

SUSTAINABILITY STATEMENT

1. ABOUT THIS STATEMENT

This year, we continue to report on its achievements and progress on its sustainability journey. This marks the disclosures of our second Sustainability Statement ("Statement"), as we continue to progressively enhance our approach in effectively communicating the management of economic, environmental and social ("EES") impacts ("sustainability matters") arising from our business operations. This Statement focuses on the sustainability activities of QL Resources Berhad and subsidiary companies (collectively referred to as the "QL"), as listed in Section 3.0 of this Statement. QL seeks to manage the impact, as part of accomplishing our Vision to be the preferred global agro-based enterprise.

1.1 Preparation of this Statement

This Statement has been prepared in accordance with the Main Market Listing Requirements ("Listing Requirements") on Sustainability Reporting by Bursa Malaysia Securities Berhad ("Bursa Malaysia"), which seeks to enhance corporate transparency on the management of sustainability matters.

The Statement is structured into four sections:

- The first section gives an overview of and highlights of the Statement;
- The second section sets out the governance structure to manage the material sustainability matters;
- The third section records the processes that were undertaken to review and update and prioritise the material matters; and
- The final section reports on the practices and performance related to management of material sustainability matters.

2. SUSTAINABILITY GOVERNANCE

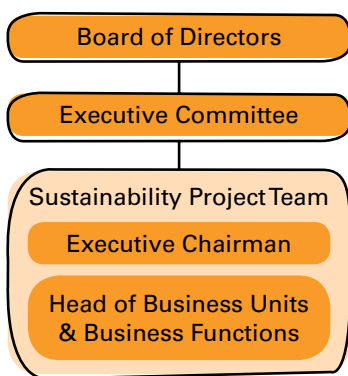


Diagram 1:
Sustainability Governance Structure at QL

The Board of Directors are responsible for setting the sustainability direction of QL. In 2016, a Sustainability Project Team ("SPT") was established. The SPT is chaired by the Executive Chairman and comprises heads of business units and functions.

The following entails the core responsibilities of the SPT:

- Incorporate sustainability into QL's Risk Management and Corporate Strategies;
- Conduct stakeholder engagement processes (i.e. identification of key stakeholders and engagement with stakeholders);
- Perform materiality assessments (i.e. identification and assessment of sustainability matters relevant to QL's business);
- Oversee the management of material sustainability matters as identified;
- Monitor QL's sustainability performance for reporting; and
- Develop sustainability disclosure for reporting.

QL will formalise a governance structure which enables the articulation of responsibilities in the day-to-day undertaking of QL in the future. Current governance processes will be evaluated in order to determine the best manner to incorporate sustainability related responsibilities so as to allow for efficiency and synergy.

3. MATERIALITY ASSESSMENT

3.1 Materiality assessment process

Materiality assessment facilitates the identification and prioritisation of sustainability matters that may potentially affect QL's business and stakeholders. This year, we enhanced our materiality assessment process by reviewing and updating the sustainability matters identified as material in previous reporting year based on the development and changes in the internal and external environment, including EES trends affecting the agro-food and plantation sector. We utilise Bursa Malaysia's Sustainability

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Reporting Guide and Toolkits, and international reporting standards such as the Global Reporting Initiative Standards (“GRI Standards”), and relevant industry-specific references and publications to review and update our material sustainability matters that are significant to QL’s business operations and influences stakeholders’ decisions.

A prioritisation approach was employed, considering the sustainability matters QL assesses as important sustainability matters, and those stakeholders perceive as important. As detailed in Section 3.4, QL engaged with stakeholders to understand their expectations regarding QL’s management of sustainability matters.

At the same time, QL’s management conducted an assessment on the importance of sustainability matters to QL. This process is aimed at identifying material sustainability matters which are defined in Bursa Malaysia’s Listing Requirements as those which:

- Reflect the business’ significant EES impacts; and/or
- Substantively influence the assessments and decisions of stakeholders.

Our materiality process is presented as follows:

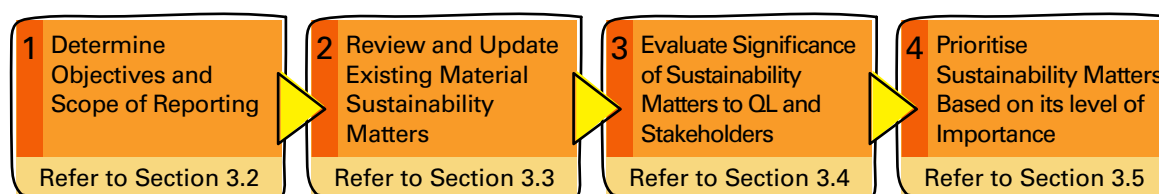


Diagram 2: Flowchart of materiality assessment process

3.2 Reporting Scope of this Statement

Unless otherwise stated, the reporting scope covers disclosures on the QL’s sustainability performance and commitments for the financial year ended 31 March 2018, and for the subsidiaries of QL mentioned below.

This year, we have broadened the reporting scope across the three business pillars to include additional subsidiaries. Basis of the reporting scope includes considerations of magnitude of revenue contribution to QL. For future reporting, QL will continue efforts towards covering QL’s entire operations. Subsidiaries included in the current year’s reporting scope are shown below.




Business Pillars	QL Subsidiaries
 QL Poultry	<ul style="list-style-type: none"> • QL Poultry Farm Sdn Bhd • QL Breeder Farm Sdn Bhd • QL Feed Sdn Bhd
 QL Marine	<ul style="list-style-type: none"> • QL Foods Sdn Bhd • QL Endau Marine Products Sdn Bhd • QL Endau Deepsea Fishing Sdn Bhd • QL Figo Foods Sdn Bhd • QL Figo (Johor) Sdn Bhd
 QL Plantation	<ul style="list-style-type: none"> • QL Plantation Sdn Bhd • QL Tawau Biogas Sdn Bhd

Diagram 3: Scope of reporting

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3.3 Relevant Sustainability Matters

Prior to engaging stakeholders or conducting an assessment, QL reviewed and updated 17 sustainability matters which are relevant to QL's business. In updating the sustainability matters, key considerations, among others, were the following:

- The diversity of QL's businesses;
- International and local laws and regulations;
- QL's understanding of its stakeholders' needs;
- Global, national and industrial trends; and
- International sustainability reporting standards, e.g. GRI Standards.

