

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 7084  
**COMPANY NAME** : QL Resources Berhad  
**FINANCIAL YEAR** : March 31, 2023

## OUTLINE:

### **SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE**

*Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.*

### **SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA**

*Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.*

## SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

*Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.*

### Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.1

The board should set the company's strategic aims, ensure that the necessary resources are in place for the company to meet its objectives and review management performance. The board should set the company's values and standards, and ensure that its obligations to its shareholders and other stakeholders are understood and met.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>QL is led by an experienced and dynamic Board, which is ultimately responsible for establishing all strategies and policies relating to the running of QL. With its balanced Board composition comprising experienced and effective Executive Directors and Independent Non-Executive Directors, the Board plays a pivotal role in the stewardship of the Group and ultimately enhancing shareholders value.</p> <p>The Board's role is to govern QL rather than to manage it. In governing QL, the Board delegates and confers some of its authorities and discretion to the Executive Chairman, Group Managing Director and Board Committees. The Board Committees comprise Audit Committee, Risk Management Committee, Nominating Committee, Remuneration Committee as well as Executive Committee. Through its Committees, the Board provides effective oversight of the Management's performance, risk assessment and controls over business operations, and compliance with regulatory requirements. The Board is responsible for determining the nature and extent of the principal risks it is willing to take in achieving its strategic objectives.</p> <p>In addition, the Board is also responsible for formulating and reviewing the Group's strategic plans and key policies, and charting the course of the Group's business operations. Annually, the Board has a dedicated strategy planning session, whereby the Management presents to the Board its recommended strategy and proposed business and regulatory plans for the following year. The Board at its meeting held in May 2022, considered the progress of the FY2023-2027 Plan, and deliberated on the focus areas for FY2023 as well as the required catch-up strategy from the Management.</p> <p>The principal responsibilities of the Board include the following:</p>

	<ul style="list-style-type: none"> <li>• to review and adopt strategic plans which includes strategies on economic, environmental and social considerations underpinning sustainability of the Group’s business;</li> <li>• to oversee the conduct of the Group’s businesses and evaluate whether or not the businesses are being properly managed;</li> <li>• to identify principal business risks faced by the Group and ensure the implementation of appropriate systems to manage these risks;</li> <li>• to consider and implement succession planning, including appointing, training, fixing the compensation of and, where appropriate, replacing members of the Board and Senior Management;</li> <li>• to develop and implement an investor relations programme or shareholder communications policy for QL;</li> <li>• to review the adequacy and the integrity of the Group’s internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines;</li> <li>• to promote good corporate governance culture together with Senior Management within QL for reinforcing ethical, prudent and professional behaviours;</li> <li>• to review, challenge and decide on Management’s critical proposals for QL, and oversee its implementation by Management;</li> <li>• to promote a culture of integrity and ethical business throughout the Group which includes conscious efforts to manage bribery and corruption risks;</li> <li>• to ensure the Group’s vision and long-term business strategy include considerations of ethical business practices;</li> <li>• to determine the Group’s stance on anti-bribery;</li> <li>• to ensure the establishment of an internal control system, including Framework, which provides reasonable assurance that the Group’s bribery risks are managed;</li> <li>• to review the Whistleblowing Policy periodically and at least once in three (3) years;</li> <li>• to ensure that all its directors are able to understand financial statements and form a view on the information presented;</li> <li>• to review the business plans and budgets of the Group, including monitoring the entire Group’s performance; and</li> <li>• to review code of conduct, risk management, anti-corruption, whistleblowing and sustainability within the Group, including monitoring their compliance or performance, as appropriate, based on information furnished by the Group.</li> </ul> <p>The roles and responsibilities of the Board and individual Directors are clearly defined in the Company’s Board Charter, which is published on QL’s website at <a href="https://ql.com.my/corporate-governance/">https://ql.com.my/corporate-governance/</a>.</p>
<b>Explanation for departure</b> :	

*Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.*

<b>Measure</b> :		
<b>Timeframe</b> :		

**Intended Outcome**

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

**Practice 1.2**

A Chairman of the board who is responsible for instilling good corporate governance practices, leadership and effectiveness of the board is appointed.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>Dr. Chia Song Kun, the Executive Chairman of the Board, is responsible for instilling good corporate governance practices, leadership and effectiveness of the Board.</p> <p>During his tenure, the Chairman played an instrumental role in steering the Board to ensure smooth functioning of the Board and put in place procedures and processes to facilitate effective conduct of business of the Board. He also ensured that decisions were taken on a sound and well-informed basis, and any concern or dissenting view expressed by any Director on any matter deliberated at meetings of the Board or any of its Committees (as well as the meeting decisions) was addressed and duly recorded in the relevant minutes of the meetings.</p> <p>In addition, the Chairman cultivated a healthy working relationship with the Group Managing Director and provided the necessary support and advice as appropriate. He demonstrated high standards of corporate governance practices, provided effective communication with stakeholders and ensured that their views were communicated to the Board as a whole.</p> <p>Detailed roles and responsibilities of the Chairman are clearly defined in the Company's Board Charter, which is published on QL's website.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.3

