STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

BOARD'S RESPONSIBILITIES

The Board of Directors ("The Board") acknowledges their responsibility in maintaining a sound system of internal control covering financial and operational controls, compliance and risk management to safeguard shareholders' investments and the Group's assets. In terms of risk management, the Board is responsible for overseeing the risk management framework of the Group and reviewing the effectiveness of the risk management process. The Board sets the tone from the top and the appetite towards managing key risks, nurtures a risk-conscious culture and embeds risk management into the Group's processes and structure.

The Board delegates its oversight responsibility of risk management to the Risk Management Committee, which is to oversee the effective implementation of a robust risk management framework covering a systematic process on risk identification, assessment, mitigation, monitoring and reporting.

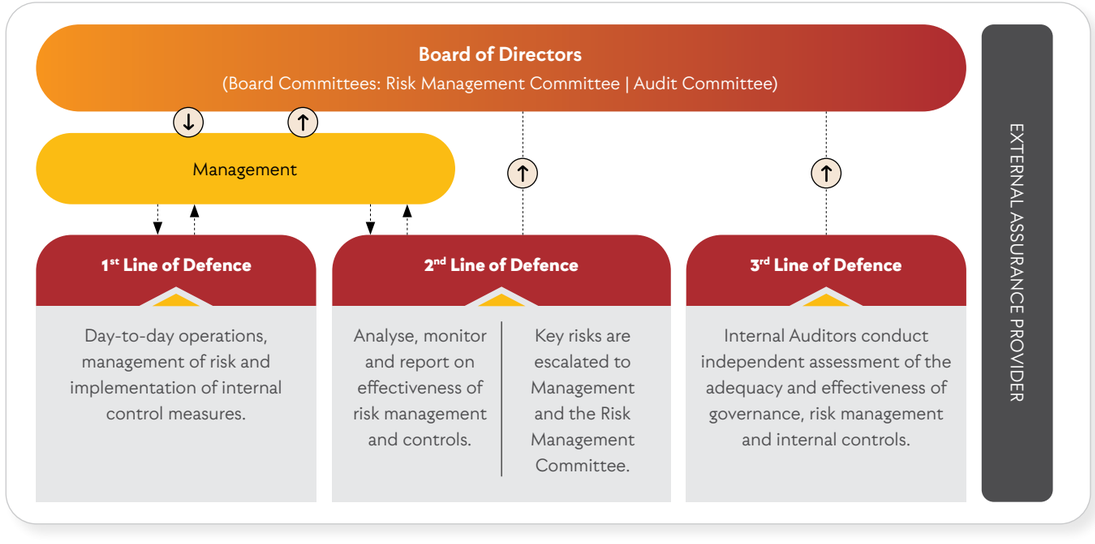
There is an on-going review process by the Board to ensure the adequacy and integrity of the risk management and internal control system. However, the Board recognises that the review of the Group's system of risk management and internal controls is a concerted and continuous process, designed to manage rather than eliminate the risk of failure to achieve business objectives. As such, risk management and internal controls can only provide reasonable and not absolute assurance against material misstatements or loss.

The Group adopts the IIA's Three Lines Model to strengthen governance over risk management and internal control.

The **first line of defence** comprises business operations, which are primarily responsible for identifying, owning and managing inherent risks as well as implementing controls in the course of business.

The **second line of defence** is primarily accountable for monitoring and reporting on the effectiveness of risk management and internal controls to the Management. Responsibilities within the second line include providing checks and balances, as well as monitoring and challenging the way risks are managed and implementation of internal controls by the respective business operations. The second line of defence can be a function within the respective entities, Business Pillar level or Group level, depending on nature and scope of their responsibilities. The Group Risk Management Team ("GRMT") facilitates the risk management process and reports the outcome to Risk Management Committee.

The **third line of defence**, being the Internal Audit, provides objective independent assurance for the AC and the Board on the adequacy and effectiveness of the Group's risk management and internal control system. The Three Lines of Defence is illustrated as below:



The Three Lines Model promotes clear accountability and coordinated assurance responsibilities across the Group.