This year, QL considered the United Nations Sustainable Development Goals ("SDGs") and Eleventh Malaysia Plan ("11MP"). We acknowledge that our business and operations have significant influence and dependence on the broader economy, environment and society. Global warming, depleting natural resources as well as human rights issues are some of the few global challenges that affect our people, planet and success.

In response, governments, businesses, various organisations as well as people from different communities are coming together to act in collaborative partnerships under the SDGs. SDGs are a set of 17 goals and 169 targets that provide guidance in achieving sustainable global prosperity. In parallel, the Malaysian government launched the 11MP to support the national growth across EES factors. Moving forward, QL seeks to align its measures and initiatives contributing towards the relevant SDGs and 11MP.

3.4 Stakeholder Engagement

QL acknowledges that stakeholders significantly contribute towards the sustainable growth of QL, and engages with key stakeholders on a regular basis. Below, we highlight our stakeholder engagement efforts.

Table 1: Stakeholder engagement modes, focus areas & responses

Stakeholder Groups	Engagement Channels	Focus Areas	How do we respond?
Investors and shareholders	<ul style="list-style-type: none"> • Annual General Meeting • Analyst briefings • Investor presentations and meetings • Financial statements • Press releases 	<ul style="list-style-type: none"> • Financial performance • Good corporate governance • Responsible and value creation in business management 	<ul style="list-style-type: none"> • Refer to <i>Management Discussion and Analysis</i> ("MD&A") (page 21) • Refer to <i>Sustainable Business Growth</i> (page 44)
Management	<ul style="list-style-type: none"> • Regular meetings • Meetings with the Board 	<ul style="list-style-type: none"> • Economic value creation • Fostering good relationships with stakeholders, including customers, suppliers and regulators • Good corporate governance • Safe and quality products for customers • Increasing operational efficiency, including investing in research and development • Regulatory compliance • Safe workplace and talent retention 	<ul style="list-style-type: none"> • Refer to <i>Management Discussion and Analysis</i> ("MD&A") (page 21) • Refer to <i>Sustainable Business Growth</i> (page 44), <i>Environmental Responsibility</i> (page 48) and <i>Workplace Management</i> (page 51)



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Stakeholder Groups	Engagement Channels	Focus Areas	How do we respond?
Employees	<ul style="list-style-type: none"> Workshop discussions Induction training Learning and development programme Corporate volunteering programme Employee performance appraisal 	<ul style="list-style-type: none"> Respect for human rights Safe and healthy workplace Supportive welfare Responsible business management Continuous business growth 	<ul style="list-style-type: none"> Refer to <i>Sustainable Business Growth</i> (page 44), <i>Environmental Responsibility</i> (page 48) and <i>Workplace Management</i> (page 51)
Customers	<ul style="list-style-type: none"> Feedback survey Face-to-face interaction 	<ul style="list-style-type: none"> Safe and quality products Good governance practices Regulatory compliance 	<ul style="list-style-type: none"> Refer to <i>Sustainable Business Growth</i> (page 44), <i>Environmental Responsibility</i> (page 48) and <i>Workplace Management</i> (page 51)
Vendors, suppliers, fisheries, and smallholders	<ul style="list-style-type: none"> Interviews Face-to-face interaction 	<ul style="list-style-type: none"> Business continuity Regulatory compliance 	<ul style="list-style-type: none"> Refer to <i>Management Discussion and Analysis ("MD&A")</i> on page 21 Refer to <i>Sustainable Business Growth</i> (page 44)
Regulators	<ul style="list-style-type: none"> Ongoing meetings and interactions 	<ul style="list-style-type: none"> Regulatory compliance Responsible business practices Indirect economic contribution 	<ul style="list-style-type: none"> Refer to <i>Management Discussion and Analysis ("MD&A")</i> on page 21 Refer to <i>Sustainable Business Growth</i> (page 44), <i>Environmental Responsibility</i> (page 48) and <i>Workplace Management</i> (page 51)
Community	<ul style="list-style-type: none"> Online platforms Corporate volunteering programme 	<ul style="list-style-type: none"> Indirect economic contribution Responsible environmental management 	<ul style="list-style-type: none"> Refer to <i>Sustainable Business Growth</i> (page 44) and <i>Environmental Responsibility</i> (page 48)

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Stakeholder Groups	Engagement Channels	Focus Areas	How do we respond?
Media	<ul style="list-style-type: none"> • Press conferences and events • Media releases • Media interviews 	<ul style="list-style-type: none"> • Business strategy and business growth • Food quality and safety • Indirect economic contribution • Regulatory compliance • Environmental management • Workplace management 	<ul style="list-style-type: none"> • Refer to <i>Management Discussion and Analysis</i> ("MD&A") on page 21 • Refer to <i>Sustainable Business Growth</i> (page 44) and <i>Environmental Responsibility</i> (page 48)

As part of our sustainability reporting process, we enhanced our stakeholder engagement strategy in FY 2018 and directly engaged key stakeholder groups in a consolidated effort across QL Poultry, QL Marine and QL Plantation. QL engaged with some of its key stakeholders specifically to consolidate their views on sustainability.

QL assessed its stakeholders in order to understand the dynamics between QL and its stakeholders and identify stakeholders that are key to QL. An exercise to identify and prioritise a wide range of stakeholder groups was conducted. The SPT mapped QL Poultry, QL Marine, and QL Plantation's stakeholders by identifying stakeholders with the greatest levels of influence and dependence on the respective business units.

Across QL Poultry, QL Marine and QL Plantation, key stakeholder groups engaged this year are: Customers, Shareholders, Management, Employees, Suppliers and Agro-producers.

Key stakeholders for each business segment were engaged at various locations within Malaysia to ascertain their viewpoints on sustainability. Stakeholder representatives were engaged directly using survey forms, where each representative indicated which of the relevant sustainability matters QL should pay the most attention to.

QL Poultry's stakeholders were engaged at the operations of QL Poultry Farm Sdn Bhd and QL Breeder Farm Sdn Bhd in Tawau, Rawang and Pajam. Stakeholders from QL Marine's operations were engaged at Hutan Melintang, Kulai and Endau, the site of operations of QL Endau Marine Products Sdn Bhd, QL Endau Deepsea Fishing Sdn Bhd, QL Figo (Johor) Sdn Bhd, and QL Figo Foods Sdn Bhd. Stakeholders at QL Plantation's operations were engaged at the location of QL Tawau Biogas in Tawau.