The positions of Chairman and CEO are held by different individuals.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>Dr. Chia Song Kun is the Executive Chairman of QL, whereas Mr. Chia Song Kooi is the Group Managing Director ("GMD"). Profiles of Dr. Chia Song Kun and Mr. Chia Song Kooi are set out at page 78 and 79 of QL's Integrated Annual Report 2023.</p> <p>In this transition stage, Dr. Chia Song Kun is still an active Chairman in leading the Group's business including the day-to-day management and is ultimately accountable to the Board of Directors for QL Group's performance. It is in QL's succession planning that Mr. Chia Song Kooi will gradually take over the full role of the day-to-day management of the Group. In view of the Movement Control Order (MCO), the succession planning process for GMD to spearhead the business and day to day management of the Company was delayed and the process has now kick started and is targeted to be completed by FY2024.</p> <p>While for the time being the Chairman is executive, the Board is of the view that there are sufficient experienced and independent Directors on the Board. Currently, there are seven (7) Independent Non-Executive Directors ("INED") representing 53.85% of the Board (excluding the Alternate Directors). With a majority of INED, the Board collectively would be able to function independently of management and this also allows for effective oversight of the management as well as to support objective and independent deliberation, review and decision making.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	The Board, through its Nominating Committee, conducts assessment on the Board, Board Committees and individual directors in every financial year, including the role and responsibilities of the Chairman. In addition, the Board takes measures to evaluate the appropriateness of the Executive Chairman and GMD to ensure that the roles undertaken will continue to be in the interests of QL and its shareholders as a whole.
<b>Timeframe</b>	:	Within one (1) year.

### Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.4

The Chairman of the board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>	
<b>Application</b>	: Departure
<b>Explanation on application of the practice</b>	:
<b>Explanation for departure</b>	: Dr. Chia Song Kun, the Board Executive Chairman of QL, is not a member of the Audit Committee, Nominating Committee and Remuneration Committee (collectively referred to as "the Committees").  Invitations are extended to Dr. Chia for him to participate in the meetings of the Committees. The Board views that his presence in the meetings will not breach the check and balance as well as objective review by the Board on the agendas/matters presented during the said meetings, but instead guide the Board to undertake objective review as well as to facilitate meaningful deliberation on relevant motions. Moreover, his presence in the meetings of the Committees will not impair the objectivity of the Chairman and the Board when deliberating on the observations and recommendations put forth by the Committees.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	: Once the Group Managing Director takes over the role of the Group's Chief Executive, he will be invited to attend the Board Committees meeting to provide the relevant input, insights and feedback.
<b>Timeframe</b>	: Within one (1) year.

## Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.5

The board is supported by a suitably qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices.

<b>Application</b> :	Applied
<b>Explanation on application of the practice</b> :	<p>The Board has ready and unrestricted access to the advice and services of the Company Secretary for discharging its duty effectively. The Company Secretary of QL Group of companies incorporated in Malaysia is an Associate member of the Malaysian Institute of Chartered Secretaries and Administrators (“MAICSA”) and is qualified to act as company secretary under Sections 235(2) and 241 of the Companies Act 2016.</p> <p>The primary responsibilities of the Company Secretary include:</p> <ul style="list-style-type: none"><li>• ensuring that Board procedures and applicable rules are observed;</li><li>• advising the Board on its roles and responsibilities;</li><li>• facilitating the orientation of new Directors and assisting in Directors’ training and development;</li><li>• maintaining records of the Board and ensuring effective management of the Company’s records;</li><li>• managing all Board and Board Committees meeting logistics, attending and preparing comprehensive minutes to document Board and Committee proceedings and ensuring conclusions are accurately recorded;</li><li>• advising the Board on corporate disclosures and compliance with company and securities regulations and listing requirements;</li><li>• managing processes pertaining to the annual shareholder meeting;</li><li>• monitoring corporate governance developments and assisting the Board in applying governance practices to meet the Board’s needs and stakeholders’ expectations;</li><li>• serve as a focal point for stakeholders’ communication and engagement on corporate governance issues; and</li><li>• carrying out other functions as deemed appropriate by the Board from time to time.</li></ul> <p>The Board is regularly updated and informed of any relevant regulations and guidelines issued by the regulatory authorities. The Company Secretary gives clear and sound advice on the measures to be taken and requirements to be observed by QL and the Directors arising from new requirements issued by the regulatory authorities. The Company Secretary briefs the Board on proposed contents and timing of material announcements to be made to Bursa Malaysia Securities Berhad (“Bursa Securities”). She also serves notices to the Directors and Principal Officers on the closed periods for trading in QL’s shares, in accordance with the black-out periods for dealing in QL’s securities pursuant to the Main Market Listing Requirements of Bursa Securities.</p>



The Company Secretary attends and ensures that all Board meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are maintained in the minutes book at the registered office of QL. The Company Secretary is also responsible for the operations of the secretariat functions, including lodgement with relevant statutory and regulatory bodies, the administration of Board and Board Committee meetings.

The Board, through the Nominating Committee, reviews the training needs of the Directors annually. Each Director is required to attend at least one (1) training per financial year. To comply with this requirement, the Secretariat assists in facilitating the coordination of the training programmes and Directors' attendance of external seminars and programmes, and compiles records of the training received by the Directors.