For the financial year under review, the Board has received assurance from the Executive Committee ("EXCO") and Chief Financial Officer ("CFO") that the Group's risk management and internal control system is adequate and operates effectively in all material aspects, providing reasonable assurance that risks are managed within tolerable ranges. The Executive Committee consists of the Executive Chairman, Group Chief Executive Officer ("Group CEO"), Business Pillars' CEOs, Deputy CEOs and Chief Operating Officers ("COOs").

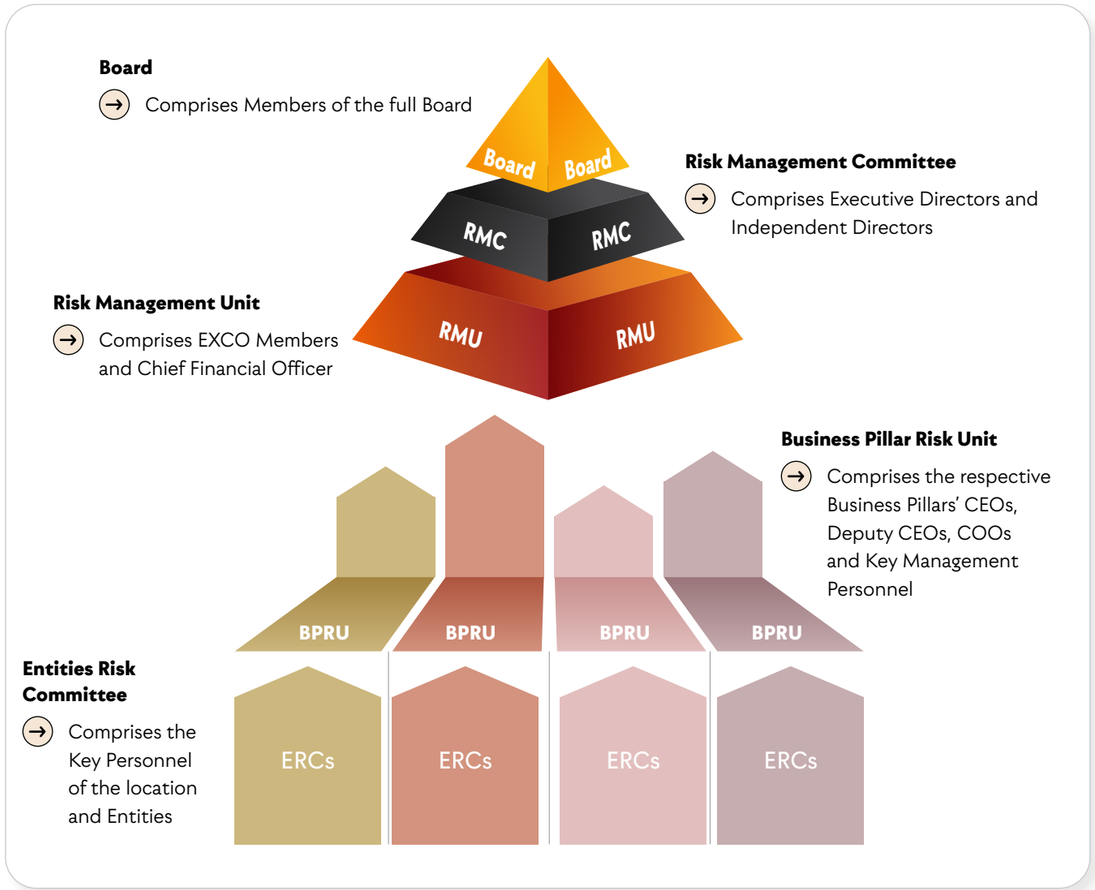
ENTERPRISE RISK MANAGEMENT FRAMEWORK

The Board has established an Enterprise Risk Management ("ERM") Framework that is principally aligned with ISO 31000:2018 – Risk Management Guidelines.

The ERM Framework provides the foundation for managing risks across the Group covering aspects of Economic, Environment, Social, Governance and Technology where internal controls are designed to address and manage the risks identified. The Group's ERM Framework provides a structured approach to risks management, enhancing the Group's ability to make better decisions, improve performance and capitalise on opportunities.