3.5 Materiality Matrix

Materiality assessments are a vital strategic business tool which aids in identifying, refining, and prioritising potential EES risks and opportunities as well as possible emerging risks that may affect QL's business and stakeholders.

For FY 2018, QL adopted a structured materiality assessment approach guided by the Sustainability Reporting Guide and Toolkits, issued by Bursa Malaysia. In identifying relevant sustainability matters, consideration was given to the operating environment and emerging risks associated with the agro-food and plantation sector.

To complement engagements with stakeholders, discussions with key internal stakeholders were conducted to evaluate the materiality levels they would place on identified sustainability matters. Engagement was conducted with selected SPT members, selected members of Senior Management and selected Heads of Subsidiaries to conduct sustainability risk assessment exercises. These determined the level of impact of each of the material sustainability matters to QL.



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From the materiality assessment, 17 sustainability matters were prioritised and 10 most material matters were identified as being most influential on stakeholders' decisions and to the impact of the business at QL Poultry, QL Marine and QL Plantation. The result of the materiality assessment, the Materiality Matrix is shown below:

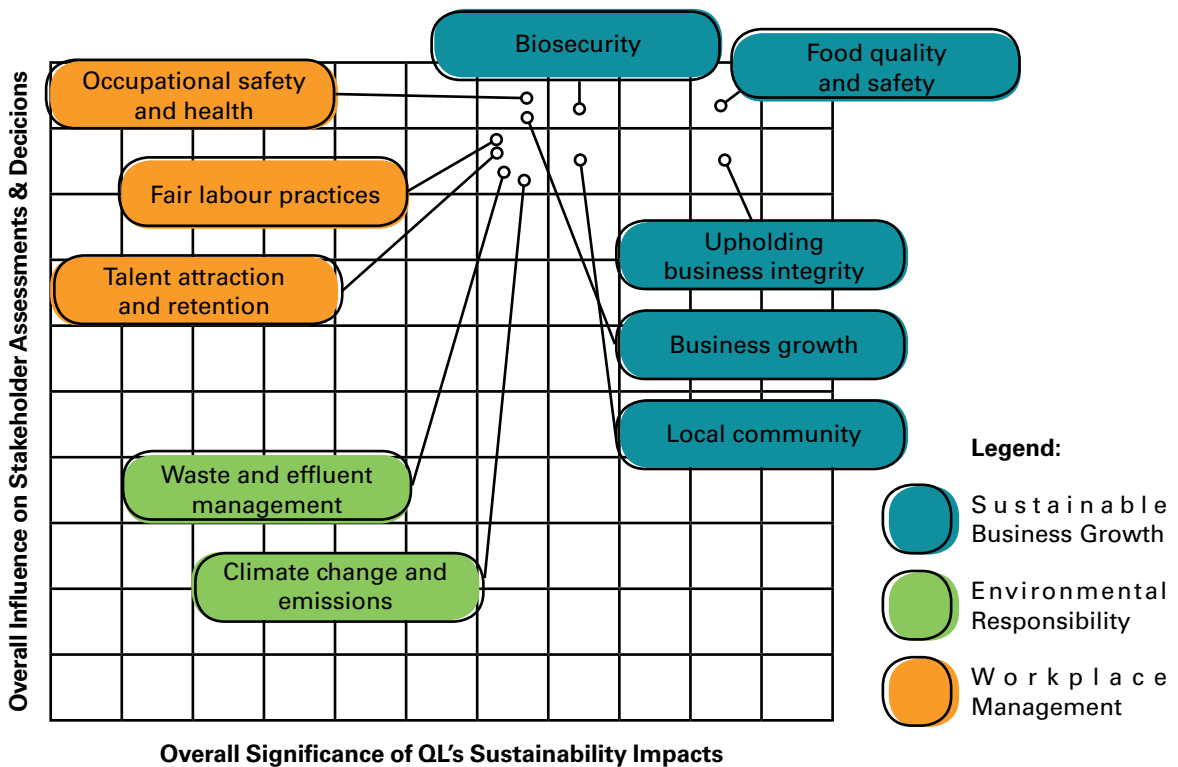


Diagram 4: Materiality Matrix

These matters have been categorised into three themes, *Sustainable Business Growth*, *Environmental Responsibility* and *Workplace Management*, and mapped against each business pillar, as shown below. The next section of this Statement discusses our policies, measures and actions and performance indicators utilised in managing our matters.

Our Material Matters across the three Themes		Poultry	Marine	Plantation
Sustainable Business Growth	Business growth			
	Food quality and safety			
	Biosecurity			
	Upholding business integrity			
	Local community			
Environmental Responsibility	Waste and effluent management			
	Climate change and emissions			
Workplace Management	Fair labour practices			
	Occupational safety and health			
	Talent attraction and retention			

Diagram 5: Mapping of material sustainability matters across the three themes

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4. MANAGING SUSTAINABILITY

Sustainability is integral to the way QL conducts its business activities. The aspiration is to drive long-term corporate growth and profitability by mandating the inclusion of economic, environmental and social concerns within the operating model.

4.1 Sustainable Business Growth

With our Vision to be the preferred global agro-based enterprise, we strive to drive long-term corporate growth and profitability and consider EES impacts. As one of Asia's largest agro-food producers, QL has contributed towards consolidating Malaysia's position as Asia's leading agro-food producer.

Business Growth

Global population growth and changes in people's diets are factors contributing to an increase in the demand for food and agricultural products. This poses a great challenge towards enhancing global food security. However, we see it as an opportunity for our business to thrive in the agro-food market. QL Poultry, QL Marine and QL Plantation intend to expand vertically across our three business pillars, with downstream expansion being our current driving force. As we endeavour to achieve this, we recognise the importance of expanding in a sustainable and responsible manner to benefit the surrounding communities while protecting the environment.

Refer to Management Discussion & Analysis for further information on our business growth.

Food Quality and Safety

Our responsibility as an agro-producer is to ensure the quality of our products, and that they are safe for consumption. At QL Poultry and QL Marine, we practise stringent quality controls and promote food safety.

To ensure confidence in our practices amongst our customers and consumers, we have obtained food quality and safety certifications across various production lines. To be certified, our processes are subject to regular internal reviews and external assurance. Below, we list our current certifications.

