

## Sustainability Statement

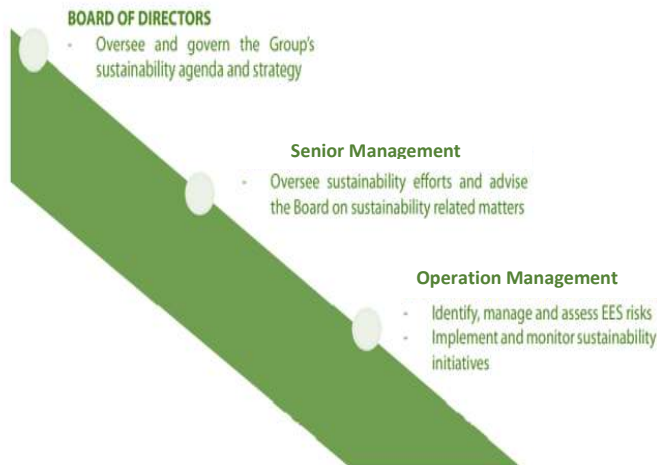
Integrated Logistics Berhad (hereinafter referred to as “ILB” or “the Group”) is committed to create value for all our stakeholders: customers, suppliers, employees, shareholders, business partners, communities and the environment. We aim to adopt good sustainability practices, to reduce environmental impacts of our activities, and help our client to do the same. By doing so, we believe our products and solutions benefit our customers, workers and support their wellbeing. We consult and collaborate with professionals and innovators across disciplines to improve and enhance our products and solutions.

To summarise our initiatives in the sustainability front, the Board is pleased to report on the Group sustainability objectives, strategies and activities material to the Group, the way the Group manages it and many other efforts undertaken to complement the Group’s sustainability objectives.

This Sustainability Statement is an update of the preceding financial year’s Sustainability Statement. The Sustainability Statement reporting framework is guided by Global Reporting Initiative (“GRI”) Standards as encouraged by Bursa Malaysia.

### Scope and Coverage

The scope of this Sustainability Statement covers our main business division – solar farm operating in Malaysia. This report timeline is from 1 January 2020 to 31 December 2020.



The Board of Directors (“the Board”) is responsible for the Group’s sustainability agenda, practices, strategies and performance, supported by the Senior Management (“SM”), whose member’s composition includes the Chief Executive Officer (“CEO”), Chief Financial Officer (“CFO”), Chief Risk Officer (“CRO”) and three (3) independent Non-Executive Directors.

The SM oversees the policies, initiatives, targets and the performance of the Group to ensure that the Group’s business is conducted in a sustainable manner. The SM is assisted by the Operational Management (“OM”), who are appointed representatives of various divisions to identify, manage, assess the Economic, Environment and Social (“EES”) risks, coordinate, implement and monitoring the sustainability initiatives.

The OM executes and implements the strategies on a day-to-day basis and reports their operational activities through several means such as monthly reports, project status reports, safety and health reports and others.

### Stakeholder Engagement

The Group believes in transparency and open line of communication. Transparency and communication are fundamental components of good corporate governance and serve to build vital relationships of trust we maintain with our stakeholders.

We engage our stakeholders through various means of communication to enable them to understand our business operation and seek their feedbacks and input on several matters relevant to them. We identified them through issues which are material based on their impact to the Group’s operations and the number of stakeholders affected.

In FYE 2020, we have identified 6 internal and external stakeholders who were relevant and influenced our business sustainability. The table below describes our stakeholder engagement approaches, focused areas relevant to our stakeholders and frequency of our engagement with the stakeholders.