During the financial year ended 31 March 2023, the training programmes, seminar and briefings attended by Directors were as follows:

<b>Name</b>	<b>Seminar/Course</b>	<b>Organiser</b>
Dr. Chia Song Kun	Driving Responsible and Sustainable Value Creation through Governance	Securities Industry Development Corporation
Mr. Chia Song Kooi	Net Zero Emissions	Malaysian Institute of Corporate Governance ("MICG")
	Sustainable, Socially Responsible and Ethical PLCs: Guidebook 2 Highlights	Bursa Malaysia
	International Directors Summit	Institute of Corporate Directors Malaysia ("ICDM")
	National Biomas Action Plan 2022-2025 Focus Group Discussion	Ministry of Plantation and Commodities
	Safety Leadership Training	QL in-house training
Mr. Chia Seong Pow	Key Amendments to the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") relating to Director Appointment, Independence and Other Amendments	COSPEC Management Services Sdn. Bhd.
	Net Zero Emissions	MICG
	Sustainable, Socially Responsible and Ethical Plcs: Guidebook 2 Highlights	Bursa Malaysia

		International Directors Summit	ICDM
		Amendments to the MMLR of Bursa Securities in relation to Enhanced Sustainability Reporting Framework	COSPEC Management Services Sdn. Bhd.
		Safety Leadership Training	QL in-house training
	Mr. Chia Seong Fatt	East Malaysia Palm & Lauric Oils Price Outlook Conference & Exhibition (emPOC2022)	Bursa Malaysia
		Board's At-A-Glance: Bursa Malaysia's Enhanced Sustainability Reporting Framework	ICDM
		Safety Leadership Training	QL in-house training
		Section 17A Malaysian Anti-Corruption Commission Act 2009 & Adequate Procedures	Suruhanjaya Syarikat Malaysia ("SSM")
	Mr. Chia Song Swa	Safety Leadership Training	QL in-house training
		Section 17A Malaysian Anti-Corruption Commission Act 2009 & Adequate Procedures	SSM
	Mr. Chia Mak Hooi	Key Amendments to the MMLR of Bursa Securities relating to Director Appointment, Independence and Other Amendments	COSPEC Management Services Sdn. Bhd.
		Amendments to the MMLR of Bursa Securities in relation to Enhanced Sustainability Reporting Framework	COSPEC Management Services Sdn. Bhd.
		Safety Leadership Training	QL in-house training
	Mr. Cheah Juw Teck	Artificial Intelligence (AI) for Company Directors and Executives	MICG
		Safety Leadership Training	QL in-house training
	Mr. Chia Lik Khai	Safety Leadership Training	QL in-house training
		Developing a Holistic Enterprise Risk Management Framework	MICG

		Hydrogen Economy Seminar - Building A Sustainable Ecosystem in Shaping the Future of Energy, Materials & Infrastructure	Malaysian Investment Development Authority (MIDA)
	Mr. Low Teng Lum	AOB Conversation with Audit Committees	Audit Oversight Board ("AOB")
	Datin Paduka Setia Dato' Dr. Aini binti Ideris	AOB Conversation with Audit Committees	AOB
		International Directors Summit	ICDM
		ESG and Sustainability Reporting	The Malaysian Institute of Chartered Secretaries and Administrators
	Ms. Kow Poh Gek	AOB Conversation with Audit Committees	AOB
		Governance in Groups	Asia School of Business
		Assessment of the Board, Board Committees & Individual Directors	MICG
		PLC Transformation Programme - Guidance 2 Highlights	Bursa Malaysia
		International Directors Summit	ICDM
		Amendments to the MMLR of Bursa Securities in relation to Enhanced Sustainability Reporting Framework	COSPEC Management Services Sdn. Bhd.
	Ms. Chan Wai Yen, Millie	AOB Conversation with Audit Committees	AOB
		Plan Your ESG Journey: Lessons for the Boardroom	ICDM
		Why Investors Care About ESG	ICDM
		Sustainability & Its Impact on Organizations-What Directors Need to Know	Asia School of Business
		PowerTalk ESG Series #4 – ESG Disclosure At a Glance: Key Developments and Future Trends	ICDM

		PowerTalk ESG Series #5 – Climate Change and Carbon: From the Financial Risk & Reporting Perspectives	ICDM
		PowerTalk ESG Series #6 – Characteristics of ESG & Sustainability Leadership	ICDM
		International Directors Summit	ICDM
		Board’s At-A-Glance: Bursa Malaysia's Enhanced Sustainability Reporting Framework	ICDM
	Ms. Cynthia Toh Mei Lee	AOB Conversation with Audit Committees	AOB
		Managing Whistleblowing and Conducting Effective Internal Corporate Investigations	Malaysian Institute of Accountants
		ESG Briefing	Unitrade Industries Berhad in-house training
	Mr. Wee Beng Chuan	AOB Conversation with Audit Committees	AOB
		Assessment of the Board, Board Committees & Individual Directors	MICG
		Advocacy Session on the Continuing Disclosure Requirements & Corporate Disclosure Policy of the Listing Requirements	Bursa Malaysia
		How to Raise Funds with Sustainable Bonds	Boardroom Corporate Services Sdn. Bhd.
		Tax and Business Summit 2022	KPMG
	Madam Tan Ler Chin, Cindy	How to start your Sustainability journey- Climate Governance Malaysia	Bursa
		AOB Conversation with Audit Committees	AOB
		Exposure Draft on Climate Risk Management and Scenario Analysis	Affin Bank / Affin Islamic