Table 2: List of current certifications

Name of certification	Nature of certification	Processes certified
Makanan Selamat Tanggungjawab Industri ("MeSTI") certification (in English: Food Safety is the Responsibility of the Industry)	A MeSTI certification indicates that QL meets the requirements of the Malaysian Food Safety Regulations 2009, including the establishment of internal processes and controls to ensure food hygiene. The certification is offered under the jurisdiction of the Ministry of Health Malaysia.	QL Poultry and QL Marine production sites
Malaysian Good Agricultural Practices ("MyGAP") for poultry farming	MyGAP certification is granted under the jurisdiction of the Ministry of Agriculture and Agro-based Industry Malaysia. The practice comprises biosecurity sanitation, as well as waste and pollution management.	QL Poultry



SUSTAINABILITY STATEMENT (CONT'D)

Name of certification	Nature of certification	Processes certified
Good Manufacturing Practice ("GMP")	GMP requires sanitary considerations in food processing, as well as the application of standard food processing steps. This includes cleanliness of food premises, equipment and utensils, correct construction and layout of the food premises, as well as adequate maintenance of equipment and utensils. Certification in GMP is internationally recognised.	QL Poultry
Hazard Analysis and Critical Control Points ("HACCP") certification	HACCP is an internationally-recognised management system that promotes the identification of potential biological, chemical and physical hazards in the food production process.	QL Poultry for the production of washed and chilled shell eggs and QL Marine
ISO 22000:2005 certification	An ISO 22000:2005 certification demonstrates that QL has food safety management systems in place. ISO 22000:2005 is applied worldwide. As part of the management system, food safety issues are effectively communicated to suppliers, customers and other relevant parties.	QL Poultry for the production of washed and chilled shell eggs
Food Safety System Certification 22000 ("FSSC 22000")	A FSSC 22000 certification is recognised by the Global Food Safety Initiative (GFSI). Its framework is based on ISO 22000.	QL Marine
Halal Certificate of Authentication	The certification indicates that the food we produce is compliant with Islamic Law and Malaysian Halal Standard, approved by the Halal Certification Panel of the State Religious Department.	QL Poultry and QL Marine

Managing food safety and quality is not an easy feat and requires rigorous internal controls and oversight in the food processing and packaging process, as well as regular training. Included in our food quality and safety processes are stringent screenings to identify any potential physical, chemical and microbiological content. Furthermore, our operations are audited by third parties that we supply to against specified criteria, including the health and safety of our processing systems. We monitor our performance in upholding safe and quality food practice against the following indicator:

Table 3: No. of cases with feedback from customers

	FY 2017	FY 2018
No. of cases with feedback from customers	12	11

[Indicator above refers to QL Marine only.]

Feedback is gathered from customers through open channels and investigated thoroughly before a response is provided.

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Food Quality & Safety Training

Training is an integral element of upholding good practice. They are conducted regularly during the year, and some training target employees with specific scopes of work. Below, we highlight some of the key trainings held at QL Poultry and QL Marine during the year:

Table 4: List of food quality & safety training at QL Poultry and QL Marine

Name of training	Description of training	Frequency of training
Food handling training	Brief on basic food hygiene, in compliance with relevant regulations on hygiene in food processing	Annually to twice a year
Refresher courses on Good Manufacturing Practices ("GMP")	Refresh employees on hygienic practices in food handling, including maintaining personal hygiene	Annually
Refresher training on Halal food production	Brief employees on appropriate measures as required by the Halal certification programme	Annually
ISO 22000:2005/ FSSC 22000 Process-Based Internal Auditing	Train QL Poultry's and QL Marine's internal audit team on programme and focus areas required to perform internal audit in relation to ISO 22000:2005 and FSSC 22000 standards	Every two years
HACCP Awareness	Provide basic understanding on HACCP requirements	Annually

Biosecurity

QL Poultry takes pride in poultry care, to provide farm-to-table goodness. Poultry care encompasses an array of practices, including protecting the population from harmful biological agents. Our operations are certified under recognised national and international food safety standards, as discussed above.

We monitor the performance of biosecurity management at QL Poultry. This year, we report on poultry mortality rate at QL Poultry Farm Sdn Bhd and QL Breeder Farm Sdn Bhd. QL Poultry Farm Sdn Bhd and QL Breeder Farm Sdn Bhd offer different types of poultry farming activities. QL Poultry Farm Sdn Bhd conducts layer farming activities, where table eggs are produced to be distributed to our customers. Whereas, at QL Breeder Farm Sdn Bhd, chickens are raised for breeding, and eggs are then collected for hatching into 'Day Old Chicks'.

The poultry mortality rate for QL Poultry Farm Sdn Bhd and QL Breeder Farm Sdn Bhd are shown below.

Table 5: Poultry mortality rate at QL Poultry Farm Sdn Bhd

QL Poultry Farm Sdn Bhd	FY 2017	FY 2018
Poultry mortality rate (%)	0.47%	0.45%

During FY 2018, poultry mortality rate at QL Breeder Farm Sdn Bhd increased by 0.13%. We continuously monitor and seek to improve measures at this farm. Currently, plans are underway to move operations to an upgraded facility at Tawau.



SUSTAINABILITY STATEMENT (CONT'D)

Table 6: Poultry mortality rate at QL Breeder Farm Sdn Bhd

QL Breeder Farm Sdn Bhd	FY 2017	FY 2018
Poultry mortality rate (%)	2.27%	2.40%

Biosecurity management requires a significant amount of investment annually to ensure facilities are maintained well and adopt the latest technology, and controls are implemented properly. In addition, our QL Poultry Centre of Excellence provides input on improving biosecurity measures, including in poultry health and nutrition.

Table 7: Total investment in vaccines, disinfectants and other medications, as part of biosecurity measures (RM) for QL

	FY 2017 (RM)	FY 2018 (RM)
QL total investment in vaccines, disinfectants and other medications, as part of biosecurity measures	18,215,022	24,070,390

Upholding Business Integrity

QL Poultry, QL Marine and QL Plantation practise business integrity by operating in compliance with relevant laws and regulations, and by upholding our very own principles and values which are built on *integrity*, *win-win*, *teamwork* and *innovation*. We are dedicated to aligning our business with these values as it is integral in building stakeholders' trust and improving our brand recognition.

