

Sustainability Statement

1. ABOUT THIS STATEMENT

As an agro-based group built on the value of benefit all, QL is consciously aware of our role, responsibility and duty to conduct business ethically, operate in a socially and environmentally responsible manner and adhere to sustainable practices. In our efforts to create shared value for all, we endeavour to ensure that our products and activities make a positive difference to the communities and ecosystem we operate in and to society at large while contributing to QL's growth and success.

This year, we continue to communicate the progress made on our sustainability efforts as we strive to enhance our approach to managing economic, environmental and social ("EES") impacts arising from our operations. This Statement focuses on the sustainability activities of QL Resources Berhad and subsidiary companies (collectively referred to as "QL"). QL believes sustainability is key to improving our footprint and accomplishing our Vision to be the preferred global agro-based enterprise.

1.1 Preparation of this Statement

Aligning with Bursa Malaysia Securities Berhad's goal to increase transparency in sustainability matters of companies listed on the bourse, we are guided by the Main Market Listing Requirements ("Listing Requirements") on Sustainability Reporting by Bursa Malaysia Securities Berhad for the preparation of this report.

The Statement is structured into four sections:

- The first section introduces the Statement;
- The second section puts forth the governance structure utilised in managing material sustainability matters;
- The third documents approaches that were taken to review, update and categorise 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

Sustainability is embedded into the business of QL, driven from the highest level of management. QL's Board of Directors takes an active role in setting the direction of sustainability, dovetailing the active role they play at each of the group's business pillars. The firm commitment of the Board is translated into the formation of a Sustainability Project Team (SPT) in 2016, chaired by the Executive Chairman and comprises heads of business units and business functions. In 2018, a Sustainability Reporting Working Group (SRW) was established to further strengthen the reporting process. The SRW reports directly to the SPT.

The following entails the core responsibilities of the SPT:

- Incorporate sustainability into QL's Risk Management and Corporate Strategies;
- Oversee the management of material sustainability matters as identified;
- Monitor QL's sustainability performance for reporting.

Sustainability Statement

SRW proactively undertakes the following core responsibilities:

- Perform materiality assessments (i.e. identification and assessment of sustainability matters relevant to QL's business);
- Reports to the SPT on sustainability matters;
- Develop sustainability disclosure for reporting and the preparation of sustainability report for SPT's approval

Agro-based business exacts an uncompromising stand on sustainable practices to remain relevant. For QL to resonate and be at the forefront of our industry and uphold sustainable practices, our governance processes are assessed regularly. Ways are sought to incorporate industry best practices, guidelines, standards and recommendations into our sustainability-related responsibilities without compromising efficiency and synergy. Results are tracked and measured, which thereafter form the basis of a governance structure which enables the articulation of responsibilities in QL's daily operations.

3. MATERIALITY ASSESSMENT

3.1 Materiality assessment process

To assist in the identification and prioritisation of sustainability matters that can affect QL's business and stakeholders, the SRW undertook a materiality assessment. The process began by reviewing and updating the material sustainability matters as discerned in the previous reporting year and based on the latest internal and external developments, including EES trends unique to the agro-food and plantation sector. We referred to Bursa Malaysia Securities Berhad's Sustainability Reporting Guide and Toolkits, Global Reporting Initiative Sustainability Reporting Standards ("GRI Standards"), and relevant industry-specific references and publications to update our material sustainability matters that are significant to QL's business operations and will influence stakeholders' decisions.

QL planned an engagement approach that would enable it to reach and receive input from more stakeholders; by involving one-on-one interviews and survey. This engagement helped to identify material issues that are perceived to be important by stakeholders to harmonise into the sustainability framework. This year, the engagement encompassed all our key stakeholders. The stakeholders engaged and the process are outlined in Section 3.4.

Concurrently, QL's management also undertook a review and assessment to ensure that existing material sustainability matters that are important to the group are updated in line with the changes in the business landscape, risk environment and policy. In this study, the management is guided by Bursa Malaysia Securities Berhad's Listing Requirements which defined these matters as:

- Reflecting the business' significant EES impacts; and/or
- Substantively influencing assessments and decisions of stakeholders.

The data gathered provides fresh perspectives and is analysed for the re-ranking and prioritisation of sustainability topics as shared in Section 3.5.

Our materiality process is illustrated as follows:



Diagram 2: Flowchart of materiality assessment process

Sustainability Statement

3.2 Scope of Reporting

This Sustainability Report 2019 is QL's record of disclosures on our sustainability performance and commitments for the financial period of 1 April 2018 to 31 March 2019, and for subsidiaries of QL mentioned below, unless otherwise stated.

The reporting scope has been expanded across our three business pillars in accordance with our business developments. Subsidiaries included in the current year's reporting scope are shown below.

Business Pillars	QLRB Companies in FY2019's Reporting Scope	Location	Principal Activities
 Integrated Livestock Farming (ILF)	<ul style="list-style-type: none"> • QL Poultry Farms Sdn. Bhd. • QL Breeder Farm Sdn. Bhd. • QL Feed Sdn. Bhd. • QL Ansan Poultry Farm Sdn. Bhd. 	<ul style="list-style-type: none"> • Pajam • Tawau • Shah Alam • Rawang/Kulim 	<ul style="list-style-type: none"> • Layer farming • Poultry breeding • Trading animal feeds • Poultry farming
 Marine Products Manufacturing (MPM)	<ul style="list-style-type: none"> • QL Foods Sdn. Bhd. • QL Endau Marine Products Sdn. Bhd. • QL Endau Deep Sea Fishing Sdn. Bhd. • QL Figo Foods Sdn. Bhd. • QL Figo (Johor) Sdn. Bhd. 	<ul style="list-style-type: none"> • Hutan Melintang • Endau • Endau • Kulai • Kulai 	<ul style="list-style-type: none"> • Surimi-based products • Manufacturing surimi • Deep sea fishing • Manufacturing foods • Manufacturing foods
 Palm Oil Activities (POA)	<ul style="list-style-type: none"> • QL Plantation Sdn. Bhd. • QL Tawau Biogas Sdn. Bhd. 	<ul style="list-style-type: none"> • Tawau • Tawau 	<ul style="list-style-type: none"> • Palm oil plantation • Biogas power plant

Diagram 3: Scope of reporting

This report is prepared based on Bursa Malaysia Securities Berhad's Sustainability Reporting Guide and Toolkits/GRI framework. Basis of the reporting scope includes considerations of magnitude of revenue contribution and/or impact to QL. For this year, the indicators disclosed included those in FY2017 and FY2018 for baseline comparison of data.

3.3 Relevant Sustainability Matters

QL reviewed and updated 17 sustainability matters which are relevant to QL's business before engaging stakeholders or conducting assessments. Major considerations, among others, in updating the sustainability matters included the following:

- The depth and breadth 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.

