

# SUSTAINABILITY STATEMENT

## INTRODUCTION

Our Sustainability Statement (“SS”) focuses on Integrated Logistics Berhad’s (“ILB”) sustainability practices in which we focus and highlight more on the economic, environmental, and social (“EES”) impacts of our activities and initiatives.

We are committed to creating a positive and enduring social impact through our sustainability initiatives that support our business, the environment and the communities in which we operate.

Also, throughout this statement, we demonstrate our full commitment to integrating sustainability practices and preparing this statement on pursuant to the Bursa Malaysia Securities Berhad (“Bursa Securities”) Main Market Listing Requirements (“MMLR”), Sustainability Reporting Guide issued by the Exchange and guided with guidelines issued by the Global Reporting Initiative (GRI).

## REPORTING STANDARDS

We have based our reporting approach on the framework and guidance provided by the Global Reporting Initiative (GRI). This report has been prepared in accordance with the “core” option of the GRI Standards. This includes adhering to the GRI principles for defining the report’s contents:

- Stakeholder Inclusiveness – being responsive to stakeholder expectations and interests.
- Sustainability Context – presenting performance in the wider sustainability context.
- Materiality – focusing on issues where we can have the greatest impact and that are most important to our business and stakeholders.
- Completeness – including all information that is of significant economic, environmental and social impact to enable stakeholders to assess the company’s performance.

## REPORTING SCOPE AND BOUNDARIES

ILB’s SS 2019 has been prepared in accordance with the GRI Standards. This SS covers the reporting period from 1 January 2019 to 31 December 2019. Our focus for this year is relating to reviewing our material sustainability topics that covers economic, environmental and social. The content of this report is based on the material topics that we have identified. Our scope and boundaries cover all our entities and operations in Malaysia. The Group will be advised by an external consultant to assist on the sustainability reporting enhancement and to support comprehensive sustainability efforts across the Group moving forward.

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### ABOUT INTEGRATED LOGISTICS

#### *Vision*

We work to provide sustainable energy excellence.

#### *Mission*

To deliver competitive and sustainable solar energy, to protect our environment and to improve quality of life through innovative integration of reliable technology.

#### *Our Core Values*

ILB's Codes of Ethics for Company Directors govern the standards of conduct and behavior based on principles formulated to enhance the standard of corporate governance and corporate behaviour with the intention of achieving the ethical behaviour for directors based on trustworthiness and values that are commonly acceptable.

### WHO WE ARE

ILB has been providing logistics services since 1973, Integrated Logistics Berhad is listed on the Main Market of Bursa Malaysia Securities Berhad. The Group has diminished presence in the logistic industry and embarked to diversify its operations to solar energy. The Group had disposed the warehousing operations in Dubai, UAE in 2019 and announced the disposal of Wujiang, China. The Wujiang disposal is projected to complete in second quarter of 2020. The Group owns two solar plants currently and the strategic decision to emphasize on solar energy business is now beginning to contribute positively to the Group.

The recent effort is making a positive contribution to the Group's revenue and profitability and the Board is stepping up its strengths to undertake more ventures in the solar energy industry.

### LOCATION OF REGISTERED OFFICE

Level 2, Tower 1, Avenue 5, Bangsar South City  
59200, Kuala Lumpur, Wilayah Persekutuan, Malaysia

### LOCATION OF BUSINESS OFFICE

No. 6, Jalan Sungai Buloh 27/101A, Seksyen 27  
40400 Shah Alam, Selangor Darul Ehsan

### REVIEW OF OPERATIONS

The Group's review of operations are elaborated in "Management Discussion and Analysis" section of this Annual report.

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### OUR APPROACH TO DRIVING SUSTAINABILITY

Our approach to sustainability is based on our core values of excellence, united we achieve, integrity, humility and building relationship, supported by policies and procedures at Group level. We consistently embed sustainability into the core of our business. The following value-added sustainability framework forms the basis of ILB's steps to strengthen our approach to sustainability.