We take a firm stance against unethical business practices, including corruption, illegal conduct and fraud within our organisation and supply chain. We have in place a Code of Conduct (the "Code") for our Directors, senior management and employees to remain dedicated to the values of transparency, integrity, impartiality and accountability in the conduct of the company's business and affairs. QL's Code of Conduct is available on QL website at <http://ql.com.my/corporate-governance.html>. Furthermore, we promote good corporate governance to set QL direction on business integrity. Refer to pages 31 to 33 of the Annual Report for further information on our corporate governance.

Whistleblowing

Our Whistleblowing Policy is detailed in our Code of Conduct. We encourage our employees to lodge a report regarding any non-compliance activities without fear of retaliation. In FY 2018, there were no reported cases.

Local Community

QL Poultry, QL Marine and QL Plantation realise that the sustainable success of QL should also be reflected in the continuous positive impacts we create for the community. Therefore, we place great importance on enhancing and enriching the lives of the surrounding communities in the regions where we run our business.

Fishermen's Financial Assistance Scheme

Our hallmark programme is our Fishermen's Financial Assistance Scheme ("Scheme") at QL Marine. The Scheme provides a source of capital for fishermen to build, upgrade and modernise their fishing fleets. This gives positive impact towards their fishing capabilities and livelihoods. Concurrently, we are able to secure our long-term supply of marine catch. In FY 2018, we provided loans of RM29.7 million to 798 fishermen.

Table 8: No. of fishermen and total amount of interest-free loans (RM)

	FY 2017	FY 2018
No. of fishermen	828	798
Total amount of interest-free loans (RM)	32,375,903	29,658,835

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Engaging the Local Community

Our relationship with the local community has been sturdy as we consistently seek opportunities to engage and work with them in areas where it matters to both their interests as well as our business. We wish to remain widely accepted by the local community, thus we listen to any complaints communicated and take them seriously as we work towards win-win solutions.

4.2 Environmental Responsibility

We acknowledge our responsibility towards managing our environment-related impacts. With three main lines of business, the magnitude of our impacts varies across our relevant sustainability matters. Therefore, we strive to mitigate our environmental impact, and exercise great care and attention as we grow in a sustainable manner.

Waste and Effluent Management

As part of our responsibility to mitigate our environmental impacts, we supervise our waste and effluents. This includes monitoring the quality and amount generated, and ensuring appropriate disposal. Due to the nature of our operations, each business arm generates different types of waste and effluent. Hence, unique initiatives are implemented to mitigate the impacts on the environment.

Hazardous and non-hazardous waste

Scheduled and non-hazardous waste is collected and disposed by licensed waste contractors at our operations in QL Poultry, QL Marine and QL Plantation. Our scheduled waste disposal contractors are approved by the Department of Environment Malaysia ("DOE"), in line with national environmental regulations. Prior to disposal, scheduled waste is stored in appropriate containers and in secured storage areas. All our stored scheduled waste is correctly labelled. In addition, the process to manage scheduled waste is subject to regular internal review and audit by DOE.

Wastewater

Wastewater is discharged water that has been altered in content during our operations. It arises from our operations across QL Poultry, QL Marine and QL Plantation. Prior to disposal, effluent is treated to ensure its quality adheres to relevant regulatory requirements. Regulatory requirements impose discharge limits for specific pollutants and quality of effluent discharged that include, but are not limited to, Biochemical Oxygen Demand ("BOD"), Chemical Oxygen Demand ("COD"), Suspended Solids, Oil & Grease, and potential of hydrogen ("pH"). To date, all our wastewater discharge have met regulatory requirements.

Refer to the next section on our management of palm oil mill effluent ("POME"), a form of wastewater from palm oil activities at QL Plantation.

Manure

Operations at QL Poultry produce a substantial discharge of manure. Due to the significant footprint of our operations, manure is generated in problematic amounts. As a result, two of our key challenges are the management of odour pollution, and appropriate management and disposal of the manure.

In the effort to efficiently manage waste from poultry farming, QL Poultry invested in fermentation technology. We harness optimum microbial fermentation to convert manure into organic fertiliser, as part of an entire process. The fertiliser is either reused at our operations, or sold to neighboring farms and plantations. Excess manure that is not fermented is sold to other farms and plantations as well. QL Poultry Farm Sdn Bhd generates significantly greater amounts of fertiliser compared to QL Breeder Farm Sdn Bhd, primarily due to a higher population of poultry at the former. In FY 2018, we invested in new technology at QL Poultry Farm Sdn Bhd, which significantly increased capacity to convert manure to fertiliser.

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Table 9: Total amount of manure generated (tonnes) and % of manure converted into fertiliser at QL Poultry Farm Sdn Bhd

QL Poultry Farm Sdn Bhd	FY 2017	FY 2018
Total amount of manure generated (tonnes)	39,600	38,880
% of manure converted into fertiliser	56%	78%

Table 10: Total amount of manure generated (tonnes) and % of manure converted into fertiliser at QL Breeder Farm Sdn Bhd

QL Breeder Farm Sdn Bhd	FY 2017	FY 2018
Total amount of manure generated (tonnes)	148	302
% of manure converted into fertiliser	60%	60%

Palm Oil Mill Effluent ("POME")

Primary effluents from our palm oil mills at QL Plantation are the palm oil mill effluent ("POME"). POME is wastewater discharged from processing Fresh Fruit Bunches ("FFB"). In its raw form, POME contains oil, plant debris and nutrients, giving it, amongst others, a high biological oxygen demand ("BOD"). In FY 2018, our operations generated 254,967 tonnes of POME.

Table 11: Total amount of POME generated (tonnes) at QL Plantation

	FY 2017	FY 2018
Total amount of POME generated (tonnes)	201,580	254,967

QL Plantation has made significant strides in the management of POME by establishing a biogas plant at our operations in Tawau, Sabah. The plant captures methane released by POME during anaerobic digestion and converts the gas into a source of fuel in the form of biogas. The digestate from the biogas plant is dewatered and can be processed into organic fertiliser. In parallel, the liquid portion goes through secondary and tertiary water treatment, which increases the quality of discharge. Further information on the energy generated from our biogas plant is under the greenhouse gas emissions section.