Sustainability Statement

QL remains cognisant of the 17 United Nations Sustainable Development Goals (“UN SDGs”) and targets of the Eleventh Malaysia Plan (“11MP”). We are acutely aware that our business and operations have significant impact and are interdependent on the security and livelihood of our people, business partners and communities. At the same time, we also take heed of the dynamics of the broader economy, environment and society. As a group with a value system built on the principle of just moral code, our strategies and approaches are established with the concerns of human rights, labour, environment, and anti-corruption in mind.

We are working towards integrating the UN SDGs that are aligned with our business into our operations as part of our sustainability strategy. The UN SDGs was developed as a blueprint to address global challenges facing nations today. This guide for global response comprises 17 goals and 169 targets which are interconnected to achieve the critical common outcome of sustainable and equitable global prosperity, an outcome that resonates with QL. As we plan for long-term success, we uphold our responsibilities to people and planet. Our objective is to ensure that in all that we do and every product that we produce, QL delivers benefits to shareholders, nourishment to consumers and enrichment to all in the value chain.

3.4 Stakeholder Engagement

The Group understands the importance of stakeholders’ contribution to QL’s sustainable growth and have developed the methodology and channels to proactively consult, interact and partner our key stakeholders for meaningful engagements. These channels enabled two-way communications and better understanding of expectations. The input and feedback were evaluated and included in our planning and implementation of sustainability framework. The following table outlines the priority stakeholders and key engagement efforts in FY2019.

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 Management Discussion and Analysis (“MD&A”)  page 28 Refer to Sustainable Business Growth  page 45
 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 MD&A  page 28 Refer to Sustainable Business Growth, Environmental Responsibility, and Workplace Management  page 45  page 50  page 54

Sustainability Statement

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 Sustainable Business Growth,  page 45 Environmental Responsibility,  page 50 and Workplace Management  page 54
Customers 	<ul style="list-style-type: none"> Feedback survey Face-to-face interactions 	<ul style="list-style-type: none"> Safe and quality products Good governance practices Regulatory compliance 	<ul style="list-style-type: none"> Refer to Sustainable Business Growth,  page 45 Environmental Responsibility,  page 50 and Workplace Management  page 54
Vendors, suppliers, fisheries, and smallholders 	<ul style="list-style-type: none"> Interviews Face-to-face interactions 	<ul style="list-style-type: none"> Business continuity Regulatory compliance 	<ul style="list-style-type: none"> Refer to MD&A  page 28 Refer to Sustainable Business Growth  page 45
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 MD&A  page 28 Refer to Sustainable Business Growth,  page 45 Environmental Responsibility,  page 50 and Workplace Management  page 54
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 Sustainable Business Growth  page 45 and Environmental Responsibility  page 50

Sustainability Statement

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 MD&A  page 28 Refer to Sustainable Business Growth  page 45 and Environmental Responsibility  page 50

In order to appreciate the dynamics between QL and our stakeholders and identify those that are key to QL, an exercise to identify and classify a wide range of stakeholder groups was conducted. The SPT mapped ILF, MPM, and POA stakeholders by highlighting stakeholders with the greatest levels of influence and dependence on the respective business units.

Key stakeholder groups engaged across ILF, MPM, and POA were: Customers, Shareholders, Management, Employees, Suppliers and Agro-producers. They were engaged over a period of five months and at various locations to obtain their viewpoints on sustainability. The direct engagement via survey forms allowed for the proper collation of sustainability matters that QL should prioritise.

ILF stakeholders were engaged at the operations of QL Poultry Farms Sdn. Bhd. and QL Breeder Farm Sdn. Bhd. in Pajam and Tawau. Stakeholders from MPM operations were engaged at Endau, Kulai and Hutan Melintang, the site of operations of QL Endau Marine Products Sdn. Bhd., QL Endau Deep Sea Fishing Sdn. Bhd., QL Figo (Johor) Sdn. Bhd., and QL Foods Sdn. Bhd. Stakeholders at POA operations were engaged at the location of QL Tawau Biogas in Tawau.

3.5 Materiality Matrix

Sustainability is a long-term process that requires commitment and continuous reviews and evaluations. To better understand the full range of risks and opportunities, as an organisation, we must align our risk management and materiality assessment processes. Only then we can identify new methods and approaches to protect and defend our business against emerging challenges.

Hence, identification of materiality is essential in any business. It is a strategic tool that helps businesses identify, refine and prioritise EES risks and opportunities as well as possible emerging risks that may affect QL's business and stakeholders.

Guided by Bursa Malaysia Securities Berhad's Sustainability Reporting Guide and Toolkits, QL maintained a structured materiality assessment approach. During the process to identify relevant sustainability matters, considerations were given to the operating environment and emerging risks associated with the agro-food and plantation sectors.

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

Sustainability Statement

These assessments resulted in 17 sustainability matters prioritised, with 10 identified as being most influential on stakeholders’ decisions and to the impact of the business at ILF, MPM, and POA. The result of the materiality assessment, the Materiality Matrix is shown below.

