style-type: none"> Zero non-compliance to environmental laws and regulations
Energy Management	<ul style="list-style-type: none"> <i>Not disclosed</i> 	<ul style="list-style-type: none"> Reduced energy consumption by 1.6% (121,141 kW/h) through 	<ul style="list-style-type: none"> To minimise wastage of energy

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		installation of Solar Photovoltaic System (SPS)	
Water Management	<ul style="list-style-type: none"> • <i>Not disclosed</i> 	<ul style="list-style-type: none"> • Slight increase by 27% (784 M³) in water consumption 	<ul style="list-style-type: none"> • To minimise wastage of water
Diversity and Equal Opportunity	<ul style="list-style-type: none"> • Retain talents by understanding employees' needs and aspirations through employee engagement programmes 	<ul style="list-style-type: none"> • Ratio of male to female employees is 75%:25% • Maintained ratio of male to female board members, 71%:29% 	<ul style="list-style-type: none"> • To maintain a diverse group of skilled and experienced employees
Occupational Health and Safety	<ul style="list-style-type: none"> • Maintain zero cases of occupational accidents, injuries and fatality 	<ul style="list-style-type: none"> • Recorded zero fatality, accidents, injuries and Lost Time Incident Rate (LTIR) 	<ul style="list-style-type: none"> • Zero fatality, accidents, injuries and Lost Time Incident Rate (LTIR)
Labour Practices and Standards	<ul style="list-style-type: none"> • Look for more training opportunities based on needs of employees 	<ul style="list-style-type: none"> • Achieved 54 total training hours • Reduced total turnover to 4 employees and replaced lost employees with 6 new hires • Zero complaints pertaining to human rights 	<ul style="list-style-type: none"> • To enhance the total hours of training by employee. • To minimise employee turnover, preferably with no turnover. • To maintain zero complaints pertaining to human rights.
Cybersecurity	<ul style="list-style-type: none"> • Maintain zero cases of data breach and cyber attacks 	<ul style="list-style-type: none"> • Zero cases of data leakage and privacy compromise 	<ul style="list-style-type: none"> • To maintain zero number of substantiated complaints concerning breaches of customer privacy and losses of customer data
Local Communities	<ul style="list-style-type: none"> • Increased effort in donation drive and community engagement activities 	<ul style="list-style-type: none"> • Contributed RM7,080.00 for community engagement activities 	<ul style="list-style-type: none"> • To record higher amount invested in the community where the target beneficiaries are external to the listed issuer compared to FY2023

Sustainability Highlights for FY2023

 <p>Zero cases of corruption and bribery</p>	 <p>Reduced energy consumption by 1.6%</p>	 <p>Zero fatalities and accidents at workplace</p>
 <p>Generated 18,382,172 kW/h energy through solar farm</p>	 <p>Zero cases of non-compliance to environmental laws</p>	 <p>Contributed RM7,080 for community</p>

Risk, Opportunities and Management Approach

We assess our risks and opportunities to analyse the potential threats and use our strengths to identify and seize the opportunities to manage the risks. Following are the risks and opportunities identified based on the material matters and our action plan:

Material Topics	Risks	Opportunities	Impact to the Key Stakeholders	Management Approach
Market Presence	<ul style="list-style-type: none"> Market positioning challenge 	<ul style="list-style-type: none"> Innovation opportunities Increase brand value 	<ul style="list-style-type: none"> Shareholder and Investor Customers 	<ul style="list-style-type: none"> Perform market research on a regular basis to identify gaps for innovation and marketing opportunity
Anti-Bribery and Anti-Corruption	<ul style="list-style-type: none"> Integrity risk 	<ul style="list-style-type: none"> Increased governance compliance 	<ul style="list-style-type: none"> Shareholder and Investor Employees Customers 	<ul style="list-style-type: none"> Anti-corruption training for employees Implement ILB limit of authority policy to maintain balance and check process Conduct risk assessment annually on all operating departments that handles procurement and sales and marketing and carry out mitigating plans
Product and Service Quality	<ul style="list-style-type: none"> Critical equipment breakdown Natural disaster and fire accidents 	<ul style="list-style-type: none"> Competitive advantage through excellent quality assurance practices and establish relationship with experienced contractors 	<ul style="list-style-type: none"> Customers 	<ul style="list-style-type: none"> Maintain preventive maintenance schedule Maintain stock of important spare parts Daily quality control inspection Maintain preventive measures for fire accidents and common natural disaster
Procurement	<ul style="list-style-type: none"> Non- 	<ul style="list-style-type: none"> Widen network of 	<ul style="list-style-type: none"> Vendors & 	<ul style="list-style-type: none"> Partnership with various