Stakeholders	Focus Areas	Engagement approach	Frequency
<b>Customers</b>	<ul style="list-style-type: none"> <li>Product quality and pricing</li> <li>Market demand</li> <li>Product development and innovation</li> </ul>	<ul style="list-style-type: none"> <li>Quality assessment</li> <li>Performance assessment</li> <li>Progress meetings and updates</li> <li>Customer relationship management</li> </ul>	<ul style="list-style-type: none"> <li>On-going</li> <li>Ad-hoc</li> <li>Periodically</li> <li>Quarterly</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>Employee health and safety</li> <li>Career development and advancement</li> <li>Communication and engagement</li> </ul>	<ul style="list-style-type: none"> <li>Performance appraisals</li> <li>Operational meetings and discussions</li> <li>Safety at work meetings</li> <li>Team building activities</li> <li>Social events with employees</li> <li>Trainings</li> </ul>	<ul style="list-style-type: none"> <li>Annually</li> <li>On-going</li> <li>Ad-hoc</li> <li>Periodically</li> <li>Quarterly</li> </ul>

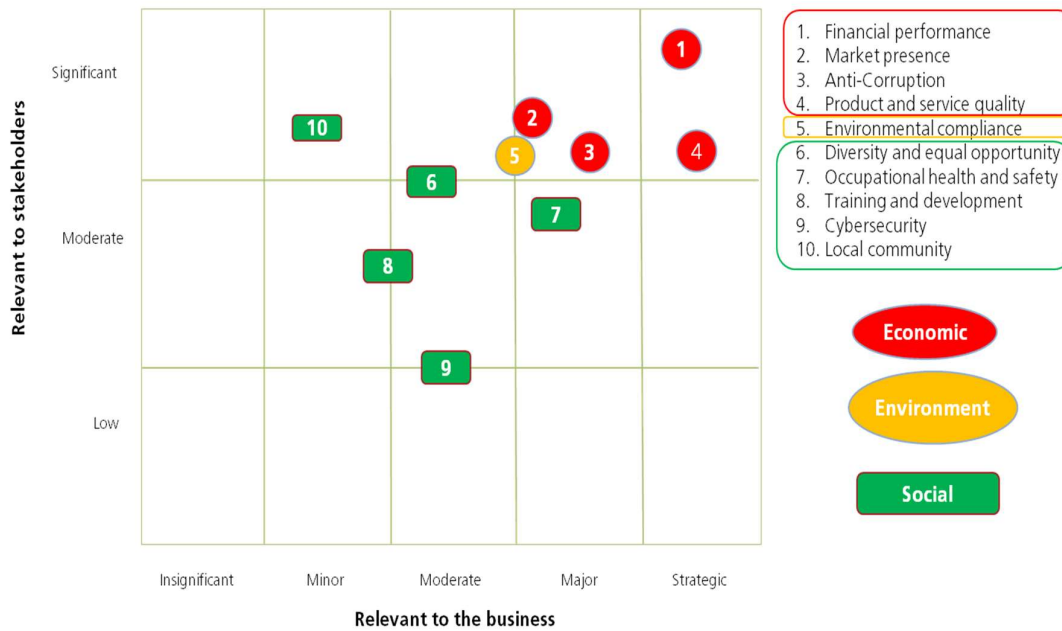
Stakeholders	Focus Areas	Engagement approach	Frequency
<b>Vendors &amp; suppliers (including contractors)</b>	<ul style="list-style-type: none"> <li>• Product quality</li> <li>• Customer service and complaints resolution</li> </ul>	<ul style="list-style-type: none"> <li>• Supplier performance evaluations</li> <li>• Meetings and discussions</li> </ul>	<ul style="list-style-type: none"> <li>• Annually</li> <li>• On-going</li> <li>• Ad-hoc</li> <li>• Periodically</li> <li>• Quarterly</li> </ul>
<b>Shareholders &amp; investors</b>	<ul style="list-style-type: none"> <li>• Financial performance</li> <li>• Regulatory compliance</li> <li>• Corporate governance</li> <li>• Ethical business conduct</li> <li>• Internal control and risk management</li> </ul>	<ul style="list-style-type: none"> <li>• Financial announcement and reporting</li> <li>• Meetings and briefings</li> <li>• Corporate website</li> </ul>	<ul style="list-style-type: none"> <li>• Annually</li> <li>• On-going</li> <li>• Ad-hoc</li> <li>• Periodically</li> <li>• Quarterly</li> </ul>
<b>Government regulators/authorities etc</b>	<ul style="list-style-type: none"> <li>• Regulatory compliance</li> <li>• Approvals and permits</li> <li>• Standards and certifications</li> </ul>	<ul style="list-style-type: none"> <li>• Meetings and consultations</li> <li>• Training programmes and dialogue</li> <li>• Audit and verification</li> </ul>	<ul style="list-style-type: none"> <li>• Annually</li> <li>• On-going</li> <li>• Ad-hoc</li> <li>• Periodically</li> <li>• Quarterly</li> </ul>
<b>Local communities</b>	<ul style="list-style-type: none"> <li>• Community wellbeing</li> <li>• Community investment</li> </ul>	<ul style="list-style-type: none"> <li>• General meetings</li> <li>• Media announcements</li> <li>• Annual report</li> <li>• Company website</li> </ul>	<ul style="list-style-type: none"> <li>• Annually</li> <li>• On-going</li> <li>• Ad-hoc</li> <li>• Periodically</li> <li>• Quarterly</li> </ul>