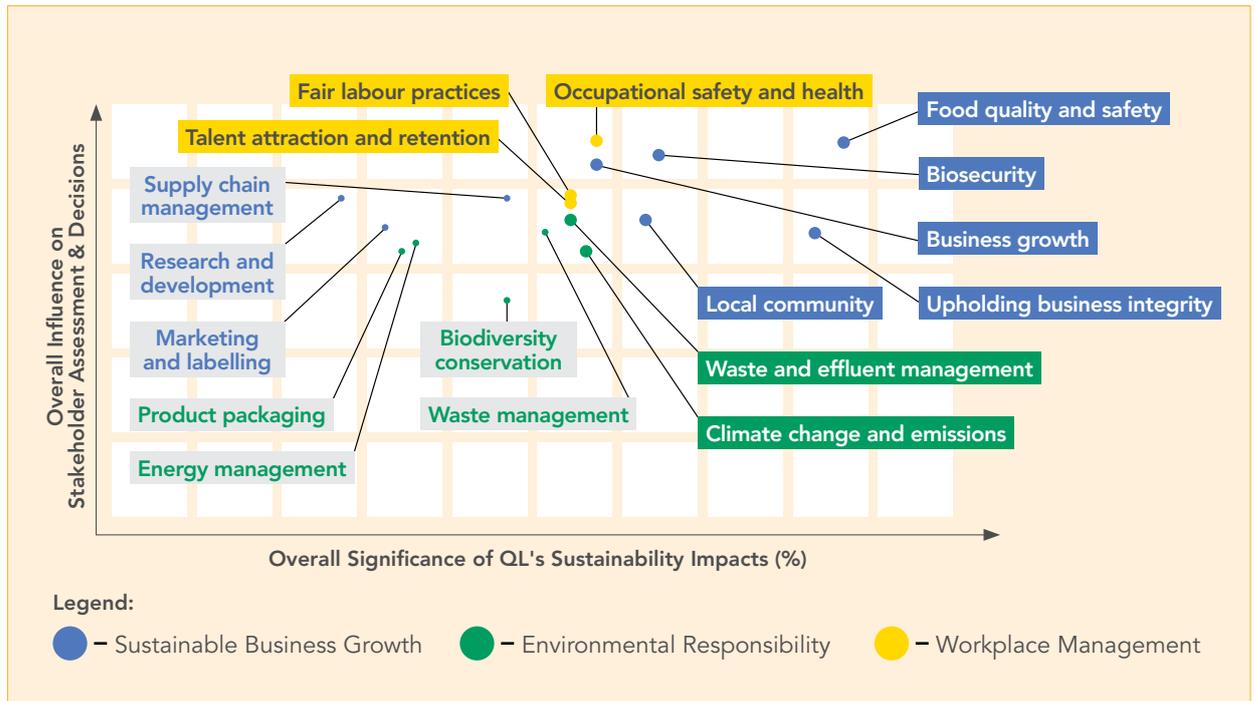


Diagram 4: Materiality Matrix

The 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		Integrated Livestock Farming (ILF)	Marine Products Manufacturing (MPM)	Palm Oil Activities (POA)
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

Sustainability Statement

4. MANAGING SUSTAINABILITY

As QL grows, we will continue to uphold integrity and embody the value of creating shared value for the benefit of all. To realise this, sustainability is at the very core of QL, interwoven into our daily operations. We are adamant that meaningful strategy to drive long-term corporate growth and profitability can only be achieved through the inclusion of economic, environmental and social concerns within the operating model.

4.1 Sustainable Business Growth

QL is a sustainable and scalable agro-food corporation. We are among the largest producers of eggs and surimi in Southeast Asia, and have activities in palm oil and biomass clean energy.

Driven by our Vision to be the preferred global agro-based enterprise, we strive to drive long-term corporate growth and profitability while considering EES impacts. We are committed to being the champions in our business pillars to contribute to the nation building of Malaysia.

4.1.1 Business Growth

QL subscribes to the philosophy of continued business growth. We regularly evaluate the key areas across our business pillars, looking at demand against a backdrop of market direction to identify segments which have greater room for growth, and segment which we are optimistic positively contribute to QL's business growth vision. These identified areas of growth will be fuelled with capital and manpower to capitalise on opportunities.

As with the past years, our future will be powered by consistent and prudent investment into identified areas of opportunities and efficiency improvement. The growth experienced to-date is due to the investment undertaken previously. We have identified Food downstream activities, Poultry integration and Marine integration to be focal points that can propel growth given the right support; we will continue to invest judiciously to drive business growth.

The table below outlines Capex in the last five years to ensure uninterrupted business growth.

Table 2: Total amount of Capex



Whilst we are focused on driving growth, we are also prudent when undertaking and implementing expansion plans. Agro-food sector is a demanding business. It exacts capital, care and caution with its numerous challenges that range from business and climate change, consumer sentiments and perception, food quality and safety to availability of resources.

We detail the challenges faced by QL business units in the management discussion and analysis.



Further reading on this can be found on page 28 to 37

Sustainability Statement

4.1.2 Food Quality & Safety

Our responsibility as an agro-producer is to ensure that the quality of our products are safe for consumption before being delivered to consumers. At ILF and MPM, 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. We select the finest raw materials for our food processing and place strict controls in all production processes to ensure that our products meet certification standards. Our processes are subject to regular internal reviews and external assurance. Below is the list of our current certifications.

Table 3: List of current certifications

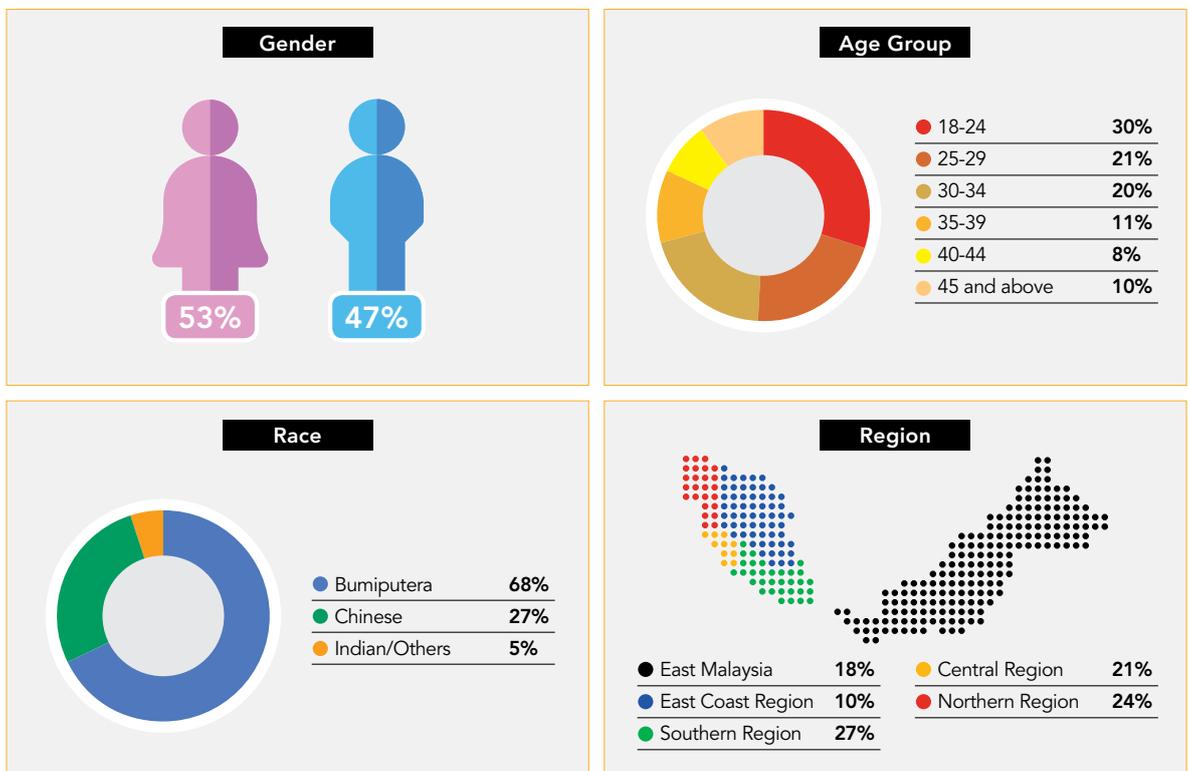
Name of certification	Nature of certification	Processes certified
Makanan Selamat Tanggungjawab Industri ("MeSTI") certification <i>(in English: Food Safety is the Responsibility of the Industry)</i>	A MeSTI certification indicates that QL meets the requirements of the Malaysian Food Safety Regulations 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.	ILF and MPM 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.	ILF
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.	ILF
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.	ILF for the production of washed and chilled shell eggs and MPM
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.	ILF 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.	MPM
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.	ILF and MPM

Sustainability Statement

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.