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Material Topics	Risks	Opportunities	Impact to the Key Stakeholders	Management Approach
	performing contractors	suppliers to ensure continued supply of products and services	Suppliers	suppliers for sustained supply of products and services <ul style="list-style-type: none"> Continue practice of annual supplier evaluation
Environmental Compliance	<ul style="list-style-type: none"> Safety, health & environmental risk 	<ul style="list-style-type: none"> Compliance to environmental laws and regulations increases credibility 	<ul style="list-style-type: none"> Government Regulators Local Communities Employees Vendors & Suppliers 	<ul style="list-style-type: none"> Awareness on safety & health laws, environmental and legal requirements through trainings Safety and health inspections at work areas
Energy Management	<ul style="list-style-type: none"> Environmental risk 	<ul style="list-style-type: none"> Cost saving benefits Reliance on solar generated energy 	<ul style="list-style-type: none"> Shareholders & Investors Customer Vendors & Supplier Employees Government Regulators 	<ul style="list-style-type: none"> Usage of solar generated energy to reduce cost and lower environmental risk
Water Management	<ul style="list-style-type: none"> Environmental risk 	<ul style="list-style-type: none"> Cost saving benefits 	<ul style="list-style-type: none"> Shareholders & Investors Customer Vendors & Supplier Employees Government Regulators 	<ul style="list-style-type: none"> Create awareness on water conservation in the Group
Diversity and Equal Opportunity	<ul style="list-style-type: none"> Legal risks Loss of key staff 	<ul style="list-style-type: none"> Enhanced Human Resources practices Experienced and motivated workforce Brand and reputation enhancement 	<ul style="list-style-type: none"> Employees 	<ul style="list-style-type: none"> Ongoing market study to recruit best fit employees with relevant experience Ongoing employee engagement programs to understand employees' needs
Occupational Health and Safety	<ul style="list-style-type: none"> Employee negligence Lack of safety awareness and knowledge Non-compliance to health and safety laws 	<ul style="list-style-type: none"> Increase employees' awareness and knowledge concerning safety matters 	<ul style="list-style-type: none"> Employees 	<ul style="list-style-type: none"> Create safety awareness through Group's Quality, Health, Safety and Environment ("QHSE") policy
Labour Practices and Standards	<ul style="list-style-type: none"> Technology landscape risk Loss of key staff 	<ul style="list-style-type: none"> Increase productivity through training and knowledge transfer 	<ul style="list-style-type: none"> Employees 	<ul style="list-style-type: none"> Relevant trainings are provided to staff for knowledge and exposure enhancement

Material Topics	Risks	Opportunities	Impact to the Key Stakeholders	Management Approach
Cybersecurity	<ul style="list-style-type: none"> ▪ Cybersecurity threat 	<ul style="list-style-type: none"> ▪ Increase in cybersecurity awareness and compliance 	<ul style="list-style-type: none"> ▪ Customers ▪ Shareholder and Investor ▪ Vendors & Suppliers 	<ul style="list-style-type: none"> ▪ Ongoing engagement of professional IT team that takes care of data and cyber security
Local Communities	<ul style="list-style-type: none"> ▪ Unawareness of community to the Group's noble courses for sustainable future 	<ul style="list-style-type: none"> ▪ Establish good relationship with local community 	<ul style="list-style-type: none"> ▪ Local Communities 	<ul style="list-style-type: none"> ▪ Participation in community programmes

1.1 ECONOMIC

The Group gives unwavering attention and efforts to build financial value as it contributes to the economic growth of the nation and create value for our stakeholders. Creation of strong market presence ensures building of financial value through continuous generation of profit.

Market Presence

Our focus is to create awareness concerning the importance of renewable energy and how the growth of renewable energy industry could benefit the nation and the environment in the long term. The awareness that is created could support our national goal to transition to usage of renewable energy. Currently, our market representation is less than 1% as the energy capacity supported is in smaller scale. However, we are consistently working towards the goal of establishing a powerful presence in Malaysia through our upcoming strategic plans.

We believe our strategic plans for business operation and expansion will improve our presence in the market.

Anti-Bribery and Anti-Corruption

ILB Group Berhad strictly prohibits all forms of bribery and corruption in all our business practices. We take a zero-tolerance approach towards such misconduct and seek to always uphold highest ethical standards to safeguard the Group's longstanding good reputation.

The Group had implemented the following measures to eradicate bribery and corruption:

- Anti-Bribery and Corruption policy was updated in year 2020 to include provision

relating to Section 17A of the MACC Act (Amendment) 2018 which came into effect on 1 June 2020 where ILB Group included the Corporate Liability concept. The Anti-Bribery and Corruption policy is made available to employees and stakeholders in our website.

