



Infinity Logistics and Transport Ventures Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1442



2019

Environment, Social and Governance Report

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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ABOUT THIS REPORT

Infinity Logistics and Transport Ventures Limited (the “Company” together with its subsidiaries, hereinafter referred to as the “Group”) is pleased to present our first annual Environmental, Social and Governance Report for year ended 31 December 2019 (the “ESG Report”) to provide an overview of the Group’s management of significant issues affecting the operation, including environmental, social and governance (“ESG”) matters.

The board of directors (the “Board”) has overall responsibility for the Group’s ESG strategy and reporting. The Board is responsible for evaluating and determining the Group’s ESG-related risks and ensuring that appropriate and effective ESG risk management and internal control systems are in place.

REPORTING PERIOD

The ESG Report illustrates the Group’s initiative and performance regarding the environmental and social aspects during the reporting period from 1 January 2019 to 31 December 2019 (the “Reporting Period”).

REPORTING SCOPE

This ESG Report covers all major subsidiaries of the Group in Malaysia with core business that principally engaged in the provision of integrated freight forwarding services, logistics centre and related services and railroad transportation services as an integrated logistics services provider and provision of flexitank solution and related services. The Group will continue in assessing the impacts of its business on the major ESG aspects and to include in the ESG Report.

REPORTING BASIS

The ESG Report is prepared with the ESG Reporting Guide set out by Appendix 27 of the Listing Rules. The Group has complied with the disclosure requirements of the “comply or explain” provisions set out in the ESG Reporting Guide. Certain key performance indicators (“KPIs”) which is considered as material by the Group during the Reporting Period are disclosed in the ESG Report. The Group will continue to optimize and improve the disclosure of KPIs. The ESG Report is prepared and published in both English and Chinese. In the event of contradiction or inconsistency, the English version shall prevail.

CONTACT INFORMATION

The Group welcomes your feedback on the ESG Report for our sustainability initiatives. Please contact us through our Company website www.infinity.com.my.

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STAKEHOLDERS ENGAGEMENT

We identified the key stakeholder of our business operations and then interacted with our stakeholders regularly through various communication channels. The following table illustrates the issues of concern of our major stakeholders and the ways we communicate with them:

Stakeholder	Expectation	Engagement channel	Measures
Government	<ul style="list-style-type: none"> — Abide by laws and regulation — Fulfil duty to pay tax — Promote regional economic development and employment 	<ul style="list-style-type: none"> — On-site inspections and checks — Company Website 	<ul style="list-style-type: none"> — Operated, managed and paid taxes according to laws and regulations, strengthened safety management — Accepted the government's supervision, inspection and evaluation
Shareholders and Investors	<ul style="list-style-type: none"> — Provide high transparency for information disclosure — Protect shareholder's rights and interest 	<ul style="list-style-type: none"> — Annual general meeting and other shareholder meetings — Annual report, interim report and announcements 	<ul style="list-style-type: none"> — Issued notices of general meeting and proposed resolutions according to regulations — Disclosed Company's information by publishing annual reports, interim reports and announcements — Disclosed company contact details on website and in reports and ensured all communication channels available and effective
Employees	<ul style="list-style-type: none"> — Education and training — Career development opportunities — Health and safety working environment — Safeguard the rights and interests of employees 	<ul style="list-style-type: none"> — Employee communication — Training, seminars and briefing sessions — Cultural and sport activities — Intranet and emails 	<ul style="list-style-type: none"> — Provided a healthy and safe working conditions and environment — Provide training to employee — Provide employment and promotion practices that do not discriminate on grounds of gender, disability, pregnancy, family status, race, colour, religion, age or other conditions recognized in law
Customers	<ul style="list-style-type: none"> — Provide safe, high-quality products and services — Stable relationship — Business ethics 	<ul style="list-style-type: none"> — Website, brochures and annual report — Email and customer service hotline — Complaint handling mechanism — Regular meeting 	<ul style="list-style-type: none"> — Provide quality, customized products and services