In FY2019, we conducted a study on Malaysian consumers perception through an online survey; the survey participants are consumers who have used MPM products in the past three months. The findings are shown below:

These are the consumer demographic segments of the study.



Base = 424 respondents who have used Figgo or Mushroom brand frozen packaged food in the past 3 months

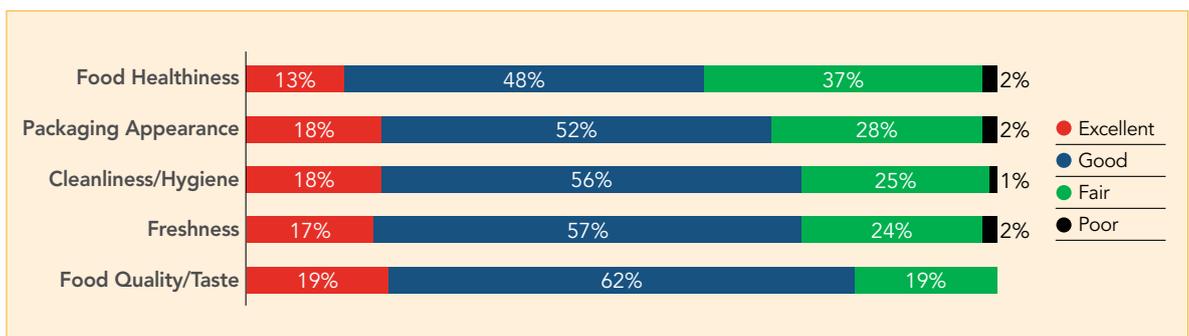


Diagram 6: Consumer Ratings

In summary, almost 100% of consumers rate our products between Fair, Good to Excellent in areas of Food Quality and Taste, Freshness, Cleanliness/Hygiene, Packaging Appearance and Food Healthiness.

Sustainability Statement

4.1.3 Biosecurity

QL gives paramount importance to biosecurity in its effort to prevent and control diseases in the poultry farms. We acknowledge the risk of diseases spreading from one farm to another farm. Biosecurity measures will be stepped up whenever there is a disease outbreak in the region where our poultry farms are located.

Our biosecurity management programme is made up of a rating level based on the disease situation in a farm and its surrounding. There are four levels in the rating system.

At the lowest Level 1 where the farm and its surrounding of 10km radius do not have any major poultry disease outbreak, basic biosecurity programme will be undertaken. Vehicles and workers entering the farm as well production area will be disinfected. In addition, outside vehicles and visitors entering production area are prohibited. Visitors and workers who have visited other farms will be quarantined for a minimum three days. Farm premises will be disinfected weekly, while the empty house will be disinfected twice and lastly, there will be a rest period before the arrival of day-old chicks. Serology is monitored regularly and day-old chicks from disease-free farm are purchased. Carcasses are burned in incinerator or buried within dump pit. Manure is processed into fertiliser or biogas.

Level 2 biosecurity is deployed at disease-free farm situated in a disease zone within its 10km radius. On top of controlling parameters at Level 1, Level 2 consists of a 7-day quarantine on workers who have returned from a suspected diseased farm. Farm premises are disinfected twice weekly with two times of rest period before the arrival of day-old chicks. Harvesting and eggs movement are not allowed to go through the infected area and vehicles are disinfected before entering farm.

Level 3 is assigned to farm having major disease outbreak. It involves disinfecting two times longer at double the disinfectant concentration on vehicles. A minimum seven days of quarantine period for visitors and workers who have visited other farm will be required. Workers' movement to other farms within 10km radius is prohibited. Farm premises will be disinfected daily and empty house will be disinfected three times with double dose of disinfectant. Harvesting and eggs movement are not permitted within the 1km radius from major disease outbreak area and vehicles are disinfected before entering farm. Rapid tests for diseases will be conducted on every abnormal depletion as well as on day-old chicks intake. No day-old chicks are permitted within 1km radius of major disease outbreak area.

Level 4 is assigned to farm located within 1km radius from the avian influenza disease infected farm. On top of controlling parameters at Levels 1, 2 and 3, Level 4 disallows visitors to the farm and workers' movement to other farms. Empty house is disinfected four times with double dose of disinfectant, while there will be four times rest period before the arrival of day-old chicks. Harvesting, eggs movement and incoming day-old chicks are not permitted.

In order to designate the farm with the right biosecurity rating thus ensuring appropriate biosecurity measures are implemented, we gather information on poultry disease outbreak in the area where the farm is situated. We also conduct disease surveillance in our farms. Due to the Low Pathogenicity Avian Influenza (LPAI) 10km away from our farm, we have taken precautionary measures by assigning Biosecurity Level 4 for QL Poultry Farms Sdn. Bhd. for the period from September 2018 – December 2018 and the level has gradually reduced to level 3 as the area has been declared free of LPAI. However, we have assigned Biosecurity Level 1 to QL Breeder Farm Sdn. Bhd..

To ensure compliance with the biosecurity practices in the farm, our Headquarter unit called QL Poultry Centre of Excellence (QLPCOE) also conducted audit on biosecurity compliance in the farms. During this financial year, QL Poultry Farms Sdn. Bhd. received a score of 86% while QL Breeder Farm Sdn. Bhd. received a score of 78%. The QLPCE audit report was tabled and discussed with the farm management.

Sustainability Statement

4.1.4 Upholding Business Integrity

Integrity is one of our four core values that form the foundation of our business activities; these four being integrity, win-win, teamwork and innovation. Upholding business integrity is the bedrock of our organisation. We do not accept a business if it means putting people at risk or engaging in unethical practices.

Adherence to QL's high standards of integrity is expected of every employee in every country where we do business. The expectations to remain dedicated to the values of transparency, integrity, impartiality and accountability in conducting the company's business and affairs are described in our Code of Conduct for our Directors, senior management and employees, and is available on QL website.

 <http://ql.com.my/corporate-governance.html>

The code of conduct is communicated to all employees. All employees are given the appropriate induction training which covers the above. Employees are required to sign an undertaking to avoid and/or declare situation where there is conflict of interest.

QL also takes a very strong stand against bribery and corruption and has robust anti-corruption and anti-bribery policies and cultures integrated into our organisation. Reflecting our commitment to uphold integrity and prevent corruption in the conduct of our business, our major suppliers, contractors and other business associates are required to commit to adhere to our anti-corruption and anti-bribery policies and cultures by contractually agree to comply with these policies.

These policies include the prohibition of facilitation payments, zero-tolerance of any involvement in bribery or corruption, and robust policies on gifts, entertainment, and expenses and third-party representatives. This is supported by a whistleblowing policy. We encourage our stakeholders to lodge a report regarding any non-compliance activities without fear of retaliation. All complaints are investigated and such breaches can lead to disciplinary measures, including dismissal. In FY2019, there were no reported cases.