- Corruption risk assessment is done annually for all operating departments that deals with tender management, projects and general procurement; and sales and marketing function. The last corruption risk assessment report was approved as at 31 December 2023 by the Chief Executive Officer and Chief Financial Officer.
- The Group’s activities in regards to anti-bribery and corruption management is to be reported to the Audit & Risk Management Committee every quarter covering updates such as anti-bribery and corruption training, risk assessment, declaration of conflict of interest by Directors and employees, acknowledgement of corruption policies by suppliers and partners and other on-going efforts to eradicate corruption.
- No gift policy is practiced in the Group to completely eradicate any form of corruption and favouritism
- The Board of Directors and employees make declaration on conflict of Interest that is renewed annually. The last declaration exercise was carried out from February to May 2023
- All newly registered approved suppliers are subject to due diligence assessment and are required to declare acknowledgement of ILB Group Berhad’s Anti-Bribery and Corruption policy, Anti-Bribery and Corruption Code of Conduct Policy and Whistleblowing policy.
- The Human Resources & Employee Policy Handbook and Code of Ethics for Company Directors outlines the ethical standards to be displayed by employees and Directors and cover subjects related to conflict of interest and corruption
- Annual training on Anti-Bribery and Anti-Corruption is held in the Group. For FY2023, the annual training on Anti-Bribery and Anti-Corruption was held on 30 June 2023 for Executive and Non-Executive employees as part of internal training. The second session was held on 28 November 2023 for all level of employees by external trainers.

Following is the number of employees who were given Anti-Bribery and Corruption training from FY2021 to FY2023:

Employee Category	FY2023	% of Employees Received Training	FY2022	% of Employees Received Training	FY2021	% of Employees Received Training
Management	13	100%	13	100%	13	100%
Executive	13	100%	12	100%	9	100%

Non-Executive	10	100%	9	100%	9	100%
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The Anti-Bribery & Anti-Corruption policy is published in the Group’s website, accessible at:

https://www.ilb.com.my/Attachments/ILB_Anti-Bribery_And_Corruption_Policy.pdf

The Group recorded zero cases of bribery and corruption from FY2021 to FY2023.

Whistleblowing Policy

The Whistleblowing Policy was established to encourage all stakeholders of the Group to raise their concerns and further disclose any misconduct or unethical behaviours occurring within the organisation. We assure that fitting disciplinary action towards confirmed perpetrators shall be taken and the confidentiality of the whistleblowers will be protected as far as practicality of the case investigation allows.

The Whistleblowing policy is published in the Group’s website, accessible at https://www.ilb.com.my/Attachments/whistle_blowing_policy.pdf

Following are the channels to direct the reports:

By email: edwardtang@ilb.com.my

By post: Mark Strictly Confidential
ILB Group Berhad
No.6, Jalan Sungai Buloh 27/101A
Seksyen 27, 40400 Shah Alam
Selangor Darul Ehsan, Malaysia

Attention: Executive Chairman

By email: enghooisoh@gmail.com

By Post: Mark Strictly Confidential
ILB Group Berhad
No.6, Jalan Sungai Buloh 27/101A
Seksyen 27, 40400 Shah Alam
Selangor Darul Ehsan, Malaysia

Attention: Chairman – Audit & Risk Management Committee

Reports received against the management shall be brought to the attention of the Executive Chairman or to the Chairman of Audit & Risk Management Committee (ARMC).

The Group recorded zero complaints in relation to unethical business practices or suspicious corruption or unethical behaviour from FY2021 to FY2023.

Product and Service Quality

The 1 Mvac solar power plant in Seberang Perai, Penang secured the approval from Sustainable Energy Development Authority Malaysia (SEDA) for the set-up and operation of power plant under the Feed-in Tariff (FIT) program. The 10 Mvac solar power plant in

Bukit Kayu Hitam was awarded the development of the 10.0 MW large scale solar PV plant under the Energy Commission's 1st Large Scale Solar Photovoltaic Plant (LSS) program.

The following table summarizes our achievements by year-on-year basis:

	Solar Energy Generated (kW/h)	Carbon Dioxide Emission Avoided (Tonnes)	Reduction of Forest Required to Offset Carbon Dioxide from the Atmosphere (Acres)
FY2023	18,382,172	11,765	15,993
FY2022	18,126,299	11,601	15,770
FY2021	19,224,251	12,304	16,725
Total	55,732,722	35,670	48,488

Source: Malaysia Green Attribute Tracking System

The increase in generation of solar energy for FY2023 compared to FY2022 was due to more favorable weather that boost solar energy generation.

We believe that service quality plays an important role to introduce solar power as an alternative reliable source to generate electricity nationwide because stability in supply of power creates confidence in customers to transition from conventional non-renewable to renewable source of energy. Thus, our goal in maintaining service quality stems from this idea of continued service with zero to limited downtime. This goal is achieved through regular maintenance of our solar power plants by outsourced service contractors. The contractors monitor activities of the power plants on weekly basis and resolve any issues identified immediately. Besides that, an annual maintenance service is conducted to ensure the systems are functioning to its ultimate potential.

The Group has established a Standard Operating Procedure (SOP) for handling complaints. From FY2021 to FY2023, no complaints have been received from customers.