		Forum on Professional Skepticism for Risk Managers	Institute of Enterprise Risk Practitioners (IERP)
		Islamic Finance for Board of Directors Programme	International Shari'ah Research Academy (ISRA)
		Cyber Security – What Directors need to know	MSWG
		Board Strategy & Risk Management Oversight	ICDM
		BNM FIDE Core Programme – Banks (Module A and B)	Asia School of Business
		BNM's Climate Change and Principle Based Taxonomy Policy	Affin Bank / Affin Islamic
		Sustainability, Social Responsible and Ethical PLCs: Guidebook 2 Highlights	Bursa Malaysia
		Anti Bribery Course, Management System Virtual Awareness Training	BDO Malaysia
		Anti-Money Laundering/ Counter Terrorist Financing Briefing	Affin Bank / Affin Islamic
		Khazanah Megatrend	Khazanah Nasional Berhad
		The Future of Digital Assets, Opportunities, Market Trends & Regulations	DBS Group
		Board Oversight Role on Bursa's Enhanced Sustainability Reporting Framework	ICDM
		Related Party Transactions and Conflict of Interest, including the "Arms-Length" Definition on Transactions – Implications to the Board, Audit Committee, Management and Auditors	MICG
<b>Explanation : for departure</b>			

*Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.*

<b>Measure</b> :		
<b>Timeframe</b> :		

### Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.6

Directors receive meeting materials, which are complete and accurate within a reasonable period prior to the meeting. Upon conclusion of the meeting, the minutes are circulated in a timely manner.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The annual meeting calendar is circulated in advance prior to each new year to facilitate Directors' planning. The calendar provides Directors with scheduled dates for meetings of the Board and Board Committees, the Annual General Meeting and the Group's strategy planning presentation.</p> <p>The Chairman, in consultation with the Group Managing Director and the Company Secretary, undertakes the primary responsibility for preparing the Board's agenda. The notice of Board meetings are sent via email to the Directors at least seven (7) days prior to a meeting. The same notification is sent to the relevant Management, which includes the deadlines for submission of meeting materials, i.e., at least five (5) working days prior to the meeting. Upon receipt from the Management, the Secretariat ensures that the meeting materials are circulated as soon as practicable.</p> <p>Prior to each Board meeting, each Director will be provided with Board papers with necessary information that are accurate, clear and comprehensive to enable informed decision making. In addition, Board members can seek further advice or clarification from Management when required.</p> <p>Minutes are prepared following the Board meeting and are circulated in draft form to the Board members for comments within 30 days after the meeting to ensure that the minutes accurately reflect the deliberations and decisions of the Board. The Directors will revert with comments, if any, to the draft minutes within fourteen (14) working days after the minutes are circulated. The draft minutes will be re-circulated with the Board papers in readiness for signing at the following meeting.</p> <p>The Company Secretary will extract the relevant part of the draft minutes of meetings and communicate the same to the respective Management for appropriate actions to be taken. Subsequently, the Company Secretary will follow up with the Management on the status of actions taken for updating the Board. Action items would stay as matters arising in the minutes of meeting until resolved.</p>

<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		



### Intended Outcome

There is demarcation of responsibilities between the board, board committees and management.

There is clarity in the authority of the board, its committees and individual directors.

### Practice 2.1

The board has a board charter which is periodically reviewed and published on the company's website. The board charter clearly identifies–

- the respective roles and responsibilities of the board, board committees, individual directors and management; and
- issues and decisions reserved for the board.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>QL has established a Board Charter which serves as QL's corporate governance policy that defines the respective roles, responsibilities and authorities of the Board, both individually and collectively. It sets out amongst other things, the key values, principles and ethos of QL.</p> <p>In addition, the Charter is also designed to provide guidance and clarity for Directors and Management regarding the following:</p> <ul style="list-style-type: none"><li>• roles and responsibilities of the Board and its Committees; and</li><li>• the requirements of Directors in carrying out their stewardship role and in discharging their duties towards QL as well as the Board's operating practices.</li></ul> <p>Terms of Reference of the Board Committees together with the matters reserved for collective decision of the Board are attached as appendices in the Charter, which clearly set out the delegation of authority by the Board to the Committees and those key matters specifically reserved for the Board's approval.</p> <p>The Board undertakes to review the Charter regularly. In August 2021, the Board reviewed and approved certain revisions to the Board Charter for consistency with the Board's objectives and relevant standards of corporate governance. A copy of the revised Board Charter is available at QL's website at <a href="https://ql.com.my/corporate-governance/">https://ql.com.my/corporate-governance/</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	

<b>Timeframe</b>	:		
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### Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

### Practice 3.1

The board establishes a Code of Conduct and Ethics for the company, and together with management implements its policies and procedures, which include managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering.