## Materiality Sustainability Matters

In FYE 2020, selective Head of Departments and key management staff facilitated the identification of key sustainability matters that were deemed material. These sustainability matters were then assessed based on their relevance, importance to our business and stakeholders.

Guided by Bursa’s Sustainability Reporting Guide and Toolkits, they were then compiled and mapped into a materiality matrix. A total of 10 key sustainability matters were identified and assessed based on its impact to our stakeholders and to the business are as shown below:

### Sustainability Materiality Profile



## Economic

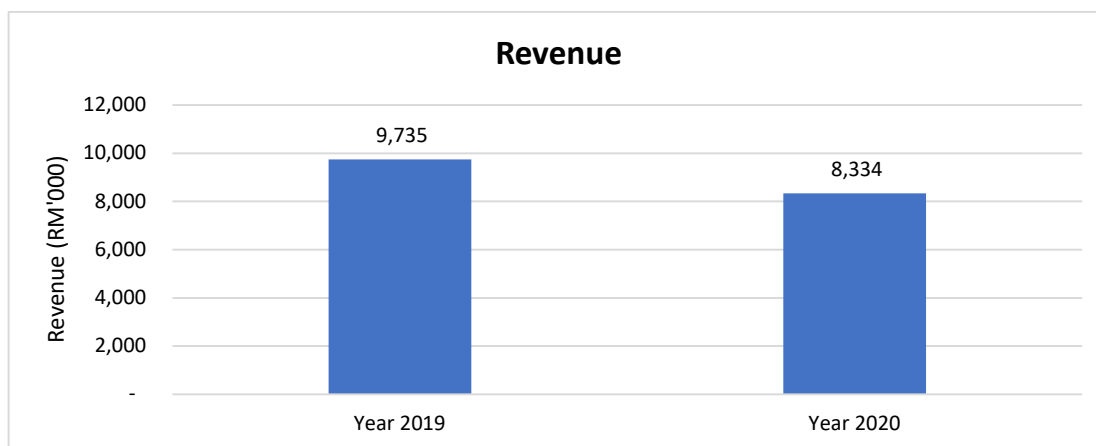
In ILB, we are mindful of our stakeholders' interests when we plan our corporate strategies for business sustainability. While we are obliged to attain sustainable commercial success, we strive to protect the environment and improve quality of life for future generations. Our mission is to help our customers reduce their energy consumption and environmental impact through the use of solar energy, in turn helping the planet fight climate change.

## Financial Performance

The Covid-19 pandemic in FYE 2020 created significant adverse impact to the local and global economy across the sectors. However, the Covid-19 pandemic and the Movement Control Order ("MCO") have minimal impact on the Group's solar businesses and operations.

The Group successfully energised its first solar plant under the Large Scale Solar Photovoltaic Plant ("LSS") program in Bandar Bukit Kayu Hitam, Kedah. Currently, the Group owns and operates a large-scale solar photovoltaic plant in Bandar Bukit Kayu Hitam, Kedah and a solar farm plant in Seberang Prai Penang with a total solar power capacity of 11 megawatts (MW). These two projects have contributed positively to the cashflow and earnings of the Group.

Given the Group's experience and track records in solar plant industry, the Group is making unremitting efforts to identify potential development / investment opportunities in solar power projects in Malaysia to complement the government's green programme initiatives.