The Framework incorporates the Group's risk appetite and a systematic approach to assess risk likelihood and impact across the Group, Business Pillar, and Entity levels. This is essential to achieving the Group's vision of becoming a preferred global agro-based enterprise by maintaining and implementing relevant controls as well as by translating the principal risks of the business into potential opportunities.

Management is accountable to the Board for risk management and internal control and has implemented processes to identify, evaluate, monitor and report risks in a timely manner. Management promptly mitigates risks through the design and implementation of effective and relevant controls. For the risk management reporting structure, a Risk Management Committee ("RMC"), a Risk Management Unit ("RMU"), Business Pillar Risk Units ("BPRU") and Entities Risk Committees ("ERC") have been established by the Group, as illustrated below:



Risk Management Committee ("RMC")

The members of the RMC comprise Independent Non-Executive Directors and Executive Directors appointed by the Board of Directors. The RMC is responsible for amongst others:

- Creating a high-level risk strategy policy aligned with the Group's strategic business objectives;
- Performing risk oversight and reviewing risk profiles of the Group and organisational performance; and
- Providing guidance on the Group's risk appetite and capacity, and other criteria, which, when exceeded, triggers an obligation to report upwards to the Board.

Risk Management Unit ("RMU")

Chaired by the Group CEO, the RMU comprises the EXCO and CFO and undertakes the following responsibilities:

- Communicating board vision, strategy, policy, responsibilities, and reporting lines to all employees across the Group;
- Identifying and communicating to the RMC the critical risks (present or potential) the Group faces, their changes, and the management action plans to mitigate the risks; and
- Performing risk oversight and reviewing risk profiles (Business Pillar and the Group) and organisational performance.

Business Pillar Risk Unit ("BPRU")

The Marine Products Manufacturing ("MPM"), Integrated Livestock Farming ("ILF"), Convenience Store Chain ("CVS") and Palm Oil Activities ("POA") Business Pillars have formed their respective BPRUs which comprise the Group CEO, Business Pillars' CEOs, Deputy CEOs, COOs and key management personnel. Responsibilities of the BPRU include:

- Reviewing the risks identified by the Entities Risk Committees ("ERC") and consolidated to provide Business Pillar perspective;
- Ensuring consistent application of the ERM Framework including adherence to risk appetite and risk assessment at entity level; and
- Reviewing sufficiency of the mitigation action plans taken by ERCs to address the identified risks and, where deemed appropriate and necessary, initiating additional mitigation actions at the Business Pillar level.

Entities Risk Committees ("ERC")

Cluster of Subsidiaries within the same locations and Business Pillars are managed by the same management team. Each of these clusters forms an ERC and maintains its own risk registers. Overseen by the respective person in charge of the business, HOBU and COO, ERCs perform quarterly reviews of their risk registers to document their risk identification, assessment and mitigation. Residual risks are being assessed for their likelihood and impact based on the criteria defined by the ERM Framework. Key risks such as those that are deemed significant or high are brought up to the BPRU for further review and deliberation.

Further details on how key risk areas are being mitigated are outlined in the "Significant Risks and Opportunities" section on pages 16 to 17.

The Group's Risk Management Team facilitates the risk management process in accordance with the ERM Framework. The ERM Framework is periodically reviewed to ensure that it is effectively implemented and aligned with the requirements of ISO 31000. In addition to facilitation of the ERM process and its reporting, Group's Risk Management Team proactively identifies potential improvement on controls measures and works with Management to enhance mitigation of key risks. The effectiveness of the risk management process is periodically reviewed by the outsourced internal auditor to provide an independent assessment.