### SUSTAINABILITY STRATEGY

#### 1. As a Public Listed Company

- As a public listed company we are pre-emptive of the sustainability matters mainly on the Economic value creation for the shareholders and stakeholders
- We plan to elevate sustainability in company governance, through engaging in direct board oversight and accountability over environmental and social issues;
- We are in progress to develop systematic performance improvements to achieve environmental neutrality and other sustainability goals across the entire value chain, including operations, supply chains and products.

#### 2. As a service provider

- We plan to give a quality service to all of the clients as they are part of our valued stakeholders.

### GOVERNANCE OF THE SUSTAINABILITY

Being a Public Listed Company, ILB complies with the corporate governance (CG) practices and being closely monitored under the leadership of our Board of Directors, as guided by the Malaysian Code on CG 2017.

In line with sustainability, the Board has the ultimate responsibility to ensure that the sustainability efforts are embedded in the strategic direction of the company. The Board of Directors provide oversight on sustainability matters within the Group and drive the continued integration of financial goals, business strategy and business model with the environmental and social sustainability considerations. The Board is supported by the Senior Management, who is responsible for executing the sustainability related strategies as well as providing the updates on the effectiveness and initiatives undertaken during the year.

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### STRATEGIES AND DIRECTIONS

Despite the challenging operating environment, ILB continues to practice prudence and stay focused on delivering quality growth, while being watchful of emerging risks.

### OUR MATERIALITY ASSESSMENT PROCESS



#### 1. OBJECTIVES & SCOPE

ILB undertook a materiality study within the top management and middle management to determine the objectives and scope of the sustainability reporting. Our scope and boundaries cover all our entities and operations in Malaysia.

#### 2. IDENTIFICATION OF RELEVANT SUSTAINABILITY MATTERS

The process initiated with sustainability issues relevant to the ILB and its stakeholders. In generating the list, the Group assesses the operating environment and emerging trends affecting our sector and conducted study across a broad range of references to identify the relevant sustainability issues. The references include Bursa Malaysia's Sustainability Reporting Guide and Toolkits, and international standards such as the Global Reporting Initiative Standards.

We have undertaken a review of material factors and sustainability matters in order to ensure that our understanding of both the current and future risks and opportunities facing our markets is adequately addressed, as well as to gather stakeholder perspectives and ensure we are responding to their needs.

#### Our Significant Material Factors

As we monitor, manage and report on a wide variety of issues, key to our approach is focusing our resources on material sustainability risks and opportunities that are associated with each material factors. Understanding our key priority allows us to set our time, resources and investment to the best use.

Combining the views from stakeholders and the ILB's Management from the preliminary materiality process, the materiality table has been derived to show the different levels of importance of the sustainability matters. The below factors will be further enhanced in the coming years.

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Materiality	Factors	Why Material	Managing Materiality
Very Important	Optimisation/ Resources	To help the company become efficient and effective.	Taking the necessary measures that all our staffs and resources are being optimised.
	Market Condition	Market condition affects all businesses in every industry.	Our business very much depends on the market condition where we conduct market study prior to engaging in any projects
	Compliance	Compliance with laws and regulations is one of our main requirements.	We keep abreast with the latest compliance requirements ensure we meet compliance obligations.
	Capital Injection of Funds	To take the business further.	Lookout for potential partners, joint venture and funding to expand our business.
	Customer Satisfaction	It is important for us to benchmark ourselves and to collaborate closely with Tenaga Nasional Berhad "TNB" to achieve mutual success.	We monitor our performance against targets contracted.
	Corporate Governance	To ensure that the company protects the shareholders, officers and management.	Governance is conducted according to various regulations. The board oversees the governance based on the quarterly review of management reporting.
	Risk Assessment	It gives the initial view of the risk appetitive and mitigation.	Implementation of Risk Management to identify, evaluate, prioritize risk and to mitigate . Also to ensure the risk is minimised and control the probability or impact of unfortunate events.
	Climate Change	Climate change would have a significant impact on business.	We manage this by creating a good project management team which looks into all the scenarios.
	Innovation	In order to be competitive in the industry.	We always compare the market price for our products.
Important	Business Ethics/Code	Maintaining business ethics is our core values.	We proactively promote and positively reinforce good behaviours to the employees.
	Business Mix	Diversification is part of our business model to stay sustainable.	We always on the lookout for synergy businesses which creates a better value to our core business.
	Political Stability	It has a wide impact on the economy.	We always work with the government of the day
	Local Economic Impact	To balance the economic & local impact	We monitor and review the environmental compliance strategy and performance