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Stakeholder	Expectation	Engagement channel	Measures
Suppliers/ Partners	<ul style="list-style-type: none"> — Honest cooperation — Long-term partnership — Information resources sharing 	<ul style="list-style-type: none"> — Supplier review and assessment — Regular meeting 	<ul style="list-style-type: none"> — Performed contracts according to agreements — Enhanced daily communication, and established long-term cooperation with quality suppliers and contractors
Public and communities	<ul style="list-style-type: none"> — Discharge social responsibilities — Community involvement 	<ul style="list-style-type: none"> — Volunteering — Charity and social investment — Annual report 	<ul style="list-style-type: none"> — Carry out charitable activities — Provided volunteer service, kept communication channels open between the Company and the communities

A. ENVIRONMENTAL ASPECTS

Aspect A1: Emissions

Due to the nature of our business, our Group's operations do not directly generate industrial pollutants, and as such our Group did not incur direct costs of compliance with applicable environmental protection rules and regulations in past years. Our Board expect that our Group will not directly incur significant costs for compliance with applicable environmental protection rules and regulations in the future.

Our emissions in our operations are subject to Malaysian law that are governed by the Environmental Quality Act 1974, through which a series of rules and regulations are overseen by the Malaysian "Ministry of Energy, Science, Technology, Environment & Climate Change". We continuously observe relevant laws and regulations in relation to environmental protection in the Malaysia and have been in strict compliance with them. The Group actively promotes Green Logistics and environmentally friendly policies in its efforts to support the better living of our communities and the development of a sustainable logistics system. These policies including environment policy, control of waste, control of chemicals and control of water, etc.

The Group is committed to reducing its impact on the environmental and its carbon footprint whilst pursuing our quest to deliver optimal logistics services to our customers. Consumption of fuel and energy has been a significant contributor to greenhouse gases as well as other environmental concerns. The Group has adopted various practical measures to reduce the use of natural resources (thus in turn reduce emissions) as mentioned in aspects "A2: Use of Resources" in this ESG Report.

Regarding waste, our hazardous waste produced mainly consists of certain chemical waste which are no material generation noted during the Reporting Period. Non-hazardous waste mainly includes commercial waste. They are separately stored and handled with the ledger for record. In order to properly control the disposal of our production wastes, we have formulated detailed environmental protection rules and guidance for our staff to follow during operation. We also engages approved disposal contractors to perform waste disposal and treatment, especially for hazardous waste, so as to minimize the impact on nature.

Thus, in light of the above mentioned, we believe that our operation does not generate hazards that have any significant adverse effect on the environment and our environmental protection measures are adequate to comply with all applicable current regulations in Malaysia.

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During the Reporting Period, there was no material breach of or non-compliance with the applicable laws and regulations related to environmental protection.

Major air pollutants emissions from vehicles during the Reporting Period as follows:

Air Pollutant Emission	
Type of Air Pollutants	Air Pollutant Emission (tons)
Sulphur Dioxide	0.02
Nitrogen Oxides	15.17
Particulate Matter	1.09

During the Reporting Period, the greenhouse gas (“GHG”) emission from the operation is set out below:

GHG Emission	
Type of GHG emissions	Equivalent CO₂ emission (tons)
Scope 1 Direct emissions	3,537.83
Scope 2 Indirect emissions	764.88
Total	4,302.71
Intensity (tons/ Revenue RM'000)	0.02

Note:

The calculation of the GHG gas is based on the “A Corporate Accounting and Reporting Standard” from The GHG Protocol.

Scope 1: Direct emissions from vehicles that are owned by the Group

Scope 2: Indirect emissions from the generation of purchased electricity and natural gas consumed by the Group

Scope 3 is not disclosed as it is an optional disclosure and the corresponding emission is not controlled by the Group

Hazardous and non-hazardous waste	
	(tons)
Hazardous waste	0.22
Non-hazardous waste	108.00
Total	108.22
Intensity (tons/ Revenue RM'000)	0.0005

Aspect A2: Use of Resources

The Group places high priority on the efficient use of resources. The major resources used by the Group are fuels, electricity, water, and packaging materials. For usage of water, the Group did not encounter any problems in sourcing water that is fit for purpose. The Group strives to improve the efficient use of natural resources, such as minimising waste/emissions and implementing effective recycling program. Practical measures are implemented as follows:

- Switching off lights and turning off unnecessary energy-consuming devices such as air-conditioning system when staff leaves the office;
- Adopting LED lighting in some production workshops and offices;

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- promoting environmental protection such as saving water and electricity by slogan or poster in office and factories;
- monitoring usage of water and electricity by designated department and checking for variance with past records;
- Encourage the use of paper by printing or photocopying on both sides of paper, where applicable;
- Using online office system to minimise the use of paper;
- Improving product packaging forms to conserve the consumption of carton materials;
- Collection of carton box for recycling purpose;
- Using air-conditioning system only for temperature over 23°C;
- Adopting “one vehicle one card” policy so as to monitor the usage of fuel by each vehicle and to avoid wastage by private usage;
- Regular maintenance of machineries and vehicles with good condition for operational efficiency;
- Strictly follow the procurement plan in order to avoid duplication of purchase and idle resources;
- Applying green technologies in our operations;
- Preference will be given to office equipment with relatively high energy efficiency; and
- Focus on quality management so as to reduce wastage and scrap for less pollution resulted.

Energy consumption by the Group during the Reporting Period is set out below:

Type of energy	Energy Consumption	Energy consumed (kWh)
Unleaded petrol		810,227.60
Diesel		12,490,630.00
Purchased electricity		1,186,221.40
Total		14,487,079.00
Energy intensity (kWh/ Revenue RM'000)		69.17

	Water Consumption	(tons)
Running water consumed		12,265.80
Intensity (tons/ Revenue RM'000)		0.06

Type of packaging materials	Packaging materials	(tons)
Plastic		923.58
Paper		445.44
Metal		1,095.75

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Aspect A3: The Environment and Natural Resources

The Group raises staff's awareness on environmental issues through education and training and enlist employees' support in improving the Group's performance, promote environmental awareness amongst the customers, business partners and shareholders and support community activities in relation to environmental protection and sustainability and evaluate regularly and monitor past and present business activities impacting upon health, safety and environmental matters. With the integration of policies mentioned in sections "Emissions" and "Use of Resource", the Group strives to minimise the impacts to the environment and natural resources.

B. SOCIAL ASPECTS

Aspect B1: Employment

The Group believes that a key to our success is our ability to recruit, retain, motivate and develop talented and experienced staff members. We endeavour to attract and retain appropriate and suitable personnel to serve our Group. Our group assesses the available human resources on a continuous basis and will determine whether additional personnel are required to cope with the business development of our Group. The Group's human resources manual sets out our standards for compensation and dismissal, recruitment and promotion, working hours, rest periods, confidentiality, and other benefits and welfare.

We do not engage any recruitment agent to hire our staff. We have a recruitment policy in place to maintain a fair and effective recruitment procedure. Under such policy, we normally recruit employees with the appropriate skills, both technical and personal, in order to meet our current and future needs and to ensure that the employees appointed are qualified and competent to carry out the duties. We have always maintained a good working relationship with our employees.

We entered into individual labour contracts with each of our employees in accordance with the applicable labour laws of Malaysia, which cover matters such as wages, employee benefits and grounds for termination. The remuneration package our Group offers to our employees includes salary, bonuses, allowances and medical benefits. In general, we determine an employee's salary based on each employee's qualifications, experience and capability as well as the prevailing market remuneration rate.

Our Group considers that our employees play a pivotal role in our continuous growth. It is our policy to maximise the potential of our employees through training and development. Our Group provides both internal and external training related to logistics knowledge, good customer service, safety and quality management and other useful topics. For new hires, our Group provides an induction training programme followed by on-the-job training during their probation period, and continually monitors their progress throughout the probation period. Our employee training and development aim at equipping our employees with the knowledge and skills necessary to perform their job functions and enhance their capability. We believe this will also increase the overall competitiveness of our workforce and can maintain good relationship with our employee as we believe that our employees are valuable assets to our Group.

During the Reporting Period, there were no material non-compliance regarding employment brought against the Group or its employees.