The Code of Conduct and Ethics is published on the company's website.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>QL has in place Code of Business Ethics and Conduct ("Code") which is dedicated in maintaining the high standards of excellence, honesty and integrity amongst its workforce and in every business activity. It is formulated to enhance the standards of corporate governance and corporate behaviour with the intention of achieving the following aims in QL Group:</p> <ul style="list-style-type: none"><li>• to establish a standard of ethical behaviour for Directors, Senior Management and employees of companies in the QL Group based on trustworthiness and values that are acceptable;</li><li>• to uphold the spirit of responsibility and social responsibility in line with existing rules, regulations and guidelines for administrating a company; and</li><li>• to formalise and inculcate ethical values through the Code and ensure its implementation and compliance.</li></ul> <p>In order to reinforce ethical values as part of good corporate governance culture under its leadership, the Board reviews the Code periodically. During the financial year ended 31 March 2022, the Board has reviewed and approved the Code which cover the following overarching areas of practices:</p> <ul style="list-style-type: none"><li>• Providing a safe and healthy environment;</li><li>• Proper use of the Group's property;</li><li>• Maintaining accurate and complete records and information;</li><li>• Respecting proprietary and confidential information;</li><li>• Conducting business in compliance with laws;</li><li>• Fair dealing with others;</li><li>• Fair opportunities;</li><li>• Disclosure on conflicts of interests;</li><li>• Insider trading;</li><li>• Anti-bribery and corruption; and</li><li>• Anti money laundering.</li></ul>

	<p>Management has communicated the Code to all new Directors and employees during induction programme and all of them are required to acknowledge that they have read and fully understood the Code. Otherwise, new Directors and employees are required to inform the Board and respective managers or heads of department accordingly, if they have not or are unable to fulfil any section of the Code. The Code is accessible at QL's corporate website.</p> <p>Following the amendments to the listing requirements of Bursa Malaysia Securities Berhad relating to anti-corruption measures, the Board had in May 2020, adopted and approved the Anti-Bribery framework which include the Anti-Bribery policy and Whistleblower policy guided under Section 17A of the Malaysian Anti-Corruption Commission Act 2009, for QL and its subsidiaries. The Anti-Bribery policy and Whistleblower policy were published at QL's corporate website.</p>	
<p><b>Explanation for departure</b></p>	<p>:</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p><b>Measure</b></p>	<p>:</p>	
<p><b>Timeframe</b></p>	<p>:</p>	

### Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

### Practice 3.2

The board establishes, reviews and together with management implements policies and procedures on whistleblowing.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board recognises the importance of whistleblowing and is committed to maintaining the highest standards of ethical conduct within the Group. Therefore, the Whistleblower Policy (“WP”) has in place as an avenue for all Directors, officers, Senior Management and employees of QL Group (“Persons”) to report in good faith, any breach or suspected breach of any law or regulation, the Group’s policies and guidelines, business principles and any other wrongful activities or wrongdoings, in a safe and confidential manner without any fear of reprisal.</p> <p>A dedicated channel of reporting has been set up, of which the Executive Chairman and Group Managing Director of QL, were appointed by the Board as the Prescribed Persons as well as the Chairman of the Audit Committee and an Independent Non-Executive Director to ensure effective implementation of the Policy. The Persons can report their disclosure to the dedicated contacts as stated in the Policy. The Prescribed Persons will assess the disclosure to determine whether it is related to a wrongdoing or excluded from the scope of the Policy.</p> <p>The Board gives assurance that whistleblower will be protected from reprisal within the Company and their identity is kept confidential for any disclosure made in good faith.</p> <p>Subsequently and consequent to the new Section 17A of the Malaysian Anti-corruption Commission (Amendment) Act 2018 relating to corporate liability for corruption, which was implemented from 1 June 2020 onwards, the Board has reviewed and approved a revised WP to extend the procedures for disclosure or reporting for whistleblower. A copy of the WP is available at QL’s corporate website.</p>
<b>Explanation for departure</b>	:	

*Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.*

<b>Measure</b> :		
<b>Timeframe</b> :		

**Intended Outcome**

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

**Practice 4.1**

The board together with management takes responsibility for the governance of sustainability in the company including setting the company’s sustainability strategies, priorities and targets.

The board takes into account sustainability considerations when exercising its duties including among others the development and implementation of company strategies, business plans, major plans of action and risk management.

Strategic management of material sustainability matters should be driven by senior management.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>One of the principal responsibilities of the Board is to review and adopt strategic plans which includes strategies on economic, environmental and social considerations underpinning sustainability of the Group’s business.</p> <p>The Board and Executive Committee review the Company’s sustainability performance in addressing the Company’s material sustainability risks and opportunities. A Sustainability Steering Committee (“SSC”), chaired by the Group Managing Director and comprises Head of Business Units and Business Functions was set up to steer the Group’s sustainability efforts. The SSC is assisted by the Sustainability Reporting Working Group to guide and monitor QL’s sustainability performance across businesses. In addition, the business units have established their own governance structures with working group to lead the implementation of sustainability initiatives within their businesses.</p> <p>Moreover, a Corporate Sustainability Senior Manager was appointed as a designated person to oversee and apply ESG (Environmental, Social and Governance) reporting framework and standards.</p> <p>In addition, sustainability progress in terms of ESG was reported to the Board on a quarterly basis.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		