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### 3. STAKEHOLDERS ENGAGEMENT

Our interaction involves different stakeholder groups and this engagement is important to ensure we can identify, prioritize and address material matters and be adopted in our business strategies. The business and functional units are empowered to interact with their respective stakeholders on their chosen platforms. All issues raised by stakeholders are brought to the attention of the Chief Risk Officer during the Management Meetings by the respective business and functional units. Ongoing engagements where applicable are carried out on a regular basis as they are integral to our business development, relationships with stakeholders and commitment to sustainability.

Our key stakeholders are outlined on the below table, along with the forms of engagement and key topics of interest that we seek to address.

Stakeholder Group	Engagement Approach	Engagement Focus & Objectives	Frequency
<b>Customers</b>	<ol style="list-style-type: none"> <li>1. Project completed in compliance with standards and on time delivery.</li> <li>2. Energy generation is in line with annual quantity generation forecast (MWh).</li> <li>3. Scheduled site visits to ensure the farm's energy generation is at its optimal performance.</li> </ol>	<ol style="list-style-type: none"> <li>1. Quality assessment during construction.</li> <li>2. Solar plant performance assessment and close monitoring to ensure the plant is running at optimal level.</li> <li>3. Progress meeting and updates</li> <li>4. Customer relationship management</li> </ol>	Regularly
<b>Employees</b>	<ol style="list-style-type: none"> <li>1. Monthly management meeting.</li> <li>2. Knowledge and skill enhancement through on-site trainings by specialize contractors.</li> <li>3. Training courses and seminars to enhance knowledge and develop a good personality trait.</li> </ol>	<ol style="list-style-type: none"> <li>1. Ensure all employees are constantly updated and informed of the Group's business and performance.</li> <li>2. Discuss operational performance and procedures</li> <li>3. Dialogue and engagement</li> <li>4. Performance evaluation and management</li> <li>5. Knowledge and skills enhancement</li> <li>6. Safety at workplace</li> </ol>	Regularly
<b>Vendors/ Suppliers (including Contractors)</b>	<ol style="list-style-type: none"> <li>1. Contractor evaluation and selection.</li> <li>2. Request for Proposal and Quotation.</li> <li>3. Contractor Management.</li> <li>4. Progress payment is made timely upon work progress certification by independent consultant.</li> </ol>	<ol style="list-style-type: none"> <li>1. Regular engagement with contractors</li> <li>2. Maintains consistent one-to-one engagement and communication</li> <li>3. Maintain good rapport with contractor and exchanging of information and knowledge.</li> <li>4. Strategic partnerships</li> <li>5. Working alliance</li> <li>6. Supply chain management</li> <li>7. Supplier assessment review</li> </ol>	Regularly