Our commitment to create awareness concerning solar power as an alternative source of energy to our communities is a challenging, ongoing journey. We aspire to change the perception of people regarding solar power energy through our excellence in service and introduce solar power as one of the main sources of electricity generation in Malaysian homes.

Procurement

Procurement is an important activity in the Group as responsible decision need to be made to source for cost effective products and services to ensure financial sustenance. We strive to source products and services within Malaysia to maintain cost effectiveness and maximise efficiency by cutting down waiting time for the products and services purchased.

The total purchases and proportion of spending from FY2021 to FY2023 were as follows:

Types	FY2023		FY2022		FY2021	
	Amount (RM)	Proportion of Spending	Amount (RM)	Proportion of Spending	Amount (RM)	Proportion of Spending
Local Suppliers	22,790,955.99	69%	2,933,086.41	100%	2,371,563.30	26%
Overseas Suppliers	10,330,452.54	31%	Nil	0%	6,795,656.30	74%
TOTAL	33,121,408.53	100%	2,933,086.41	100%	9,167,219.60	100%

The total amount of purchase in FY2023 had increased in comparison to FY2022. The purchase of solar panels and its related parts and procurement related to maintenance services at the solar farm contributed largely to the higher amount of expenditure. The proportion of spending on local suppliers are 69% and 31% on overseas suppliers. The Group sources for products and services based on the availability of the products in local market. Products are sourced from overseas suppliers in absence of its availability in the local market. Besides that, quality of products and competitive pricing are crucial criteria in consideration of purchase decision to maximise value for money and reliability of products.

The procurement policy that came into effect on 4 January 2022 drives the procurement process at ILB Group Berhad. The policy ensures transparency, informed decision making and efficiency in procurement management.

The Group ensures continuous supply of materials and services that are good in quality and obtained with competitive pricing through careful assessment of suppliers against the following criteria:

- Job knowledge of supplier providing service and products
- Reliability of service which ensures timely customer service
- Quality of product and services
- Competitive pricing

Suppliers and contractors with satisfactory service are registered as approved vendors. The suppliers and vendors are. Newly registered approved suppliers are subject to due diligence assessment and are required to declare acknowledgement of ILB Group Berhad's Anti-Bribery and Corruption policy, Anti-Bribery and Corruption Code of Conduct Policy and Whistleblowing policy. Moreover, the suppliers and vendors undergo annual assessment on the same criteria listed above when they are engaged for procurement of products and services. The assessments are carried out by the respective departments that engage the vendor. The evaluation is verified and approved by the Head of Department, Chief Financial Officer and the Project Director or the Executive Director.

1.2 ENVIRONMENTAL

Preservation and conservation of the environment is the ultimate goal of the Group as the Group's mission is to protect the environment and improve the quality of life by creating awareness towards alternative sources to substitute natural resources. We seek to reduce our carbon footprint through effective management of resources and through compliance to legal requirements that press for preservation of the environment. Being in the renewable energy industry, we have the sense of duty to lead by example by demonstrating proactive measures in saving the environment through mindful usage of resources.

Climate Change and Task Force on Climate Related Financial Disclosures ("TCFD")

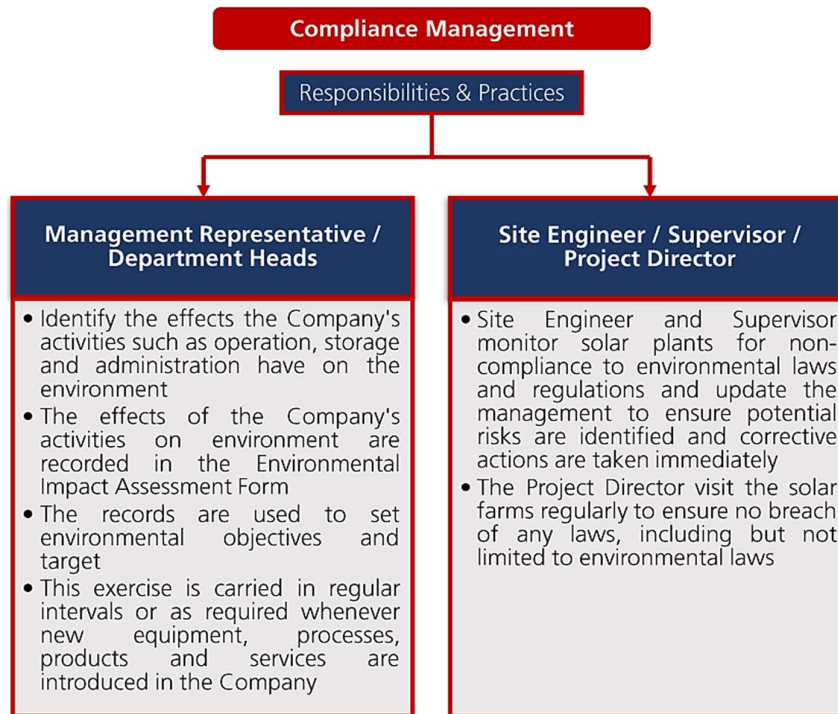
Climate change is the main factor that had revolutionised the business focus of ILB Group Berhad from warehousing to solar power plant. The global attention to address climate change created a gap for innovation and business opportunity that the Group seized. Furthermore, climate plays a crucial role in electric generation through solar power. For example, continuous rain significantly impacts our performance in energy generation as solar power is derived from the intensity of the radiation of sunlight. We are continuously assessing the changes in climate in Malaysia, the implications, and the risks it has on our business operation. We also acknowledge that the Group is also subject to leaving carbon footprints through its operation. Thus, the Group is working on establishing the data on scope 1, 2 and 3 carbon emission.