<b>Measure</b>	:		
<b>Timeframe</b>	:		



### Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

### Practice 4.2

The board ensures that the company's sustainability strategies, priorities and targets as well as performance against these targets are communicated to its internal and external stakeholders.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Sustainability Statement in QL's Integrated Annual Report 2023 aims to communicate QL's commitment to sustainability, activities and progress to QL's stakeholders. It provides comprehensive information on sustainability management and performance towards QL's Environmental, Social and Governance ("ESG") strategies, performance, commitments and targets.</p> <p>The Sustainability Statement is prepared in accordance with the Global Reporting Initiative Standards ("GRI Standards") and adopted the content elements of the International Integrated Reporting &lt;IR&gt; Framework, in line with Bursa Malaysia Securities Berhad's ("Bursa Securities") recommendation.</p> <p>During FY2023, QL has conducted a materiality review on the relevant material matters by engaging with both internal and external stakeholders. QL sought their views in relation to the ESG topics which are important to QL. To ensure that the material matters consider external factors, QL conducted gap analysis against S&amp;P and MSCI ratings. In addition, discussions were held with the Sustainability Steering Committee and key internal stakeholders to evaluate and determine the importance of the identified material matters to QL.</p> <p>Meanwhile, in order to continuously improve QL's sustainability performance and approach, QL is committed to listening to its stakeholders' valued feedback, whereby stakeholders are encouraged to direct any of their questions, comments or feedback through a dedicated channel at <a href="mailto:esg@ql.com.my">esg@ql.com.my</a>.</p> <p>More detailed description of the sustainability activities and progress of QL are stated in the Sustainability Statement from page 28 to 76 of QL's Integrated Annual Report 2023.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

**Practice 4.3**

The board takes appropriate action to ensure they stay abreast with and understand the sustainability issues relevant to the company and its business, including climate-related risks and opportunities.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>QL has a Sustainability Steering Committee, chaired by the Group Managing Director to support the Executive Committee which then reports to the Board in steering the Group’s sustainability efforts. Moreover, a Corporate Sustainability Senior Manager was appointed as a designated person to oversee the sustainability issues of QL Group and provide periodic insights on how sustainability matters have been integrated in the Group’s day-to-day operations.</p> <p>The Board members have been attending trainings and conferences to stay abreast and to understand the sustainability issues.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

### Practice 4.4

Performance evaluations of the board and senior management include a review of the performance of the board and senior management in addressing the company's material sustainability risks and opportunities.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>			
<b>Explanation for departure</b>	:	The Nominating Committee has conducted performance evaluation of the Board of QL in relation to environmental, social and governance ("ESG") matters for financial year 2023 in making decisions towards QL's material sustainability risks and opportunities.  Whereas for the performance of senior management, the Remuneration Committee together with the Sustainability Steering Committee will establish a set of Key Performance Indicator ("KPI") to assess the performance of Directors and senior management of QL group on QL's sustainability matters relating to ESG aspects.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Establish a set of KPI to assess the performance of Directors and senior management of QL group on QL's sustainability matters relating to ESG aspects.	
<b>Timeframe</b>	:	Within two (2) years.	

**Intended Outcome**

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

**Practice 4.5- Step Up**

The board identifies a designated person within management, to provide dedicated focus to manage sustainability strategically, including the integration of sustainability considerations in the operations of the company.

*Note: The explanation on adoption of this practice should include a brief description of the responsibilities of the designated person and actions or measures undertaken pursuant to the role in the financial year.*

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	A Corporate Sustainability Senior Manager (“CSSM”) was appointed as a designated person to oversee and apply environmental, social and governance (ESG) reporting frameworks and standards such as Global Reporting Initiative Standards (GRI), Sustainability Accounting Standards Board (SASB), and UN Global Compact. The CSSM provided sustainability development roadmap, strategy, plan and managed end-to-end process of developing QL’s annual sustainability report in partnership with a cross-functional team of subject matter experts and data providers.

## Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

### Practice 5.1

The Nomination Committee should ensure that the composition of the board is refreshed periodically. The tenure of each director should be reviewed by the Nomination Committee and annual re-election of a director should be contingent on satisfactory evaluation of the director's performance and contribution to the board.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board, through the Nominating Committee ("NC"), conducted annual review on the Board composition in terms of appropriate size, right mix of knowledge, skills and experience of Board members as well as independence elements undertaken on all the independent non-executive directors.</p> <p>The NC also undertakes to review the tenure of each director. During the financial year under review, none of the Independent Non-Executive Directors has exceeded their cumulative terms of nine (9) years.</p> <p>On 30 June 2022, the Board approved and adopted the Directors' Fit and Proper policy ("DFPP"), which set out the fit and proper criteria for the appointment and re-appointment of Directors on the Boards of QL and its subsidiaries. The Board reviewed and revised the DFPP on 28 February 2023. In accordance with the revised DFPP, all the candidates are required to make declaration in compliance with the DFPP prior to their appointment onto the Board and those directors who are seeking for election or re-election. A copy of the revised DFPP is accessible at QL's website at <a href="https://ql.com.my/corporate-governance/">https://ql.com.my/corporate-governance/</a>.</p> <p>On 28 August 2019, the Board revised its Board Charter to limit the tenure of its Independent Directors to nine (9) years. Upon completion of the nine (9) years, the Independent Directors shall resign from the Board</p> <p>In line with the Clause 124 of the Company's Constitution, one-third of the Directors of the Company for the time being, or if their number is not three (3) or a multiple of three (3), then the number nearest one-third shall retire from office but shall be eligible for re-election at the AGM. Accordingly, below directors were retired in accordance with Clause 124 and stood for re-election at the Annual General Meeting ("AGM") held on 30 August 2022:-</p> <ul style="list-style-type: none"><li>a) Dr. Chia Song Kun;</li><li>b) Mr. Chia Song Kooi;</li><li>c) Ms. Kow Poh Gek; and</li><li>d) Mr. Low Teng Lum.</li></ul>