For details and analysis of our financial results, please refer to Management Discussion & Analysis of this Annual Report.

## Market Presence

The Group has set strategic directions that form the basis of ILB's sustainability. The strategic direction includes its priority to reduce the Group's environmental impact and inherently contribute to the strategy on market leadership and cost-efficiency. In achieving these objectives, over the last 2 years, the Group has been actively investing in the solar renewable energy business in Malaysia marking its footprint with 2 solar farms currently in Penang, and Kedah.





Through local hiring, we endeavour to build long-term value for the stakeholders by providing benefits to the communities while maintaining strong financial results.

## Anti-Bribery & Anti-Corruption Policy

ILB is committed to apply the highest standards of ethical conduct and integrity in our business activities. Every employee and individual acting on the Company's behalf is responsible for maintaining our reputation and for conducting our Company's business honestly and professionally.

ILB's Anti-Bribery and Corruption Policy was adopted on 29 May 2020. With the adoption of the policy, ILB embraces zero-tolerance to bribery and corruption consistent with ILB's objectives. This is also in line with the laws of the Guidelines on Adequate Procedures through Malaysian Anti-Corruption Commission ("MACC") Amendments Act 2018. Key areas of Anti-Bribery and Corruption Policy cover "No Gift" policy, entertainment and hospitality, donations and due diligence.

This Anti Bribery and Corruption policy is available on our corporate website [https://www.ilb.com.my/Attachments/ILB Anti-Bribery And Corruption Policy.pdf](https://www.ilb.com.my/Attachments/ILB%20Anti-Bribery%20And%20Corruption%20Policy.pdf)

<p><b>"No Gift" policy</b></p> 	<p><b>Entertainment and Hospitality</b></p> 	<p><b>Donations</b></p> 	<p><b>Due Diligence</b></p> 
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## Whistleblowing Policy & Guidelines

In promoting zero tolerance towards fraud, corruption and other forms of unethical behaviour or conduct, ILB has put in place a mechanism as stipulated in the Whistle Blowing Policy & Guidelines which is accessible by its employees and third parties. We encourage any suspected misconduct or wrongdoings, or any such suspected instances to be reported to the Chief Executive Officer ("CEO") or Chairman of the Audit & Risk Management Committee.

During the year, no incident or complaints (FYE 2019: Nil) on suspicious corruption or unethical behaviour reported to us.

The Whistle Blowing policy and the process of how to report any suspected cases are available on our corporate website :

[https://www.ilb.com.my/Attachments/whistle\\_blowing\\_policy.pdf](https://www.ilb.com.my/Attachments/whistle_blowing_policy.pdf).

### **Product and Service Quality**

As a service provider, strong branding image and positive reputation, backed by consistent product and service quality are key to meet customers' expectation at all times. We carry out daily preventive maintenance because we believe a well-maintained solar plant will continuously perform better and able to meet the targeted yield of solar energy. The maintenance work report carried out by our outsourced maintenance provider was submitted to the SM through periodical scheduled meetings, and discussion on improvement plans were brainstormed with the team.

## Environment Sustainability

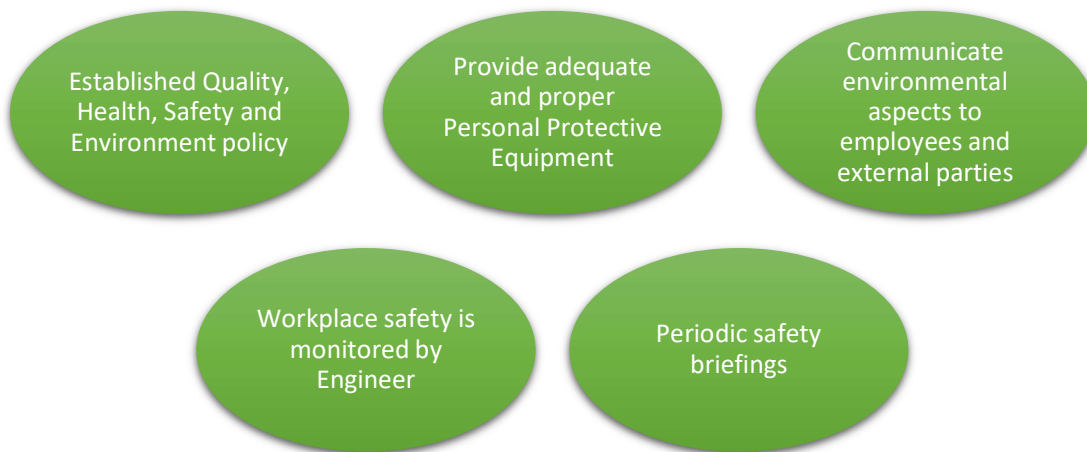
Effective and efficient business sustainability require a focus and frequent management coordination of environmental ecological systems, financial stability and social element of a business to ensure responsible, ethical and ongoing success.