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Stakeholder Group	Engagement Approach	Engagement Focus & Objectives	Frequency
<b>Regulators</b>	<ol style="list-style-type: none"> <li>1. Compliance of policies, regulations and rulings.</li> <li>2. Complies with local authorities, governmental bodies/agencies and certification bodies requirements.</li> <li>3. Authorization and license to operate.</li> <li>4. Scheduled reporting on energy generation and plant performance, duly certified by qualified engineer.</li> <li>5. Trainings, seminars, briefings and workshops</li> <li>6. Engaging external legal advisor, company secretary and independent engineer to ensure full compliance of policies and regulations.</li> </ol>	<ol style="list-style-type: none"> <li>1. Complying with all the policies and requirements</li> <li>2. Regular engagement and invitation for site visits.</li> <li>3. Interpretation of law and guidelines.</li> <li>4. Best practices and make reference to other similar players in the same industry.</li> </ol>	Periodically
<b>Investors / Shareholders</b>	<ol style="list-style-type: none"> <li>1. Company announcement</li> <li>2. Financial results announcement</li> <li>3. Annual General Meeting (AGM)</li> <li>4. Annual Report</li> </ol>	<ol style="list-style-type: none"> <li>1. Engagement with the shareholders through channels such as statutory announcement and AGM.</li> <li>2. Sustainable investing – solar renewable energy project.</li> <li>3. Sustainable revenue and profitability</li> <li>4. Business continuity</li> </ol>	Periodically
<b>Community &amp; NGOs</b>	<ol style="list-style-type: none"> <li>1. Sponsorship and donations</li> <li>2. Established partnership and research collaboration with learning institutions on renewable energy projects.</li> <li>3. Responsible for the livelihood of the surrounding community of project sites.</li> <li>4. Exchanging of technical information and dialogue session with university professor.</li> </ol>	<ol style="list-style-type: none"> <li>1. Community development</li> <li>2. Awareness and understanding of social and environmental responsibility and impacts.</li> </ol>	Ad Hoc

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### 4. PROCESS REVIEW

The materiality process is undertaken as a key component of ILB's journey towards identifying the material sustainability matters. The key management team has reviewed and implemented the processes and outcome of the materiality process including the Group's materiality which guides the Group in addressing and managing its material sustainability matters in its business operations.

### KEYS OF SUSTAINABILITY

This section aims to provide insights on the Group's sustainability commitments and practices across the three key areas of economic, environmental and social undertaken by our key business divisions.

#### ECONOMIC

The Group's financial review and outlook are elaborated in the Management Discussion and Analysis section of this Annual Report.

Our commitment to business is focus on strong corporate governance and prudent management in view of challenging internal and external environment. We strive to achieve by enforcing on the following aspects:

All pertinent policies are published in the website.

#### CUSTOMER SATISFACTION

Customer satisfaction and engagement was identified as one of the most important material issues in the market place dimension across the Group. We focus on customers expectation and ensure that our services are always in line with our agreements.

#### ENVIRONMENTAL

We are mindful of the environmental impact of our activities and maintain full compliance with all the environmental regulation. We take responsibility to managing our environmental impacts seriously. ILB will continue to develop effective environment initiatives to protect the environment.

The industry we are in have extensive direct and indirect impacts on the environment and aligning ourselves with the goals of sustainable of sustainable development.



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### SOCIAL

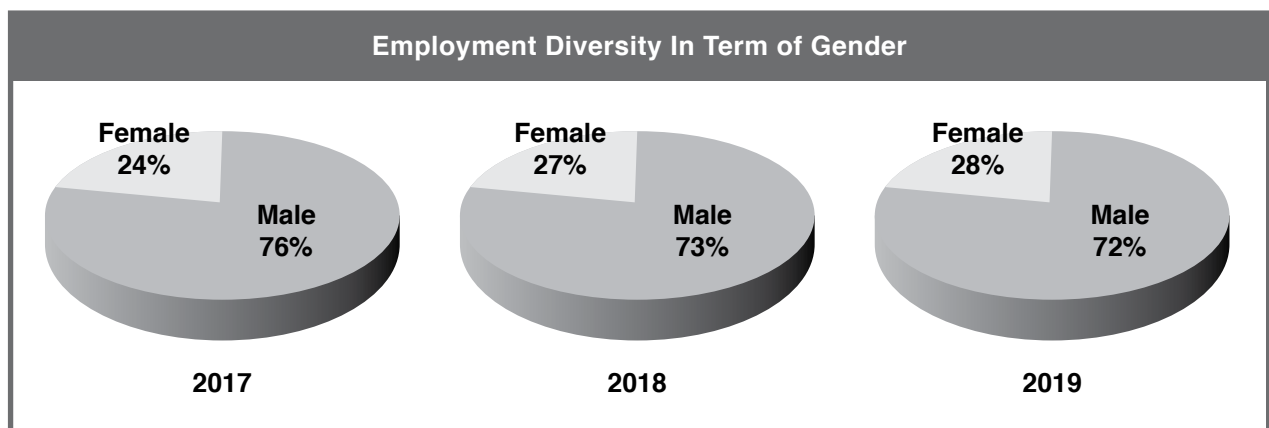
The Group is committed to promote social responsibilities as an integral part of the Group whilst pursuing business growth to enhance shareholders and stakeholders value. The Group recognises that for long term sustainability, its strategic orientation will cater beyond the financial parameters.