We acknowledge the mandatory requirement to comply by the TCFD standard and we assure our stakeholders that we are working towards establishing necessary data to disclose the relevant information needed for complete compliance. We target to disclose the relevant information by FY2025.

Environmental Compliance

Compliance to laws and regulations not limited to environmental laws are important to us to ensure smooth operation of the business. The Quality, Health, Safety and Environmental (QHSE) policy that came into effect in March 2020 outlines the standards on quality, health, safety, and environmental performance provides structure to the practices within the organisation. Operational practices governed by the policy ensures unified effort in compliance to relevant laws and regulations.

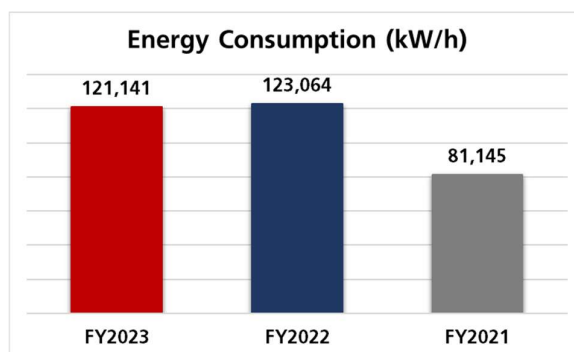
Besides that, continuous monitoring and recording had ensured compliance to environmental laws and regulations. The responsibilities borne by management members in compliance effort is as follows:



Effective policy, procedures and practices had contributed to our success of maintaining 100% compliance to uphold the highest standards and performance. In FY2023, we have complied with all relevant environmental regulations and no sanctions resulting from non-compliance for our operations (FY2021: Nil, FY2022: Nil).

Energy Management

The usage of electricity is very minimal for the Group as it is utilized mostly for operation of office premise. Following was the consumption of energy at the Group from FY2021 to FY2023:

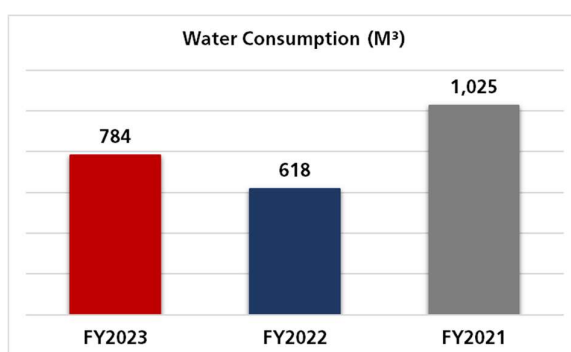


The consumption for FY2022 increased rapidly when compared to FY2021 because the Group practiced work from home during the COVID-19 season in 2021. The workforce resumed work at office in 2022 that increased the consumption of energy. However, the

was a decrease by 1.6% in consumption for FY2023 when compared to FY2022 because the Group had installed Solar Photovoltaic System (SPS) for its own consumption of energy as part of the Group’s initiative to shift dependence on renewable energy source. The solar panel system was energized from 11 May 2023 onwards and contributed to saving of RM9,318.66 (62%) on total energy expenses for FY2023 in comparison to FY2022.

Water Management

The water consumption at the Group is mainly at the office premise that contributes to lower level of consumption. Following is the consumption of water at the Group from FY2021 to FY2023:



The water consumption for FY2022 had decreased with comparison to FY2021 and the consumption increased slightly by 27% for FY2023. The noticeable drop in water consumption in FY2022 is attributed to the group’s efforts in creating awareness amongst the employees on conservation of water. The Group creates awareness through internal communication such as circulation of internal memorandum and included as part of the routine staff briefing.

1.3 SOCIAL

We strive to create a safe workplace and a good learning ground for our employees to promote wellbeing and career advancement. Besides that, we encourage the workforce to participate in community engagement activities to nurture the habit of giving and participate in the Group's noble course of caring for the community.

Diversity and Equal Opportunity

Diversity and equal opportunity are crucial to the sustainability of our business as employees contribute to the smooth operation of the business through various skills and knowledge. We value and respect unique perspectives, experiences and backgrounds of our employees and are committed to creating a workplace that is inclusive and welcoming to people of all age, gender, nationality, and religion. A total of 36 people were employed at the Group for FY2023.