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Below is a detailed breakdown of our employees by gender, age group and employment category as at 31 December 2019:

	Number of staff	% of total
By gender		
Male	320	66
Female	166	34
Total	486	100
By age group		
30 or below	247	51
31-40	159	33
41-50	58	12
51 or above	22	4
Total	486	100
By employment category		
Contract or short term	6	1
Normal	429	88
Middle and Senior	51	11
Total	486	100

Aspect B2: Health and Safety

The Group places a strong emphasis on occupational safety of our staff. During the course of our business operations, our staff working at our warehouses are required to lift heavy objects and handle heavy mechanical equipment and our staff working at our flexitank production facilities are required to handle production machineries and equipment. They are provided with staff instructions manuals and supervision on-site to ensure their safety and health at work. We also provide regular internal and external trainings to our employees regarding operational and work safety.

Regarding insurance, our Group maintains insurance coverage against inherent risks arising out of our ordinary course of business, such as employees' compensation for personal injuries, property damages or losses, third-party liability and various other areas.

We have taken out road and integrated transit insurance policy with coverage normally required for a NVOCC, freight forwarder and warehouse operator for protection against claims for cargo loss or damage and legal liability arising from accidents, with a limit of approximately RM1.0 million for each event.

We have also taken out a comprehensive general liability insurance policy with a limit of US\$10.0 million for a single incident against product liability covering various liability, such as personal injury, pollution fines and penalties due to manufacturing or installation defects and public liability covering all costs and expenses of third party litigation and claims that arise from the manufacturing or installation defects.

During the Reporting Period, there are no material work related injuries case. There were no material non-compliance cases noted in relation to laws and regulations for health and safety.

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Aspect B3: Development and Training

The Group recognises the importance of training for the development of our employees as well as our Group. We provide various types of trainings to our employees as mentioned in aspects “B1: Employment” and “B2: Health and Safety” in this ESG Report. We believe it is a win-win approach for achieving both employee and corporate goals as a whole.

Below is a detailed breakdown of the percentage of employees trained by gender and employment category during the Reporting Period:

Employee trained by gender

Male	64%
Female	36%

Employee trained by employment category

Contract or short term	Nil
Normal	86%
Middle and Senior	14%

The average training hours for employees by gender and employment category during the Reporting Period are as follows:

	Hours per employee
By gender	
Male	7.28
Female	7.60
By employment category	
Contract or short term	Nil
Normal	7.07
Middle and Senior	10.98

Aspect B4: Labour Standards

The Group is fully aware that child labour and forced labour violate fundamental human rights and also pose threat to sustainable social and economic development. The Group strictly complies with relevant labour laws in Malaysia and prohibits the use of child labour and forced labour. Employment contracts and other records, documenting all relevant details of the employees (including age) are properly maintained for verification by relevant statutory body upon request.

During the Reporting Period, we did not identify any issue related to child labor or forced labor within the Group.

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Aspect B5: Supply Chain Management

The Group works closely with its customer, suppliers and subcontractors who are committed to high quality, environmental, health and safety standards. For selection of suppliers, in order to ensure the quality of our suppliers, we implement certain quality control procedures over our suppliers:

- (i) Suppliers selection – We maintain a list of approved suppliers which we review and update from time to time. We generally select independent suppliers based on their track record, their availability, ability or capability to handle the relevant orders, and the cost of service.
- (ii) Price and performance review – We review the performance, turnaround time and pricing terms offered by our suppliers on an annual basis before we decide to renew the contracts or otherwise. We also assess whether a supplier has sufficient resources and skills to fulfill our requirements. If any suppliers repeatedly fail to meet our quality standards without immediate rectification, we will terminate the agreement with the supplier with immediate effect without compensation and we will not engage such suppliers again.
- (iii) Licences check – We will check whether the supplier possess the relevant licences for operating their business.

Regarding subcontractors, we select our subcontractors based on various criteria, including relationship with us, familiarity with our customers' needs, price, quality, management team and labour resources. In order to monitor the performance of our subcontractors and the relevant laws, rules and regulations in Malaysia, we have put in place the following risk management and control measures:

- we arrange regular meeting with our subcontractors before the shipment in respect of delivery planning; and
- we require our subcontractors to provide consignees signed delivery rate for each completed delivery.

Thus, we believe there are no significant environmental and social risks for our management decision on supply chain management during the Reporting Period.