INTERNAL CONTROL PROCESS

The key elements of the Group's internal control processes are summarised as follows:

- **Code of Business Ethics and Conduct** was updated and sets out the ethical standards and code of conduct expected of all **employees** in the Group. In addition, **Code of Business Ethics** for **suppliers and business associates** plays a vital role in the supply chain, ensuring ethical conduct and responsible business practices. These Codes are published on QL's website.
- **Delegation of Responsibilities -** The Board has delegated its responsibility to several committees and to the Management of the Company to implement and monitor designated tasks. At the Management level, organisation charts are used to establish a clear line of reporting and delineation of accountabilities, which include internal control responsibilities.
- **Human Capital Management** involves having roles and responsibilities clearly defined in the job description for each position. There is also a systematic process for periodic appraisals of employees' performance comprising criteria of rating and performance indicators to assess personnel productivity, growth and succession planning.
- **Budgetary Process** is a process conducted by the respective entities proposing budgets and capital expenditure ("CAPEX") to be reviewed at business pillar level. The budgets and CAPEX are then submitted to the EXCO for deliberation and consolidated into the Group's budget that will be approved by the Board.
- **Compliance function** is established through appointment of Compliance Executives at various locations under the supervision of the Compliance function based at HQ. They are required to conduct periodic compliance reviews against policies and procedures. This enables Management to monitor the state of compliance within their respective operations.
- **Quarterly Board and Board Committees Meetings** including the Audit Committee and RMC are conducted to review business performance, discuss strategic matters, deliberate on key risks and matters brought up by the Management, Internal and External Auditors. The Board and Board Committees received sufficient and timely information prior to meetings.
- **Authority Limits** are in place to define the level of authority given to various levels of management in making operational and commercial business decisions. The Board has established a Group Framework on Limit of Authority to set out the Group-wide structure of authority limit, and provide guiding principles on the application of Limit of Authority. In addition, the Board Charter defines the matters reserved for collective decision of the Board.
- **Standard Operating Procedures (SOPs)** for business processes are formalised to govern the Group's business operations, embed controls and risk assessment, maintain proper records and process to generate timely and reliable report, uphold compliance with laws and regulations. SOPs are reviewed and revised from time to time to ensure that they remain relevant at all times.
- **Annual Budget and Periodic Performance Review** are undertaken by Management. While the Board approves the annual budget, EXCO meets on a quarterly basis to review performance against the budget to ensure that the business remains on track to achieve the Group's strategic direction.
- **Information and Communications Systems** within the Group include the use of Enterprise Resource Planning ("ERP") system and other systems which capture data and provide management with analysis and reports for performance monitoring. Employees are guided by the Information Technology (IT) policies and procedures such as the IT Security Policy and IT User Guide to ensure the Group's data and information are being safeguarded.
- **Quality Assurance, Control and Monitoring** are undertaken by entities of various business operations. For instance, FamilyMart has QA/QC Teams focusing on food safety and compliance at central kitchens and stores. Internal quality auditors visit various locations to ensure that the quality requirements are complied with. Similarly, various food processing plants have QA/QC Departments doing the same. In addition, at the business pillar level, centralised departments such as the Centre of Excellence Department ("COE") at ILF focuses on the Integrated Livestock Farming's quality assurance.
- **Crisis Management Framework and Plan** are established with reference to ISO 22300:2018 Societal Security – Terminology, Crisis Management to manage unexpected events that may affect the Group's operations in a coordinated and consistent manner. Emergency Response Plans ("ERP") set out the procedures, roles and actions to be taken in the event of an emergency. The ERP covers various scenarios, including fire, chemical spillage, gas leakage, bomb threat, and other emergency scenarios. Emergency simulation exercises such as fire drill and mock product recall are carried out periodically to ensure preparedness and effectiveness of the established procedures.
- **The Group's Corporate Sustainability established QL Sustain Compass to outline the Group's Sustainability Framework and** provides the roadmap to ensure the Group conducts its business responsibly, ethically and sustainably with regard to economic, environmental, social and governance. Sustainability strategies and action plans are developed to ensure effective execution of strategies, while implementation progress is being monitored across the Group to enhance business resilience.
- **Food Safety Standards** are being implemented across the Group to ensure that the products manufactured can be enjoyed safely by customers. The standards include Food Safety System Certification (FSSC) 22000, International Organisation for Standardization (ISO) 22000: Food Safety Management, Hazard Analysis and Critical Control Point (HACCP), Makanan Selamat Tanggungjawab Industri (MeSTI), Malaysian Good Agricultural Practices (MyGAP), Veterinary Health Mark (VHM), Halal Certification and Good Manufacturing Practice (GMP) certifications which build strong food safety culture. Also, they are subject to periodic audit internally & by external parties for renewal of certifications. In addition, technologies are being used to prevent & detect contamination for corrective action.
- **Safety, Health and Environment ("SHE")** are key priorities for the Group, with an aim to create a safe and sustainable working environment. The Group's Occupational, Safety and Health ("OSH") Working Committee provides continuous monitoring to ensure the effective implementation of safety and health policies, processes and procedures across all workplaces. ISO 45001:2018 Occupational Health and Safety Management System certification is being obtained in stages for relevant entities, reflecting and reaffirming the Group's commitment to practices that are aligned with the ISO requirements.
- **Physical Safeguard and Insurance** are undertaken to ensure adequate protection and coverage. Physical control is in place to protect the Group's assets at various locations. Various insurance policies are reviewed annually to ensure that the Group is covered against unwanted events.