To achieve this, ILB via its wholly owned power generation subsidiary, IL Solar Sdn Bhd undertook the development of a 10MW large scale solar PV plant in Kedah to preserve the environmental features of the site with minimum disturbance to the ground and existing vegetation. The plant is projected to supply the national grid with clean energy for a period of 21 years.

Such commercial undertaking demonstrated our forward-looking business sustainability strategies by supplementing government's green initiatives, ensuring our financial stability and to reduce carbon emissions by generating clean energy via solar.

## Environmental Compliance

As stated in our Quality, Health, Safety and Environmental (QHSE) Policy, we are committed to abide by all applicable environmental laws and regulations in relation to climate change, energy use and waste management. The Group regularly reviews any risk and potential issues related to the environment for its business operations. Among actions and measures implemented to ensure all environmental factors are within the regulatory requirements and to protect our employees include:



There was no incident of non-compliance with environmental laws and regulations and we have not been penalised or fined for any environmental violation in FYE 2020.

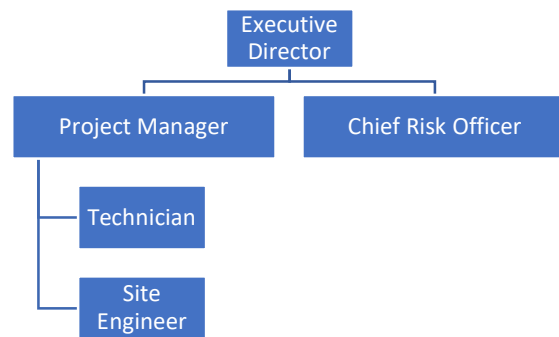


## Social Investment

We believe in building a strong relationship internally with employees as well as with our customers, suppliers, and local communities. The key for ILB to achieve a sustainable growth and providing long-term value creation for our stakeholders is to build a strong and enriching community.

## Occupational Health and Safety

Providing safe and healthy workplace for employees and contractors is our upmost priority and ensures health and safety culture is integrated in our daily business operations. The Quality, Health, Safety and Environment (“QHSE”) policy and HSE Committee were established with the aim to serve as fundamental guidelines in ensuring high level of health and safety standards for our employees and manage safety risks associated with ILB’s business operation. The HSE Committee is headed by an Executive Director and its members include Chief Risk Officer, Project Manager, Technician and Site Engineer.



A Site Safety Plan is established by our contractor to ensure safety practices complied with the following regulation:

- Electricity Supply Act 1990
- Renewable Energy Act 2011
- Occupational Safety and Health Act 1994
- Malaysian Standard MS1837:2020.

As one of the Solar PV industry participant in Malaysia, our safety practices are also applicable to the international standard such as International Electrotechnical Commission (“IEC”) from Switzerland and National Renewable Electrical Laboratory (“NREL”) from United States.

In FYE 2020, zero injury and fatality case were reported despite discovering faulty inverters in one of our solar farms resulting in a temporary selective shutdown. Regular safety trainings and daily safety induction were organised with the objective of educating our employees and workers on the health and safety risks in the workplace. Key health and safety trainings held during the year included fire drills, daily safety briefing and precautionary measures on COVID-19 awareness.