4.1.5 Commitment to Society/Community

As part of the nation and community, we realised that QL should also deliver positive impact on the well-being of the surrounding community in which we operate, and not be solely into profit making. We are committed in community involvement as a crucial step to being a good corporate citizen. Below are some key initiatives by QL which aim to contribute to socio-economy and the community:

Interest-Free Fishermen's Financial Assistance

This is a long-running community project by QL, which was developed to benefit the fishing communities mainly in Perak, Johor and Sabah. Source of capital is provided to fishermen to build, upgrade and modernise their fishing fleet. With such financial scheme provision, fishermen's fishing capabilities and livelihoods are seen to have improved radically. The scheme is also believed to have inadvertently created the respective regions' fishing economic activities that give rise to associated multiplier effects and socio-economic impact in rural fishing communities.

As of to-date, QL has provided interest free financial assistance to over 2,500 fishermen with a total of more than RM90 million disbursed since financial year 2017:

Table 4: Total amount of interest-free financial assistance

	FY2017	FY2018	FY2019
No. of fishermen	828	798	911
Total amount of interest-free loan (RM)	32,375,903	29,658,835	28,048,893

Sustainability Statement

Encouraging local employment opportunity

Most of QL's manufacturing plants, poultry farms and deep-sea fishing sites are generally located away from the city or town, where there is no proper public infrastructure and facilities. These locales usually lack transportation services and stable-income job opportunities.

Having said so, the out-of-town locations have given us the chance to strengthen the local economy by creating more employment opportunities in the rural areas and the residents can have an improved livelihood.

See below for the number of employment opportunities made available and filled by local community:

Table 5: Number of Local Employment by Levels and % of Local Employment by Levels

Location	FY2018 Local Employment	% Local Employment by Levels			FY2019 Local Employment	% Local Employment by Levels		
		Senior to Middle Management	Executive	Non Executive		Senior to Middle Management	Executive	Non Executive
Pajam, Seremban	152	3.29	7.24	89.47	153	3.92	5.88	90.2
Hutan Melintang, Perak	694	3.02	8.36	88.62	728	2.88	9.2	87.91
Endau, Johor	106	6.6	14.15	79.25	89	8.99	17.98	73.03
Kulai, Johor	127	7.88	23.62	68.5	147	6.8	25.17	68.03
Tawau, Sabah	217	4.61	6.91	88.48	173	6.94	8.09	84.97
Total	1296				1290			

Patriotism and care for the country

In May 2018, the Federal Government set up the "Tabung Harapan Malaysia" trust fund to accept monetary contributions from public who want to show their patriotism for the country by helping to alleviate the repayment of the country's debts.

QL Group contributed RM1 million to the trust fund as our token towards helping to restore the nation's economy. The contribution was motivated by QL's love and patriotism towards Malaysia and a desire to play a role for the betterment of the country.

4.2 Environmental Responsibility

Being a dominant player in the agriculture industry, QL Group is well aware of the importance of recognising its duties and responsibilities in managing waste and effluent. QL is conscious of the solid and liquid substances that are released into the environment from its operations in the form of waste, and taking steps to reduce these as far as possible, while also improving the quality of waste substances that are discharged and recycled in compliance with the required regulations.

Sustainability Statement

4.2.1 Waste and Effluent Management

i. Solid Waste

Hazardous and non-hazardous waste

Scheduled and non-hazardous waste is collected and disposed by licensed waste contractors at our ILF, MPM and POA operations. Our scheduled waste disposal contractors are approved by the Department of Environment Malaysia ("DOE"), in line with both the state and 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 reviews and audits by DOE.

Manure

In ILF, the main environmental issues are odour pollution and appropriate management and disposal of manure. Due to the significant footprint of our operations, waste management is a critical consideration for the long-term growth and sustainability.

In the effort to efficiently manage waste and with the aim of reusing our waste, QL invested in fermentation technology. The fermentation process converts the manure into organic fertiliser, to improve agricultural efficiency and mitigate environmental impacts. The fertiliser is either reused at our operations, or sold to neighbouring farms and plantations. The process is environmentally sound and generates income for the companies.

Table 6: Total amount of manure generated (tonnes) and % of manure converted into fertiliser at QL Poultry Farm Sdn. Bhd.

QL Poultry Farm Sdn. Bhd.	FY2017	FY2018	FY2019
Total amount of manure generated (tonnes)	39,600	38,880	39,000
% of manure converted into fertiliser	56%	78%	90%

Table 7: Total amount of manure generated (tonnes) and % of manure converted into fertiliser at QL Breeder Farm Sdn. Bhd.

QL Breeder Farm Sdn. Bhd.	FY2017	FY2018	FY2019
Total amount of manure generated (tonnes)	148	302	594
% of manure converted into fertiliser	60%	60%	85%

ii. Liquid Waste

Wastewater

Water treatment plants in MPM and POA ensured that all wastewater from our operations were treated before it is discharged in compliance to respective Department of Environment requirements including but not limited to Biochemical Oxygen Demand ("BOD"), Chemical Oxygen Demand ("COD"), Suspended Solids, Oil & Grease.

In MPM, high volumes of wastewater are generated from the food manufacturing processing, and in particular at QL Foods Sdn. Bhd. as it is the largest processor of surimi-based products in QL's MPM pillar.

In FY2019, QL Foods Sdn. Bhd. has increased their wastewater treatment capacity from 2200m³/day to 3600m³/day in line with the increase in production capacity.

Sustainability Statement

Table 8: Total amount of wastewater generated (m³) at QL Foods Sdn. Bhd.

	FY2017	FY2018	FY2019
Total amount of wastewater generated (m ³)	255,956	264,836	309,688

The effluent from POA operations are discussed in the section shown below.

Palm Oil Mill Effluent ("POME")

Primary effluents from our palm oil mills 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 BOD. In FY2019, our operations generated 249,973 tonnes of POME.

Table 9: Total amount of POME generated (tonnes) at QL Plantation Sdn. Bhd.

	FY2017	FY2018	FY2019
Total amount of POME generated (tonnes)	201,580	254,967	249,973

QL Plantation Sdn. Bhd. 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 processed into organic fertiliser. In parallel, the liquid portion goes through secondary and tertiary water treatments, which increase 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 7: Average reading of BOD in POME (mg/L) at QL Plantation Sdn. Bhd.

Sustainability Statement

4.2.2 Climate change and Emissions

In the agro-food industry, QL group depends greatly on climate patterns and seeks to anticipate and effectively respond to its impact. Understanding the importance of balancing efforts in this area with its business activities, QL strives to manage our emissions into air, including odour from our farms.

Climate change

Climate change is exacerbating the challenges faced by the agriculture sector. ILF, MPM and POA 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, causing changes in fish cycles, affecting the health of our poultry layers, and FFB production. We ensure our operations are well-equipped and informed to respond efficiently to extreme weather patterns, as well as reviewing our environmental impact.

Greenhouse gas (GHG) emissions have increased dramatically over the last century, leading to unprecedented atmospheric concentrations of carbon dioxide (CO₂), methane and nitrous oxide (N₂O).