No contractors or temporary staff were employed at ILB Group Berhad from FY2021 to FY2023.

Gender Diversity

Gender diversity is important to balance a diverse workforce with differing skills and talents. Female employees are recruited for administration jobs and male employees are recruited for technical skills and experience. A total of 36 people were employed at the Group for FY2023. The gender ratio of male to female employees for FY2023 is 75%:25%.

The following tables show the gender diversity at the Group from FY2021 to FY2023:

FY2023						
Gender	Female			Male		
Category	Management	Executive	Non-Executive	Management	Executive	Non-Executive
No. of Employees	4 (31%)	3 (23%)	2 (20%)	9 (69%)	10 (77%)	8 (80%)
Total	9 (25%)			27 (75%)		

FY2022						
Gender	Female			Male		
Category	Management	Executive	Non-Executive	Management	Executive	Non-Executive
No. of Employees	4 (31%)	3 (25%)	2 (22%)	9 (69%)	9 (75%)	7 (78%)
Total	9 (26%)			25 (74%)		

FY2021						
Gender	Female			Male		
Category	Management	Executive	Non-Executive	Management	Executive	Non-Executive
No. of Employees	3 (23%)	2 (22%)	2 (22%)	10 (77%)	7 (78%)	7 (78%)

Total	7 (23%)	24 (77%)
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Age Diversity

As the Group is in the renewable energy industry that goes through various technological transition, age diversity is important to balance and maintain diverse experience and knowledge that drives innovative ideas in the Group. People of various age categories will be able to share different ideas that contribute to advancement of the Group and facilitate knowledge sharing among the employees.

The following table show the age diversity at the Group from FY2021 to FY2023:

Employee Category	Employees by Age Group	FY2023	FY2022	FY2021
Management	Below 30 years old	1 (8%)	1 (8%)	1 (8%)
	30-50 years old	3 (23%)	3 (23%)	2 (15%)
	Above 50 years old	9 (69%)	9 (69%)	10 (77%)
Executive	Below 30 years old	6 (46%)	5 (42%)	3 (33%)
	30-50 years old	5 (38%)	5 (42%)	4 (44%)
	Above 50 years old	2 (16%)	2 (16%)	2 (23%)
Non-Executive	Below 30 years old	1 (10%)	1 (11%)	1 (11%)
	30-50 years old	7 (70%)	5 (56%)	7 (78%)
	Above 50 years old	2 (20%)	3 (33%)	1 (11%)

Gender and Age Diversity in the Board of Directors (BOD)

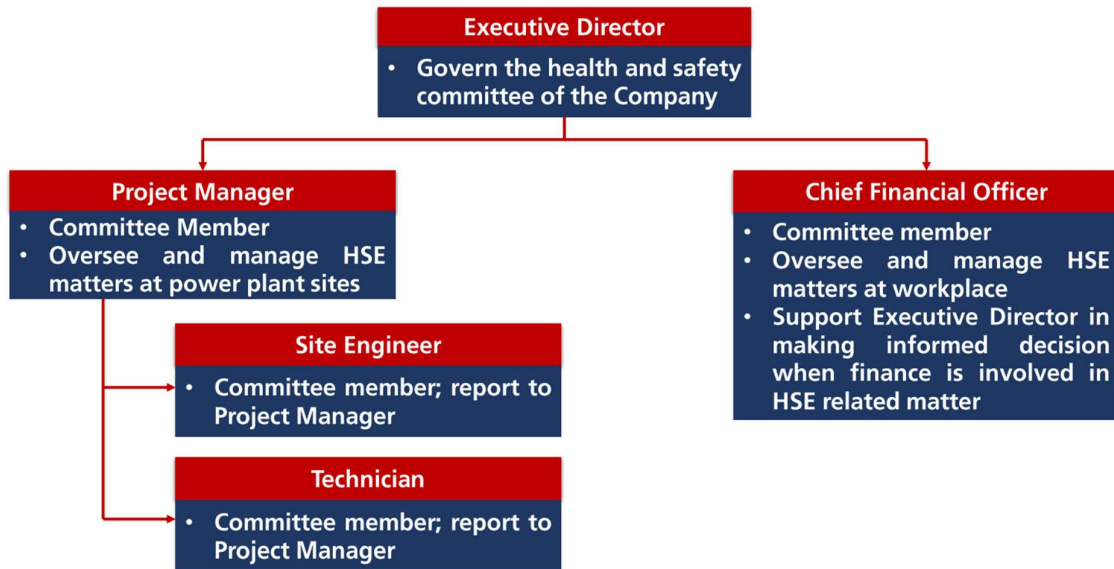
Gender	FY2023	FY2022	FY2021
Male	5 (71%)	5 (71%)	5 (83%)
Female	2 (29%)	2 (29%)	1 (17%)
Total	7	7	6

	Below 30 years old	30-50 years old	Above 50 years old
FY2023	0 (0%)	0 (0%)	7 (100%)
FY2022	0 (0%)	0 (0%)	7 (100%)
FY2021	0 (0%)	0 (0%)	6 (100%)




The ratio of male board member to female board members for FY2023 is 71%:29%. The board predominantly consist of male members as the industry of the Group involves technical knowledge, skill and experience. Besides that, the age of board members are above 50 years old as older members have larger advisory capacity supported by their knowledge and experience in the field and industry. The Group strives to maintain balance and diversity in the board given that the members fulfil the criteria and qualification as prescribed in the Directors' Fit and Proper policy established at the Group on 27 May 2022.