### *SARS-CoV-2 (“Covid-19”) action plan*

In curbing COVID-19 pandemic, strict procedures and precautionary measures were implemented following the guidelines established by the Ministry of International Trade and Industry’s (“MITI”) and Ministry of Health (“MOH”), including social and physical distancing within the factory premise, carry out sanitisation activities, provide face masks and hand sanitisers to all employees, perform temperature screening to safeguard the

safety and wellbeing of our employee. We installed signages of face mask requirements and marked all social distancing in key locations as reminders to employees.

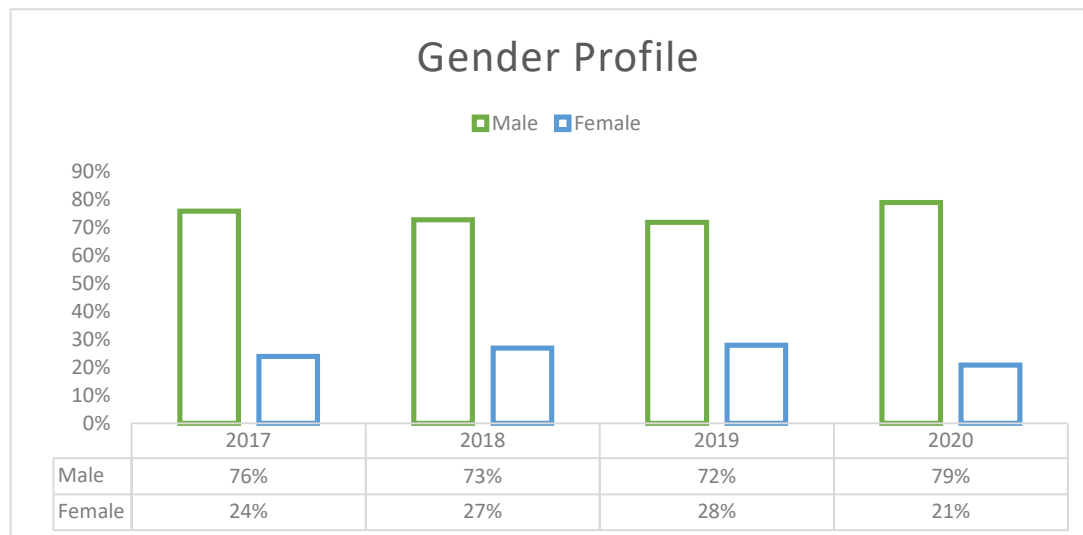
## Our People

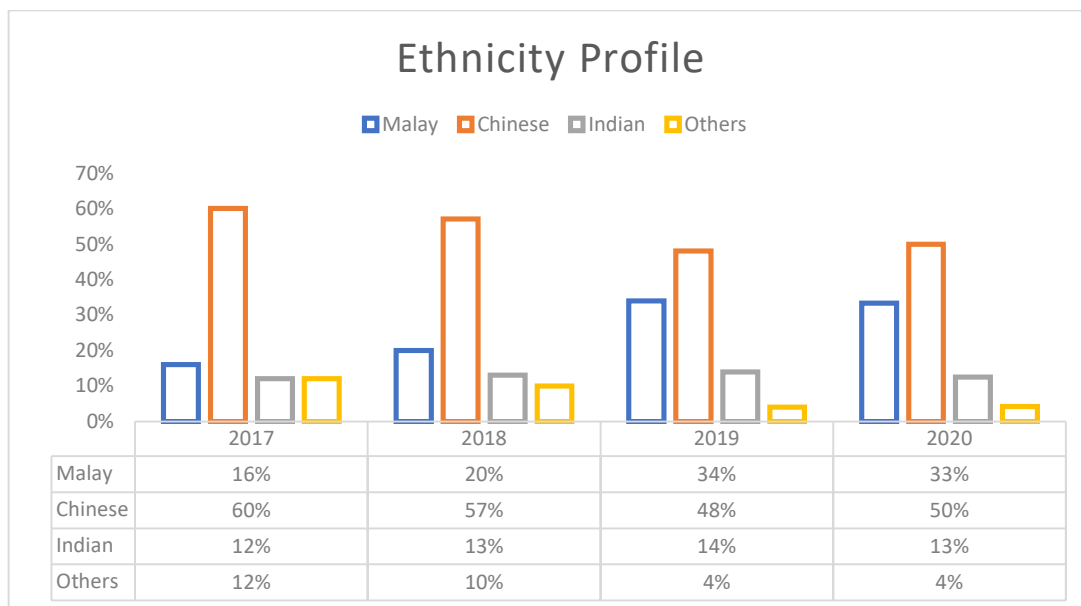
### Diversity and Equal Opportunities

Embracing diversity in our workforce from gender, age, background and experience is key to inclusion sustainability. This extends to all areas of our business including talent acquisition, talent development, competency development, career progression and Board appointments. We practice free discrimination from race, colour, religion, gender and age for position, and all hiring are based on business needs.

Our workforce comprises of 79% of male (FYE 2019:72%) and 21% of female (FYE 2019:28%). We inherited the gender profile from our previous industry sector – logistics which was highly gender male-focused due to the nature of the industry. We do not practice gender biasness and hire candidate who are capable and best fitted for the position.

Our workforce ethnicity composition has been consistent throughout the years and makes up of 33% (FYE 2019:34%) Malay, 50% (FYE 2019:48%) Chinese, 13% (FYE 2019:14%) Indian and 4% (FYE 2019:4%) Others.





Recognising employees' contribution is important to maintain conducive working environment for talented employees ensuring the Group's success. ILB's employees are provided with competitive remuneration packages beyond the requirement of Employment Act 1955 covering hospitalisation and surgical plan, personal accident insurance, leave benefits and travel allowances.

<div style="background-color: #2e5496; color: white; padding: 20px; margin-bottom: 10px;"><b>Insurance</b></div> <ul style="list-style-type: none"> <li>Group hospitalisation and surgical plan</li> <li>Group personal accident insurance</li> </ul>	<div style="background-color: #2e5496; color: white; padding: 20px; margin-bottom: 10px;"><b>Leave</b></div> <ul style="list-style-type: none"> <li>Annual leave</li> <li>Study