GHG emissions are generated in the course of our operations at each stage at ILF, MPM and POA, 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. We see GHG emissions as a significant contributor to global climate change and are committed to reducing our Scope 1 and Scope 2 emissions.

As discussed above, POA 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.



<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 such as re-use of fibres to fuel boilers at POA.

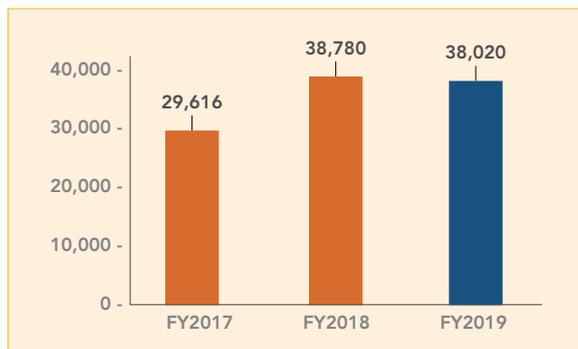


Diagram 8: Total GHG emissions reductions in tonnes of CO₂e as a result of utilisation of the biogas plant at QL Plantation Sdn. Bhd.

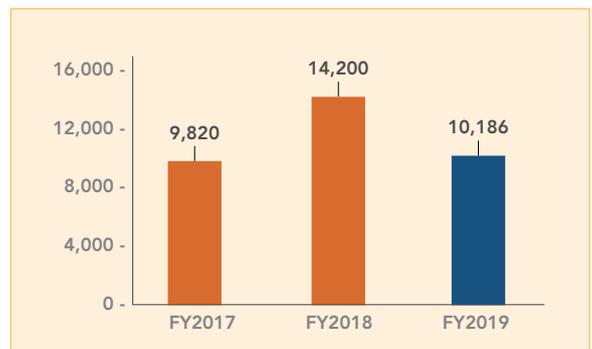


Diagram 9: Total renewable energy produced from biogas plant (MW) at QL Plantation Sdn. Bhd.

Sustainability Statement

Odour management

Odour pollution from manure is a significant area of concern at ILF. To reduce odour emitted from our operations, Closed House System adopted by all our farms with ventilation system consists of fan system, air inlets, evaporative cooling system, temperature control and thermostats.

We utilise fermentation technology to convert the manure into organic fertiliser. A designated deodorising system is installed and utilises microbes to neutralise the odour of the emitted gas to a minimum.

In addition, ILF 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. Our efforts in Odour Management are recognised and acknowledged by Ministry of Agriculture and Agro-based Industry Malaysia. Our poultry farm in Negeri Sembilan was awarded "Outstanding Environmentally Friendly Farm in the Malaysia Poultry Industry Awards 2018".

4.3 Workplace Management

QL fully recognises that our employees form an integral part of the Group's success. Continuously striving to embrace equal employment opportunities at the workplace, we seek to foster a positive and supportive work environment that focuses on engaging our employees in dialogue sessions on their needs, as well as enabling our people to improve and enhance their skill sets.

4.3.1 Fair Labour Practices

Believing that there is strength in diversity, we strive to ensure that our workforce comprising employees with diverse skill sets and experiences are treated with dignity and respect. We ensure that our employees are free from unlawful discrimination; irrespective of nationality, ethnicity, position, religion, age or gender.

Human right practices

Across our Group of businesses consisting of ILF, MPM and POA, we work towards observing and complying with the following human right practices:

- Forced or involuntary labour is prohibited. Employees are free to leave the employment upon having served the notice period as stated in the employment contract.
- Sexual harassment, verbal abuse and other forms of intimidation are strictly prohibited.
- Decent treatment of our foreign workforce by ensuring the well-being and welfare of our foreign workers are being taken care of. We ensure our compliance with the minimum wage act and provide free coverage in terms of accommodation, basic amenities, medical benefits, insurance and the bearing of levy fees.

Diverse workforce

ILF, MPM and POA continue to foster diversity in employment by cultivating an inclusive culture of valuing employees with differing talents and experiences. We continue to hire, support the developments and advancements of our people based on merits and without discrimination on the grounds of age, gender, national origin, ethnicity or any other forms.

Sustainability Statement

Our employee statistics across the three business pillars are illustrated as follows:

ILF

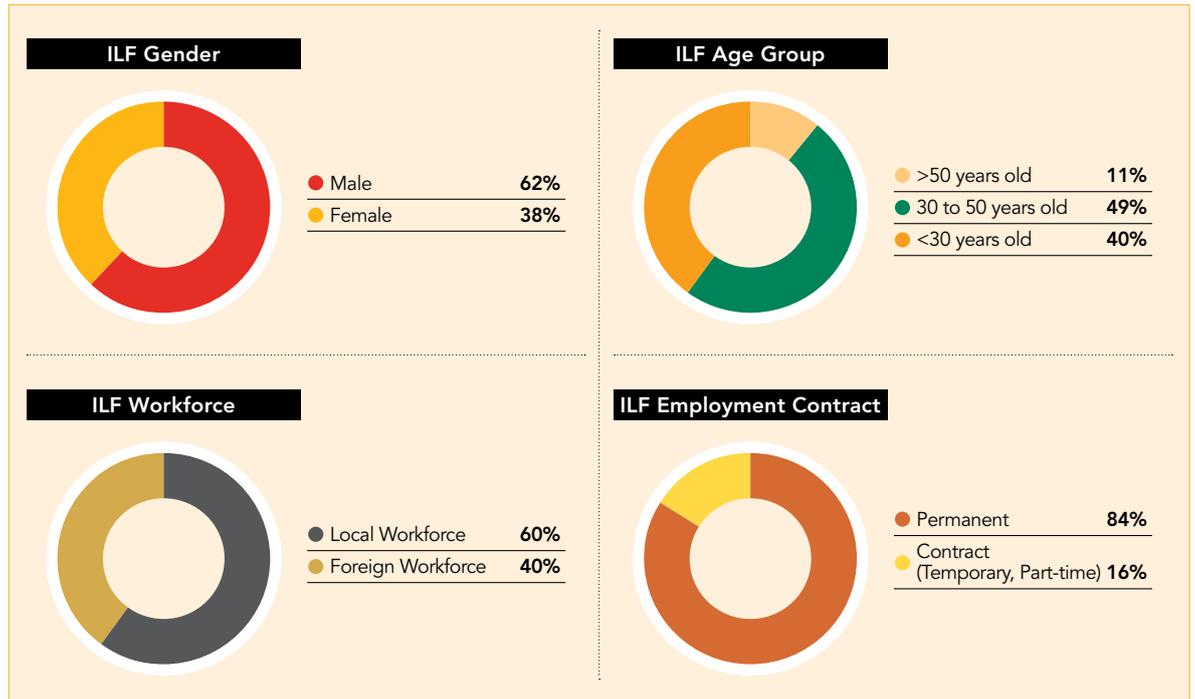


Diagram 10: Employee statistics at Integrated Livestock Farming (ILF)