Occupational Health and Safety

A safe work environment ensures wellbeing of employees, eliminates work disruption, and enhances work quality in the Group. ILB Group Berhad has an established Health, Safety and Environment (HSE) Committee. The following chart illustrates the flow of reporting and roles of members:



The HSE Committee’s efforts are supported by the Quality, Health, Safety and Environment (“QHSE”) policy that was enforced on March 2020. The policy provides comprehensive guideline on health and safety standards and practices. Following are the objectives of the policy:

-  Protect the safety and wellbeing of employees, environment and properties of the Company
-  Ensure compliance to laws and regulation and to address non-compliance
-  Emergency response to safety & health matters

Following are the ongoing efforts taken to avoid health and safety mishaps at the Group:

- Stringent work Standard Operating Procedures (SOP) to be adhered to at work sites

- Monitoring at work site by supervisors
- Safety briefings are conducted on monthly basis to reiterate the need to comply by the work SOP and usage of Personal Protection Equipment (PPE) at work site
- Safety inspection on work sites is conducted semi-annually
- Fire drill is conducted annually to train employees for fire emergencies

The following table shows the number of employees that were given training on health and safety standards:

Year	FY2023	FY2022	FY2021
Number of employees	18	11	11

New employees joining the Group are given safety and health briefing, work instructions, awareness on health compliance matters and introduction to the QHSE policy during the annual induction session. This organised health and safety management system has contributed to our achievement of recording zero occupational accidents, injuries and fatality for FY2023 (FY2021: Nil; FY2022: Nil). Thus, the Lost Time Incident Rate (LTIR) was also recorded zero from FY2021 to FY2023.

We are continuously working to develop mindful culture concerning health and safety matters in the Group through our health and safety briefings and provision of guideline through QHSE policy and procedures. With these efforts in place, we believe we will continue to demonstrate excellence in workforce wellness.

Labour Practices and Standards

Training and Development

We are committed to promote continuous improvement through training and development. Training and development help to motivate and maintain high level of competency among employees that improves the overall operation of the Group. Training opportunities are identified through employee appraisal activity that takes place annually. Employees receive review and feedback on their job performance from their superior, set goals for the upcoming year, and get information on career development within the organisation. Training and development opportunities are explored based on the learning needed by the employee due to introduction of new technical know-how, update in business operations and requirement by legislation.

The following table shows the total training hours achieved by the Group from FY2021 to FY2023:

Year	Total Hours of Training	Average Training Hours Per Employee
FY2023	54	1.50

FY2022	64	1.88
FY2021	42	1.35

The total training hours by employee category from FY2021 to FY2023:

Employee Category	FY2023	FY2022	FY2021
Management	15	26	13
Executive	22	25	16
Non-Executive	17	13	13
Total	54	64	42

The total training hours for FY2023 was 54 which is 16% lower compared to FY2022. The difference was caused by the shorter hours of training conducted for each session. We are looking forward to identifying more training opportunities for our employees to enrich their knowledge and skills for the upcoming years to create agility and resilience in our workforce in this time of rapid technological and demographical change.

Turnover

The table below shows the turnover rate at the Group by employee category from FY2021 to FY2023:

Management Level	FY2023	Percentage	FY2022	Percentage	FY2021	Percentage
Management	2	50%	4	33%	2	50%
Executive	1	25%	1	8%	0	0%
Non-Executive	1	25%	7	59%	2	50%
Total Turnover	4	100%	12	100%	4	100%

Employee Retention

As we strive to infuse sustainability measures in the social aspect of our operation, we believe employee retention plays a key role in supporting our sustainability goals. For example, key employees with specialised knowledge and skills contribute immeasurably to the sustained operation of the business that ensure smooth delivery of service to customers. Besides that, employee retention saves cost and provides competitive advantage financially and experience wise that are primal for sustainable business operation. Following are the benefits provided to our employees as an initiative to retain them:

- Group Hospitalisation & Surgical Plan
- Group Personal Accident Insurance
- Exam / Study Leave
- Annual Leave
- Congratulatory Leave

- Maternity Leave
- Paternity Leave
- Compassionate Leave
- Prolonged Illness Benefits
- Outpatient Medical & Dental Benefits

We acknowledge that one of the best practices to retain employees is to hear their concerns and opinions. We have an established channel to handle employee grievances where employee may approach their immediate superiors to address their concerns and feedback regarding job and the workplace. The matters that are unresolved within three days shall be reported to the Grievance Committee by the employee concerned. The Grievance Committee is comprised of the Executive Director, Chief Financial Officer and the Risk & Corporate Governance Manager.