The following is an analysis of the Group's number of suppliers by geographical location during the Reporting Period:

Number of suppliers by geographical area

South East Asia	96%
Far East	2%
Others	2%
Total	100%

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Aspect B6: Product Responsibility

Quality control

We believe that our quality control measures enable us to provide quality services to our customers. Our process and quality management team (the “PQM Team”) is responsible for maintaining, compiling and reviewing our quality management procedures and other systematic documentations, and providing support to our employee training. We hold management review meetings regularly to discuss the results of external quality accreditation audits, review operations resources, follow up on customer feedback and complaints, and identify areas for improvement. Our PQM Team is also responsible for formulating and implementing standard operating procedures integrated into our operational processes in order to maximise the overall quality consistency of our services. When there is a deviation from the standard operating policy, our PQM team will step in to rectify the situation immediately. Our PQM team also actively participate in the problem solving activities with operations team to ensure all process deviations or customers highlights are promptly resolved ensuring the highest level of service possible. Generally, our PQM Team comprised six employees members led by a manager with more than 10 years of experience in the logistics industry in Malaysia. In addition to our PQM Team, our senior management team is actively involved in setting and reviewing quality policies and managing internal and external quality performance through customers and/or employees feedback.

Our quality control management system prepared by our PQM team mainly includes, but not limited to, the following elements:

- (i) Selection of suppliers and subcontractors – We maintain a list of approved suppliers which we review and update from time to time. For further details regarding the quality control on our suppliers, please refer to aspect “B5: Supply Chain Management” in this ESG Report.
- (ii) Operation – Every stage of our operation process is monitored by our process and quality management department to ensure that the operation process conforms to specific quality control requirements. Supervisors of different operation processes also carry out regular inspection.
- (iii) Process and quality planning – The product realisation and service provision processes (operations) are planned with adequate control points incorporated into the standard operating procedure and process owners monitor the operations are executed accordingly and institute corrective and preventive actions when deviation are detected to prevent any recurrence and occurrence.
- (iv) Facilities and equipment management – Regular inspections and maintenance are carried out by us to ensure the up-to-standard performance of our facilities and equipment.
- (v) Employee quality awareness – Regular trainings and continuous assessments of the performance of employee are conducted.

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Additional quality control for our flexitank solution and related services

We believe that the quality of our flexitank solution and related services are crucial to our continued success. Hence, we place strong emphasis on achieving a consistently high quality for the flexitank to be used in the provision of our flexitank solution and related services. Our PQM team is responsible for the establishment, implementation and maintenance of our Group's quality management system in accordance with the international standards. It also assists in setting up the flexitank production quality control team which is responsible for conducting quality testing and inspection at the various stages of flexitank production from materials receiving, in-process assembly, to finished product, ensuring the flexitanks produced are able to meet stringent requirements of our customers as well as the Quality Management System and Food Safety System that we are certified to, namely ISO 9001, FSSC 22000 and HACCP.

During the Reporting Period, there are no disputes between our Group and our customers in respect of the quality of services provided by us and there were no cases of non-compliance against laws and regulations related to products responsibilities.

Aspect B7: Anti-Corruption

To ensure operation efficiency and employees' development in a fair and honest working environment, the Group has formulated whistleblowing policy in the corporate governance manual to promote business ethics and integrity so as to avoid suspected corruption, extortion and money laundering channel such as by letter and email for employees to report suspected corruption are provided. If there are any suspected case related to corruption, employees are encouraged to report the related cases through the mentioned channels. All these practical actions not only win the trust of customers, but also enhance the sense of belonging and fair play among our employees.

The Group has been in strict compliance with law and regulation related to anti-corruption. During the Reporting Period, there was no legal case regarding corrupt practices, extortion and money laundering brought against the Group or its employees.

Aspect B8: Community Investment

As a socially responsible company, the Group is committed to understanding the needs of the communities in which we operate. The Group strives to develop long-term relationship with our stakeholders and seek to make contributions to programmes that have a positive impact on community development.

During the Reporting Period, the Group has made charitable and other donations amounted to approximately RM70,000 in order to serve with care and concern for the underprivileged of the community.