MPM

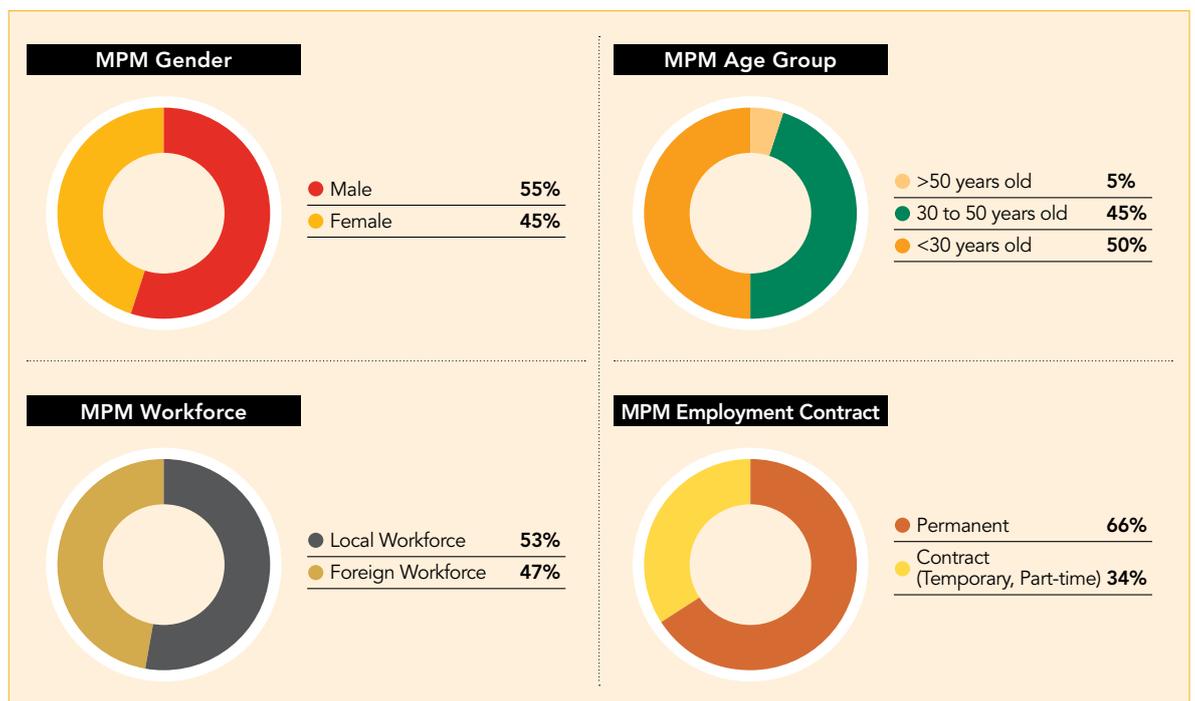


Diagram 11: Employee statistics at Marine Products Manufacturing (MPM)

Sustainability Statement

POA

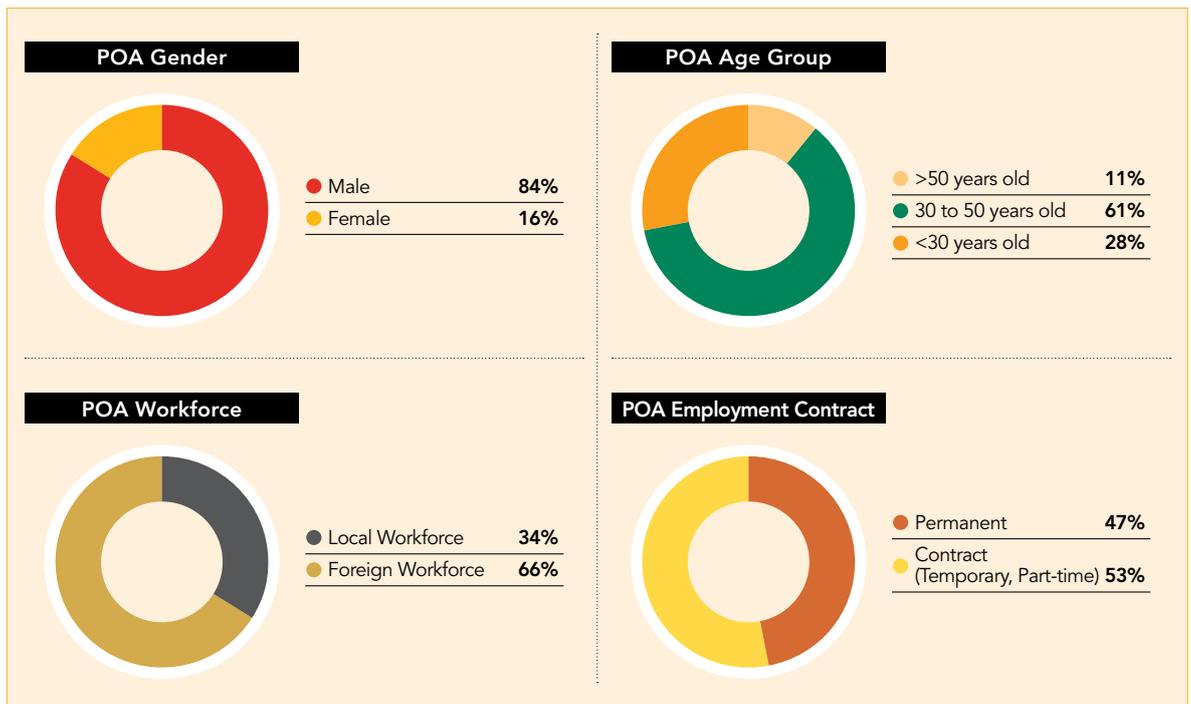


Diagram 12: Employee statistics at Palm Oil Activities (POA)

Occupational safety and health

Across the Group, QL is fully committed to ensuring that the occupational safety and health of all our people at every business site is managed well. This commitment helps us to have a sustainable business with minimal disruption to daily operations and in turn enhance sustainable relationship with our people.

Safe and healthy environment is a key emphasis that is outlined in the QL Code of Conduct.

We are committed to providing a drug-free, safe and healthy work environment. Using or being under the influence of alcohol or illegal drugs whilst at work is strictly prohibited, and smoking is restricted to designated areas.

Our employees are being periodically reminded of their responsibility to comply with our health and safety regulations.

We continuously strive to build a safe and healthy workplace culture through internal controls and processes, safety measures and practices that are being promoted within the workplace. The safety committee in the respective subsidiary plays an active role in promoting safety practices and initiatives, monitoring and ensuring compliance with local regulations.

Sustainability Statement

QL strives to work towards continuously improving our safety performance reporting. This year, we have evolved our safety reporting across sites to report on incident rate as opposed to providing the number of recordable injuries. The change of reporting incident rate is to provide more detailed insights of our safety performance across all sites and across all three business pillars.