Another industrial practice to manage POME is through the use of treatment plants, with the goal of changing the effluent to an environmentally friendly state for discharge. Prior to discharge, we test the quality of our discharge and report the results to DOE to ensure the readings are within regulatory limits. Below, we highlight our average readings against the regulatory limit of 20 mg/L.

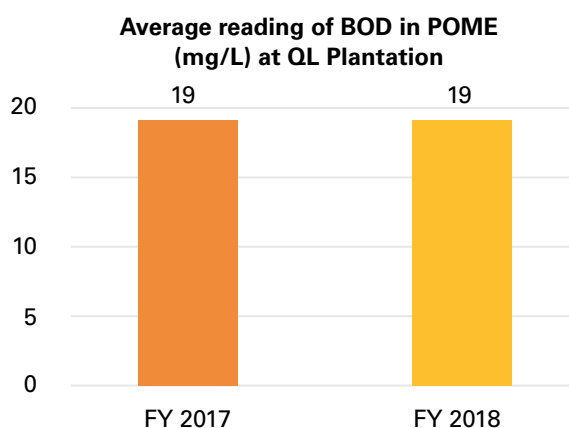


Diagram 6: Average reading of BOD in POME (mg/L) at QL Plantation

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Climate change and Emissions

In the agro-food industry, companies depend greatly on climate patterns and seek to anticipate and effectively respond to its impact. Therefore, QL remains alert to climate change. In addition, we strive to manage our emissions to air, including odour arising from our farms.

Climate change

QL Poultry, QL Marine and QL Plantation acknowledge that global warming poses a risk to our operations. In recent years, we have experienced changes in weather patterns with periods of extreme heat and increased dryness, as well as unusually heavy rainfall. These affect each of our business pillars, including causing changes in fish cycles, affecting the health of our poultry layers, and FFB production rates. We respond by ensuring our operations are well-equipped and informed to respond to extreme weather patterns, as well as reviewing our environmental impact.

Greenhouse gas ("GHG") emissions

Emissions are generated in the course of our operations at each stage at QL Poultry, QL Marine and QL Plantation, including Scope 1 and Scope 2 emissions. Scope 1 emissions are generated primarily from fuel consumed by our machinery and vehicles, while Scope 2 emissions are generated mostly from electricity consumption.

As discussed above, QL Plantation has an operational biogas plant at our oil palm plantation mill in Tawau. Methane captured is converted into energy, a portion of which is used to power our operations. The rest of the energy generated is sold to the local grid at a significantly higher tariff than energy sourced from non-renewable energy. This initiative is in line with the national target set by the Malaysian government for 50% of energy consumed to be derived from renewable energy sources by 2050. Further information on our biogas projects are available on our website at <http://ql.com.my/environment.html>.

Other efforts to reduce energy consumption from non-renewable sources include re-using biomass residue in various areas of operations, including re-use of fibres to fuel boilers at QL Plantation.

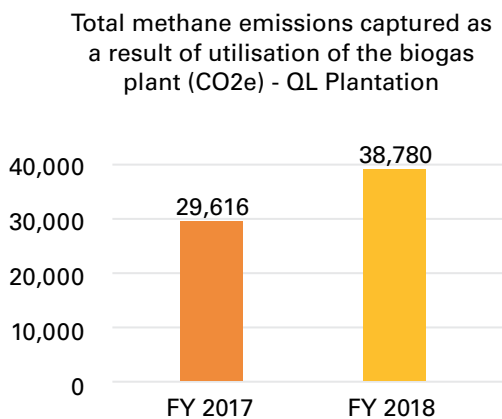


Diagram 7: Total methane emissions captured as a result of utilisation of the biogas plant (CO₂e) at QL Plantation

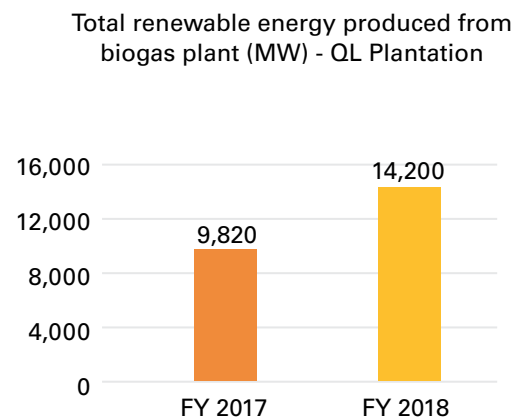


Diagram 8: Total renewable energy produced from biogas plant (MW) at QL Plantation

Odour management

Odour pollution from manure is a significant area of concern at QL Poultry. To reduce odour emitted from our operations, we utilise fermentation technology to convert the manure into organic fertiliser. A designated system is applied during the process, which utilises microbes to neutralise the odour of the emitted gas.



SUSTAINABILITY STATEMENT (CONT'D)

In addition, QL Poultry actively engages Air Quality and Odour Management consultants to frequently test air quality surrounding poultry sites. If any areas of concern are raised by consultants, we respond immediately. In FY 2018 our poultry farm in Negeri Sembilan was awarded Outstanding Environmental Friendly Farm from Malaysia Poultry Industry Awards 2018 for its management of odour at the farm.

4.3 Workplace Management

We understand that our business growth is dependent on the diversified skill sets and experience of our workforce. Therefore, QL pledges to provide equal employment opportunities and ensure all employees are treated with respect, and strive to promote a positive and nurturing work environment for our people to develop their skills.

Fair Labour Practices

We provide a positive working environment where we celebrate diversity, and value and treat our people fairly and with respect. This includes upholding the human rights of our employees.

Human Rights Practices

QL Poultry, QL Marine and QL Plantation do not condone violations of human rights, including acts of forced labour, discrimination, child labour, and acts barring freedom of opinion and expression.

Furthermore, some of our more laborious types of work are performed by our foreign workforce. We understand the need to provide additional welfare for those working away from home. Some of our efforts to support our workers include providing free housing, bearing the annual levy fees, providing medical insurance, and ensuring our workers' wages meet national minimum wage requirements, as stipulated by relevant national regulations.

Diverse workforce

QL Poultry, QL Marine and QL Plantation embrace diversity to drive an inclusive culture, and to support a proactive workplace with a range of talent and experiences. Below, we illustrate our employee statistics across the three business pillars. Our Board Diversity Policy promotes our initiatives for directors, including identifying and balancing different characteristics, including gender and skillset, as well as appointing and retaining directors based on merit. We apply these principles across all our employees. Recently, we have appointed 3 Independent Directors, all of whom are women. Further elaboration on our Board members are available in pages 10 to 16 of the Annual Report.