Employee engagement activities are organised in the Group to increase bonding and appreciate the employees' diverse background. Employee activities also provide opportunities for open communication that aids in employee retention. For FY2023, the Group had organised lunch for festive celebrations:



Lunch for Hari Raya Celebration

New Hires

The table below show the number of new hires at the Group by employee category from FY2021 to FY2023:

Management Level	FY2023	Percentage	FY2022	Percentage	FY2021	Percentage
Management	2	33%	6	50%	4	50%
Executive	0	0%	3	25%	1	12%
Non-Executive	4	67%	3	25%	3	38%
Total New Hires	6	100%	12	100%	8	100%

Human Rights

We pledge to safeguard the safety and wellbeing of our employees by providing safe working environment, non-discriminative internal practices and equal opportunity for progress and development. We ensure that clean working environment is provided to employees and all necessity rights are given to employees such as medical leaves, lunch breaks and annuals leaves. The Group recorded zero complaints and cases in regards to violation of human rights from FY2021 to FY2023.

Cybersecurity

Cybersecurity threats are becoming rampant and pose a risk to all organisations that have IT infrastructure in place. These threats come in various forms and can cause serious consequences for businesses such as data breaches, financial losses, and damage to the Group's reputation.

The cyber security systems deployed protects the Group's internet access, email system and server. The Group takes cybersecurity seriously and had established various protection measures in place by engaging a professional IT service provider. Following are the measures and maintenance practices in place to protect the privacy of data and to defend against malicious cyber-attacks:

- Utilisation of custom email host for email services that eliminate chances of scammers that impersonate the Group and scam potential customers
- Change of password for email services are managed through system admin that blocks intruders from changing passwords and taking over the email account
- The IT system is equipped with firewall, anti-virus and anti-malware software to block harmful intrusions
- Anti-virus system is updated and scanning of systems are carried out on timely manner as prompted by the software
- Resigned employees are required to return their laptops and their email accounts are blocked with immediate effect upon departure
- The IT consultants monitor the filtered phishing, malware emails and anti-spam system on daily basis. The IT consultants will prompt the user once they detect any irregularities.

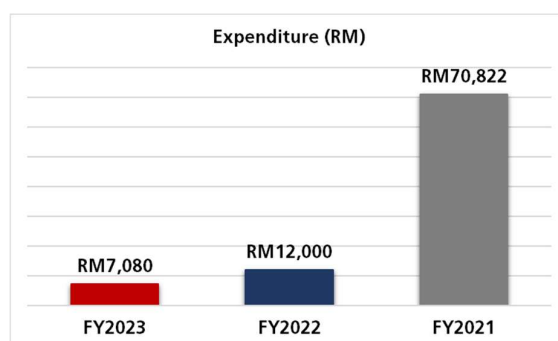
The Group has recorded zero cyber-attacks and no incidents of system patch up due to cyber-attack have taken place in the past. In FY2023, we have recorded zero cases relating to breaches of data or complaints from external stakeholders (FY2021 and FY2022: Nil).

Local Communities

We are committed to carrying out engagement activities with local communities to demonstrate our care for the wellbeing of the society and promote unity among people from all walks of life. The following table shows the list of community engagement activities participated by the Group for FY2023:

List of Activities for FY2023		Expenditure (RM)
1	Contribution to Old Folks Home – Rumah Orang-Orang Tua Seri Setia	2,000.00
2	Program Kutip Sampah dan Riadah by SMK Nilai Impian Supported by Malaysian Green Technology and Climate Change Corporation	2,500.00
3	Contribution to Orphanage Home – Rumah Jalinan Kasih	2,580.00
TOTAL		7,080.00

The following graph shows the expenses for community engagement activities on year-on-year basis:



The contribution for community activities in FY2023 was lower by 41% compared to FY2022. However, we are looking forward to organising more charitable activities for the benefit of the needy and enriching programs for the community in the year to come.

Going Forward

Our aim remains as to practice sustainable measures in all operations of the Group to ensure longevity of the business, create awareness concerning conservation of nature and development of constructive community. We acknowledge that these goals require ongoing effort such as expansion of business to promote solar energy as a source of electricity generation, collaboration with various parties to introduce better services and technology, enhancement of internal processes to reduce potential carbon footprint cause by the Group's operation and development of well-trained workforce to support these sustainability goals.

Moving forward, our efforts will be directed towards enhancing our internal processes and operations through continuous monitoring and recording of our progress for analysis and improvement. We are thrilled to create a momentum of change through our business that will bring forth positive impact nationally and globally.