leave</li> <li>Congratulatory leave</li> <li>Maternity leave</li> <li>Compassionate leave</li> </ul>	<div style="background-color: #2e5496; color: white; padding: 20px; margin-bottom: 10px;"><b>Allowance and other benefit</b></div> <ul style="list-style-type: none"> <li>Prolonged illness benefit</li> <li>Outpatient medical and dental benefits</li> <li>Relocation allowance</li> <li>Temporary posting allowance</li> </ul>
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Source: Extracted from Employee Handbook

## Training and Development

ILB encourages and nurtures a strong learning culture and we aim to support our talented employees achieve their ambitions by enabling them explore new opportunities and build expertise. We recognise their training needs through discussions with Heads of Department and performance appraisal. From these discussions and appraisals, we identify training needs and develop training programmes. Training programmes are identified based on business strategies and operational needs, meeting regulatory requirement and ensuring the development of technical, inter-personal, business and management skills of our people. Selected employees are required to meet a minimum eight hours of training per year as required by Sustainable Energy Development Authority (“SEDA”).

In FYE 2020, two of our employees undergone competency course and certified by SEDA as Grid-Connected Solar PV Systems Designed Qualified Person (“QP”).

## Cyber Security

Cyber security threats are continually evolving and managing such risks are intricate due to the complexity of an interconnected business ecosystem and the rapid evolution in technology. To mitigate cybersecurity risk that possibly cause business disruption, an external IT service provider was appointed to solidify our IT cybersecurity. Our IT infrastructure security features are secured with password protection, anti-virus and anti-malware application and regular cybersecurity awareness to employees. No cybersecurity breaches were reported in ILB for FYE 2020 (FY 2019: Nil case).

## Local Community

Being a responsible corporation, we aim to provide a positive impact to social development while pursuing business growth to enhance shareholders and stakeholders value. Given that caring for communities and societies are fundamental features of the Group’s approach to social sustainable development, we donated a total amount of RM249,500 to non-profit organisations to support fight against Covid-19 in the FYE 2020.