QL Poultry

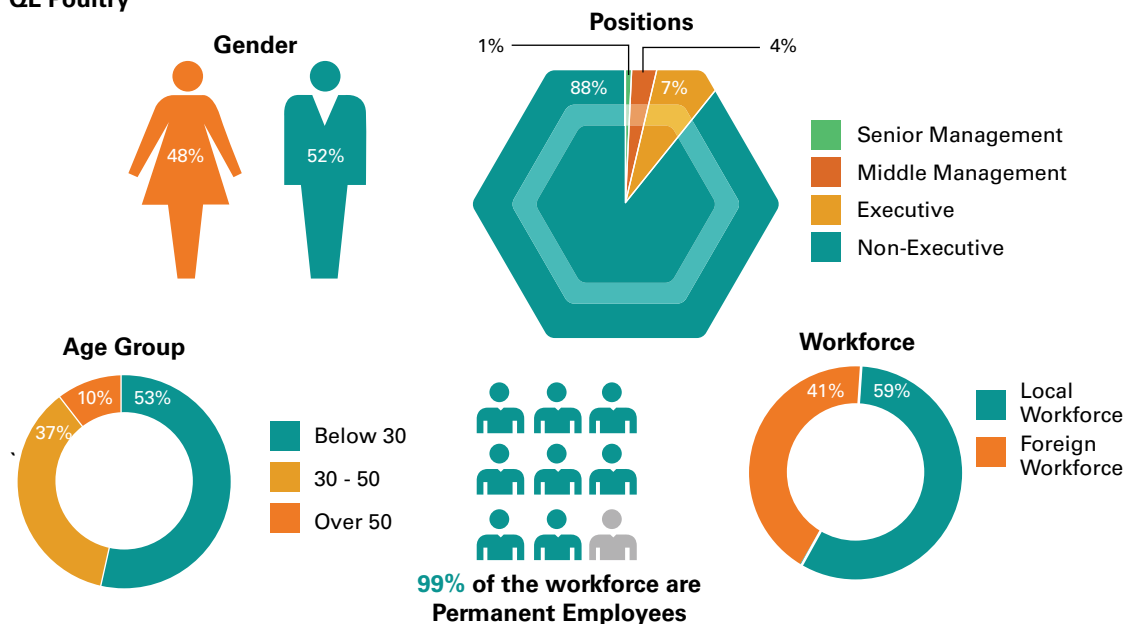


Diagram 9: Employee statistics at QL Poultry

SUSTAINABILITY STATEMENT (CONT'D)