The table below summarised the three business pillars safety performance incident rate over the last three financial years based on reportable accidents to Department of Safety and Health (DOSH). The formula of incident rate computation is as per the Notification of Accident, Dangerous Occurrence, Occupational Poisoning and Occupational Disease Form (JKKP 8 (1)/(IV).

Table 10: Incident Rate by Business Pillars

Business Pillars	Incident Rate		
	FY2017	FY2018	FY2019
MPM	5.26	6.90	7.16
ILF	5.43	5.21	2.75
POA	9.39	7.28	0.00

Overall the year-on-year average for the period of FY2017-FY2019, the average incident rate in the ILF and POA business pillars has registered reductions. However, for our MPM business pillar, there was a slight increase of incident rate for the period of FY2017-FY2019. Additionally, across the QL group of businesses, we continue to have zero fatality.

QL Group remains committed to ensuring that all QL sites are accident-free workplace. Among some of the actions taken by the various businesses to improve workplace safety and prevent incidences at the workplace are:

- The OSHA committee members are required to undergo training to better understand and be well equipped on the crucial roles and responsibilities that they play in ensuring all employees observe a high level of work safety standards.
- OSHA committee members are tasked to perform workplace hazard analysis to enhance safety standards and safe work practices.
- New and existing employees are required to undergo safety orientation and yearly safety refresher trainings. Critical task safety refresher trainings such as for chemical handling and safe forklift operating practices are also carried out on a yearly basis.

4.3.2 Occupational Safety and Health Training

In each of our business pillars, we focus on strengthening awareness, educating and encouraging our people to ingrain a Health, Safety and Environment (HSE) mind-set and habit. We embed the importance of this in our awareness briefings and training programmes for our employees.

Sustainability Statement

Below, we illustrate some of the FY2019 HSE (Health, Safety and Environment) awareness briefings and trainings undertaken across our three business pillars. The list below is not exhaustive.

Table 11: Occupational safety and health training at ILF, MPM and POA

Name of Training	Purpose of Training
General Safety Awareness Training for all employees	
Safety Awareness Briefing	Provide toolbox safety briefings to reinforce practising safe working behaviours and in compliance with all safety measures and standards set by QL.
Safety Awareness Training	Cultivate safety culture and reinforce safety awareness to enable safe work habits and to comply with QL safety practices and SOPs, as well as legislative and regulatory requirements.
Ergonomics Training	Raise awareness of ergonomics hazard to reduce exposure to work hazards. Help employees to work right by minimising working in uncomfortable postures and using excessive force to complete a task.
Road Safety Training	Raise awareness of road safety hazards and prevention of road accidents.
Safety Training for employees representing committees (OSHA, ERT, First Aiders)	
Occupational Safety Health Administration (OSHA) Training	Equip committees to better understand and execute their roles and responsibilities to ensure high standards of work safety observed and practised at the workplace.
Emergency Response Team (ERT) Training	Prepare the committees to respond effectively to any emergency situation. Training exercise and drills are practised to help committees better understand and evaluate their abilities to carry out their assigned roles and responsibilities effectively.
First Aid Training	Enable appointed first aiders to understand their responsibilities as a first aiders and skilfully response to situations requiring first aid treatment. Where further medical treatment is required, helps to preserve life until the arrival of medical assistance.
Task Related Trainings specifically when performing and handling critical tasks	
Forklift Operator Training	Safe way in operating a forklift, understanding common forklift hazards, risk management on the operation of a forklift.
Radiation Protection Officer Training	Equip employees with knowledge on the license requirements, regulations and expectations related to Atomic Energy Licensing Act (Act 304). Ensure employees are well prepared on any radiological emergency and have the ability to respond effectively.
Wastewater Treatment Plant Training	Ensure employees understand the process and operations of wastewater treatment plant, as well as the roles of the treatment plant operator, basic treatment processes, characteristics of wastewater and the regulations.
X-ray & Metal Detector Machine	Provide guidance and briefing on the operations of the X-ray & Metal Detector Machine.

4.3.3 Talent Attraction and Retention

QL's human capital goal is to attract, build and retain an engaged, performing, capable and sustainable organisation talent, with pipeline to deliver on our business needs.

In line with our QL values, we place great emphasis on hiring, developing and retaining high-performing talents. We strongly encourage our talents to embrace and embody the QL culture and value of benefitting all in every decision and action.

Sustainability Statement

QL talent retention approach includes providing employees with a competitive remuneration package and offering a suite of benefits that are benchmarked against market practices.

Aside from retaining our employees, QL values long-serving employees who have tirelessly and positively contributed to the ongoing success of our business. Our employees who have attained the achievement milestones based on their service years of 5 years, 10 years, 15 years, 20 years, 25 years and currently up to 30 years are being recognised with the long service award.

Continuously, year after year, QL endeavours to improve and enhance our people practices, to achieve a long term and sustainable success for the entire QL group.

Training and development

QL's sustained business success relies on having capable and competent employees equipped with the relevant knowledge, skills and experiences.

Continuous focus and efforts in growing and enhancing our employees' knowledge, skills and competencies are an essential part of our human capital plans at each of our business units. Our training and development programmes focusing on both the soft and technical skills are identified and carried out by each business unit. Huge emphasis is also given to on-the-job training and coaching.

Across the group, the Leadership Development (LEAD) Programme and Accelerated Learning Process continues to form the cornerstone of our employees' soft skill and talent development. Our LEAD Programme has been designed around the concept of managing self, managing people and managing the business. Participation in specific LEAD courses is based on job level.

In FY2019, across the group, we focused on the development and progress of our talent who are in junior management. A total of 39 Assistant Managers and Senior Executives were identified to undergo an assessment where they completed an online assessment consisting of various case studies or scenarios as well as a personality assessment. The assessment enabled QL to develop existing talents towards the creation of a pool of talent for management roles in the future. Additionally, the assessment helped QL to identify employees' potential early in their career path. Participants of the assessment were also provided with feedback and personalised development actions to enable them to start building leadership capabilities. The participants' development is supported by the LEAD Programme.

Performance and career development review

The Management across the three business pillars provides timely on-the-job feedback to enable employees manage better as well as perform more efficiently and effectively. On top of that, it also allows the Management to evaluate the employees' work performance. In order to achieve this, the Management is often seen on the grounds to supervise and provide immediate feedback to the employees.

The structured appraisal process performed annually encourages a more formal two-way communication between Managers and Employees; to recognise employees' work performance, provide constructive feedback, identify and support required developmental needs. All full-time permanent local employees ranging from Non-Executive to Senior Management are required to undergo the structured appraisal process.

On an annual basis, QL continuously seeks to improve the performance appraisal systems by ensuring that the linkage between work performance and rewards is fairly adjusted, career development discussions and support required to perform the job better are also fairly reflected in each of our employees' performance evaluation. The rewards given to deserving and performing employees are merits-based, with inputs of the performance review.