- **Regulatory Compliance Function** is established to monitor and facilitate the Group's compliance with relevant regulatory requirements. The function covers key areas including but not limited to Anti-Bribery and Anti-Corruption, Personal Data Protection, Anti-Money Laundering and other related laws and regulations in the jurisdictions where the Group's Entities operate. The function establishes compliance programmes that promote consistent compliance practices to mitigate regulatory risks.

- **Anti-Bribery and Anti-Corruption ("ABAC") Framework** replaced the previous framework after a thorough review by the Board. It continues to reflect and reinforce the Board's tone at the top, underscoring the Group's zero tolerance stance against all forms of bribery and corruption at all times. The ABAC Framework is an improved version of the earlier framework with expansion to cover broader definition of corruption. Policies supporting the Framework include policies on facilitation payments, gifts and entertainment, third party travel, donation and sponsorship, business rewards, rebates, commissions, or other incentives. A copy of the new ABAC Policy is published on QL's website.

- **Personal Data Protection Policy** is in place to uphold high standards of personal data protection in compliance with the Personal Data Protection Act and its regulation. The Group's Data Protection Officer ("DPO") has been appointed to strengthen the Group-wide governance over personal data protection and to oversee the implementation of the compliance programme. The Group DPO is supported by Data Protection Personnel appointed at respective Entities.

- **Whistleblower policy** was also enhanced whereby anyone who has a genuine concern on wrongdoing, corruption or improper conduct can use the confidential channels laid out in the policy which is available on QL's website and make a report.

In addition, effectiveness of the internal controls system is being reviewed by Internal Auditors from time to time for Board to maintain oversight and assurance. The Board gains insights on the state of risk management and internal control by actively evaluating and assessing the internal audit, risk and compliance reporting. When evaluating the soundness of internal control process, the Board assesses the nature and extent of the corresponding risk, its likelihood and impact as well as the ability to mitigate and manage the risk impact effectively.

REVIEW OF THIS STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Audit and Assurance Practice Guide ("AAPG") 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants for inclusion in the Annual Report of the Group for the year ended 31 March 2026. The external auditor reported to the Board that nothing has come to their attention that causes them to believe that the Statement intended to be included in the Annual Report of the Group, in all material respects:

a. has not been prepared in accordance with the disclosures required by section 7 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Companies, or
b. is factually inaccurate.

AAPG 3 does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board of Directors and management thereon. The auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the Annual Report will, in fact, remedy the problems.

CONCLUSION

The Board is of the view that the risk management and internal control systems that are in place for the year under review and up to the date of approval of this Statement are adequate and effective to safeguard shareholders' investments and the Group's assets.

There have been no significant breakdowns or weaknesses in the system of internal control of the Group for the financial year under review. The Group continues to take the necessary measures to ensure that the system of internal control is in place and functioning effectively.

The Group's risk management and system of internal control applies to QL Resources Berhad and its subsidiaries. However, for the subsidiary listed on the Main Market of Bursa Malaysia Securities Berhad i.e. BM GreenTech Berhad, it is governed by its own risk management framework and the Group's oversight function is served through representation on the Board of the listed subsidiary. While associate companies have been excluded as the Group does not have full management and control over them, the Group's interests are represented through board membership in the respective associate companies.

This Statement on Risk Management and Internal Control was approved by the Board on 10 July 2026.