The Group's contributions in the social sector include retaining the current talents and exploring business opportunities in its areas of operations. It also strives to provide a safe working environment for all its employees and business partners and also makes annual financial contributions to community and society.

#### Our Approach

Our initiatives in the community are centred on:

- **Workplace**

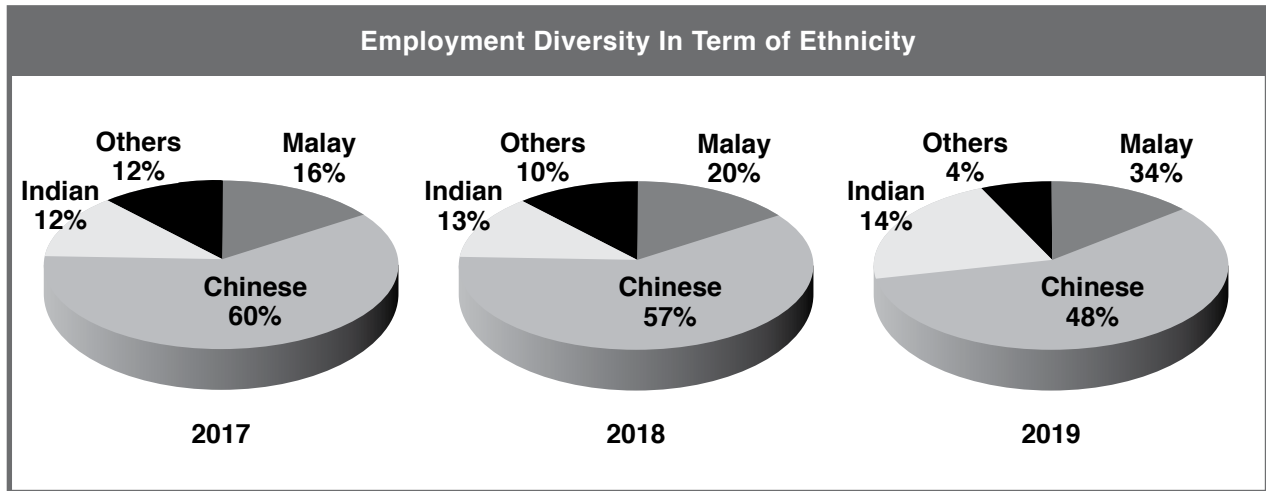


- **Leadership & Commitment**

Top management ensure that the requirements of the management system, including the policies and objectives, are consistent with the strategic context and direction of our organisation, and that the policies and objectives are established whilst ensuring that the human and financial resources needed for crucial implementation and enforcement are available.

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- **Safety, Healthy and Conducive Work Environment**



The Group places great emphasis on safety and health aspects of its employees while maintaining a comfortable and conducive work environment through the some initiatives. The Group emphasises on a workplace that is free from theft, violence, harassment, intimidation and other unsafe and disruptive influences due to internal and external conditions.

### LOOKING AHEAD

Since it is a continuous Sustainability reporting, we have made plans to develop towards formalising sustainability within our business, we recognise that we still have room for enhancement, both in terms of initiatives undertaken and our reporting structure. As we continue on our sustainability journey, our ultimate goal is to build a sustainable business for generations to come. To achieve this, we will continually keep abreast of developments in our industry, actively and regularly engage our stakeholders, build upon our existing sustainability framework, and seek to further embed sustainable practices within our businesses so as to improve our overall sustainability performance.

Moving forward, we will enhance the materiality assessment process that impacts our business operations and stakeholders as well as to determine the level of importance of each sustainability matter to the Group.