QL Marine

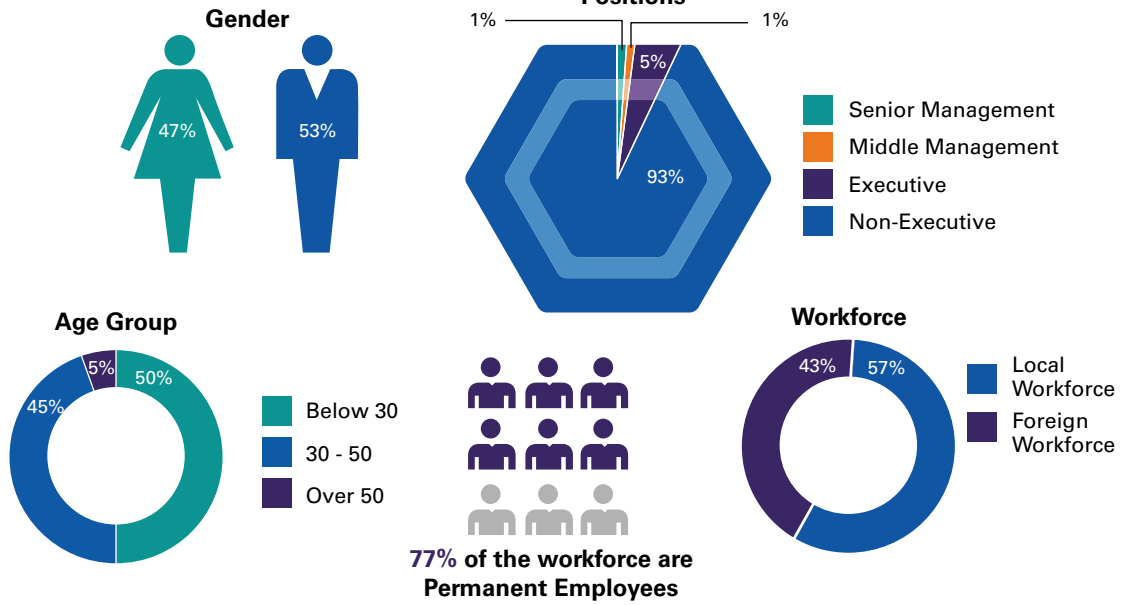


Diagram 10: Employee statistics at QL Marine

QL Plantation

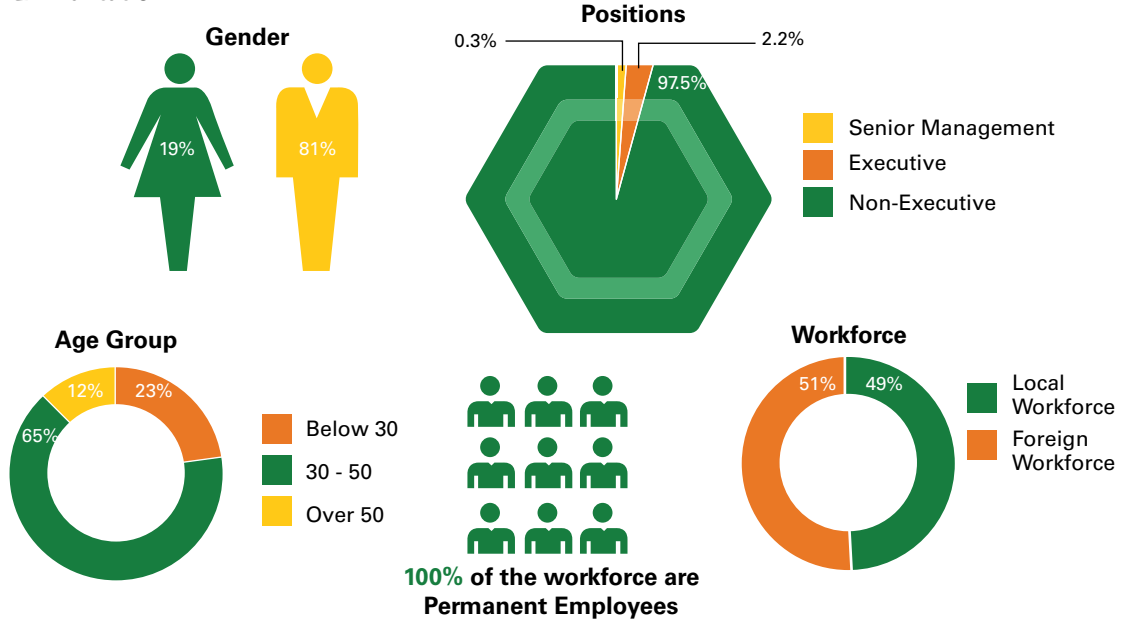


Diagram 11: Employee statistics at QL Plantation

SUSTAINABILITY STATEMENT (CONT'D)

Occupational Safety and Health

Ensuring a safe and healthy workplace and culture for our employees is a key focus area of our operations. We strive to provide a safe working environment and promote safety measures and practices, via stringent training schedules, awareness briefings and robust internal controls and processes.

Safety performance is monitored and reported regularly to respective safety committees and safety officers at each subsidiary. Respective committees and safety officers are responsible for monitoring the safety performance of each subsidiary, including ensuring compliance with local regulations, promoting safety awareness, and responding and investigating any incidents. In addition, performance is benchmarked against internal targets and reviewed regularly. Our safety target is zero fatality across QL. In FY 2018, no fatality occurred. In the table below, we summarise our safety performance for full-time employees and contract employees.

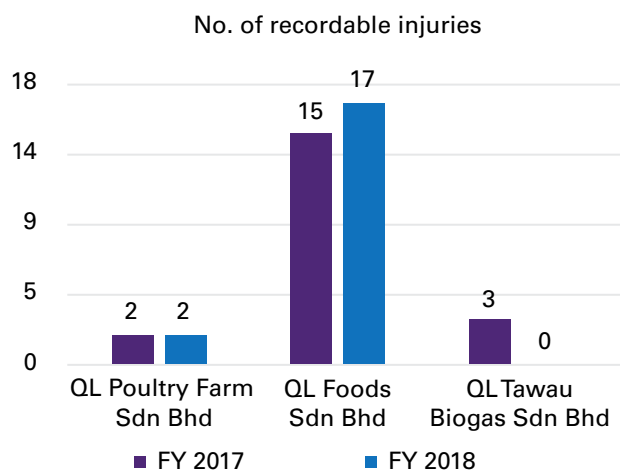


Diagram 12: No. of recordable injuries

Occupational safety and health training

Furthermore, we emphasise the safety culture via awareness training. Training is held according to a strict schedule, which is reviewed and updated on a regular basis. Some trainings held during the year at QL Poultry, QL Marine and QL Plantation include:

Table 12: Occupational safety and health training at QL Poultry, QL Marine and QL Plantation

Name of training	Description of training	Frequency of training
Health and Safety Awareness Training	Raise safety awareness of employees, including briefing on potential safety risks, and on practising safety measures implemented by QL	Annually
Chemical Handling Training	Train employees on proper methods and safety measures in handling chemicals, including wearing appropriate Personal Protective Equipment ("PPE")	Annually
Training on equipment and machinery handling (i.e. forklifts, X-ray machines)	Train employees on appropriate methods of operating work equipment and machinery. These trainings are tailored for relevant equipment / machinery at QL, within the respective scope of work	Annually to twice a year
Fire Drills	Drills to educate employees on swift response in case of fire, including quickly reaching assembly points and raising awareness on emergency exits	Annually

SUSTAINABILITY STATEMENT (CONT'D)

Talent Attraction and Retention

Our employees are a critical component to our current and future success. We constantly seek ways to attract and retain the best talents to be part of QL's continuous growth. We understand that our people needs to grow in their career. Therefore, we provide our employees with opportunities and promote a conducive environment to learn, develop and progress.

Training and Development

Focusing on training and developing our people will benefit both our employees and QL. It is crucial for us to maintain and develop the skills and knowledge of our employees so that we can deliver the best to our customers. To ensure this, we provide key training and programme designed to equip them with the expertise to grow and contribute to our business.

In general, training programme is held to address soft and technical skillsets required at the workplace, and to provide employees with confidence and knowledge to perform work efficiently and to solve problems. QL Plantation, QL Marine and QL Poultry run two key career development programmes – Leadership Development (LEAD) and Accelerated Learning Process. Below, we describe these programmes:

Table 13: Occupational safety and health training at QL Poultry, QL Marine and QL Plantation

Name of programme	Description of programme
LEAD	A leadership development programme targeted at Executive and Assistant Managers, Managers and General Managers, from all subsidiaries. The programme is tailored to meet the needs of each employee, arising from their responsibilities and scope of work. Employees from each designation attend a set of sessions designed to develop skillsets in project and team management. These sessions are conducted by in-house trainers at QL.
Accelerated Learning Process	A structured programme to develop and retain internal talent, it began in 2016. Currently, 23 General Managers and Senior Managers are enrolled in the programme, after undergoing a stringent selection process. Upon selection, Individual Development Programme is formed and communicated to selected employees to highlight strengths and opportunities for further development. As part of the programme, participants undergo training such as networking sessions, classroom-based learning, and career coaching.

Performance and career development review

At QL Poultry, QL Marine and QL Plantation, on-the-job feedback is regularly provided to employees, and formal feedback on performance is provided through a structured appraisal system to encourage open two-way communication channels, and to help employees manage their performance at work. The structured appraisal process is performed annually to allow employees to reflect on their career development during the year and to seek feedback from peers and experienced employees. This process also enables the remuneration philosophy to be based on merit.

Looking forward

As we progress towards achieving our Vision of becoming the preferred global agro-based enterprise, we remain focused on creating shared value through our business activities for all stakeholders. This drives us to continuously improve our efficiency and effectiveness in order to manage our impact across EES. QL is a company with a long-term focus, and we are committed to continue on this path towards enhancing corporate business sustainability.