	Pursuant to Clause 129 of the Company's Constitution, a Director appointed to fill a casual vacancy or as an addition to the Board shall hold office until the conclusion of the next AGM and shall be eligible for re-election. Hence, Mr. Chia Lik Khai and Madam Tan Ler Chin, Cindy, who was respectively appointed as Executive Director and Independent Non-Executive Director of QL on 4 January 2022, were retired and being eligible, offered themselves for re-election at the AGM 2022.	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

### Practice 5.2

At least half of the board comprises independent directors. For Large Companies, the board comprises a majority independent directors.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>As at 31 March 2023, the Board consists of fifteen (15) members comprising a majority of Independent Directors, not taking into consideration the Alternate Directors, as follows:</p> <ul style="list-style-type: none"><li>(a) one (1) Executive Chairman;</li><li>(b) one (1) Group Managing Director;</li><li>(c) four (4) Executive Directors;</li><li>(d) seven (7) Independent Non-Executive Directors (“INED”); and</li><li>(e) two (2) Alternate Directors to Executive Directors.</li></ul> <p>The Board believes that the Board composition is optimum and well balanced, which is consistent with the size of the Group and its operations.</p> <p>Each year, the Board, through the Nominating Committee (“NC”), reviews the Board and Board Committees’ effectiveness. These assessments are used to facilitate the NC’s evaluation of performance of the Board as a whole, its Committees and the contribution of each individual Director.</p> <p>The NC upon its annual assessment carried out for financial year 2023, was satisfied that:</p> <ul style="list-style-type: none"><li>• the size and composition of the Board is optimum with an appropriate mix of knowledge, skills, attributes and core competencies;</li><li>• the Board has been able to discharge its duties professionally and effectively in consideration of the scale and breadth of the Company’s operations;</li><li>• all the Directors continue to uphold the highest governance standards in their conduct and that of the Board;</li><li>• all the members of the Board are well qualified to hold their positions as Directors of the Company in view of their respective depth of knowledge, skills and experience and their personal qualities;</li><li>• the INED comply with the definition of Independent Director as defined in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad; and</li></ul>



	<ul style="list-style-type: none"> <li>the Directors are able to devote sufficient time commitment to their roles and responsibilities as Directors of QL as reflected by their attendance at the Board meetings and Board Committee meetings.</li> </ul>	
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

**Practice 5.3**

The tenure of an independent director does not exceed a cumulative term limit of nine years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director.

If the board intends to retain an independent director beyond nine years, it should provide justification and seek annual shareholders' approval through a two-tier voting process.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>On 28 August 2019, the Board revised its Board Charter to limit the tenure of its Independent Directors to nine (9) years. Upon completion of the nine (9) years, the Independent Directors shall resign from the Board.</p> <p>During the financial year under review, none of the Independent Directors has exceeded the cumulative terms of nine (9) years.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

**Practice 5.4 - Step Up**

The board has a policy which limits the tenure of its independent directors to nine years without further extension.

*Note: To qualify for adoption of this Step Up practice, a listed issuer must have a formal policy which limits the tenure of an independent director to nine years without further extension i.e. shareholders' approval to retain the director as an independent director beyond nine years.*

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	On 28 August 2019, the Board revised its Board Charter to limit the tenure of its Independent Directors to nine (9) years. Upon completion of the nine (9) years, the Independent Directors shall resign from the Board.

### Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

### Practice 5.5

Appointment of board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

Directors appointed should be able to devote the required time to serve the board effectively. The board should consider the existing board positions held by a director, including on boards of non-listed companies. Any appointment that may cast doubt on the integrity and governance of the company should be avoided.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is committed to ensuring that its members should have wide ranging experience, skill and knowledge that add value to QL and its Group. The qualifications for Board membership are the ability to make informed business decisions and recommendations; possesses an entrepreneurial talent for contributing to the creation of shareholder value; relevant experience, the ability to appreciate the wider picture of the Group’s business; ability to ask probing operational related questions; high ethical standards; sound practical sense; and total commitment to furthering the interests of shareholders and achievement of the Group’s goals. In addressing this, the Board shall consider recommendations by the Nominating Committee (“NC”) pertaining to nominees for directorship in QL.</p> <p>As part of the selection and recruitment of Directors, and in accordance to the criteria set in Directors’ Fit and Proper policy adopted by the Board during financial year 2023, the NC will consider prospective Directors’ character, experience, competence, integrity and time availability, as well as the following factors:</p> <ul style="list-style-type: none"><li>• industry skills, knowledge and expertise;</li><li>• professionalism;</li><li>• diversity;</li><li>• contribution and performance; and</li><li>• in the case of candidates for the position of Independent Non-Executive Directors (“INED”), the Board shall also evaluate the candidates’ ability to discharge such responsibilities/functions as are expected from INED.</li></ul> <p>A more detailed description of the diverse background and experience of the Board is stated in the Board of Directors’ profile from page 78 to 92 of QL’s Integrated Annual Report 2023.</p>

	In the meantime, the appointment of Senior Management was also made with due regard for diversity in skills, experience, age, cultural background and gender. All Senior Management staff are assessed on a yearly basis.	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

**Practice 5.6**

In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing board members, management or major shareholders. The board utilises independent sources to identify suitably qualified candidates.

If the selection of candidates was based on recommendations made by existing directors, management or major shareholders, the Nominating Committee should explain why these source(s) suffice and other sources were not used.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	In identifying the most suitable candidates for appointment of Directors to the Board, the Nominating Committee (“NC”) will rely on various sources of recommendations from existing Board Members, Management or major shareholders as well as other independent sources.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>		

### Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

### Practice 5.7

The board should ensure shareholders have the information they require to make an informed decision on the appointment and reappointment of a director. This includes details of any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect their capacity to bring an independent judgement to bear on issues before the board and to act in the best interests of the listed company as a whole. The board should also provide a statement as to whether it supports the appointment or reappointment of the candidate and the reasons why.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The profiles of the Directors are available in the Integrated Annual Report 2022 and QL's website. These include their age, gender, date of appointment, directorships in other companies, working experience, attendance of the board of directors' meetings held for the financial year and any conflict of interest with QL.</p> <p>A statement elaborating the Board's recommendation to the shareholders for re-election of Dr. Chia Song Kun, Mr. Chia Song Kooi, Ms. Kow Poh Gek and Mr. Low Teng Lum in accordance with Clause 124 of the Company's Constitution as well as re-election of Madam Tan Ler Chin, Cindy and Mr. Chia Lik Khai under Clause 129 of the Company's Constitution, was provided in the notes accompanying the notice of Annual General Meeting dated 28 July 2022.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

### Practice 5.8

The Nominating Committee is chaired by an Independent Director or the Senior Independent Director.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Nominating Committee (“NC”) consists entirely of Non-Executive Directors, all of whom are independent. In financial year ended 31 March 2023, the NC was chaired by Mr. Low Teng Lum, the Senior Independent Non-Executive Director of QL. During his tenure, he led the succession planning, restructuring of Board Committees and annual review of Board effectiveness. Together with NC members, he undertook the following:</p> <ul style="list-style-type: none"><li>• annually review the required size and the required mix of skills, experience, assessment of Independent Directors, review succession plans and boardroom diversity;</li><li>• oversee the development of a diverse pipeline for Board and management succession;</li><li>• oversee training courses for Directors and other requisite qualifications of Directors; and</li><li>• annual assessment of the effectiveness of the Board as a whole, its Committees and the performance, commitment, ability and contribution of each individual Director.</li></ul> <p>In addition to the above, more specific functions of the NC are set out in the Terms of Reference of the NC, which is available in the Board Charter and is accessible on QL’s website at <a href="https://ql.com.my/corporate-governance/">https://ql.com.my/corporate-governance/</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



**Intended Outcome**

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

**Practice 5.9**

The board comprises at least 30% women directors.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	During the financial year, the Board comprises 5 women Directors out of the total Board of QL (excluding the Alternate Directors), as follows:	
		Gender	
		Male	Female
		Number of Directors	5
		Percentage (%)	39
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

**Practice 5.10**

The board discloses in its annual report the company's policy on gender diversity for the board and senior management.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>On 25 February 2016, the Board established a Board Diversity Policy ("BDP") formalising its approach to boardroom diversity. The Board views that diversity of the Board's composition is important to facilitate optimal decision-making by harnessing different insights and perspectives. In pursuing the Board's gender diversity, the Nominating Committee embarked on an extensive exercise in 2018 to expand the pool of potential candidates by identifying women professionals.</p> <p>On 1 April 2018, the Board re-organised its Board composition mainly to comply with the practices in the Malaysian Code on Corporate Governance. Following the re-organisation, the percentage of women Directors has increased to approximately 36.4% of the total Board of QL (excluding the Alternate Directors).</p> <p>The Board had in July 2018, reviewed the BDP to include the Board's aim to reinforce its 30% women Directors on the Board.</p> <p>The Board had also in May 2022 reviewed its BDP as well as the gender diversity policy for senior management to support participation of women in decision-making position on the senior management level. Subsequent thereto, the revised Board and Senior Management Diversity Policy is available at QL's website.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

Stakeholders are able to form an opinion on the overall effectiveness of the board and individual directors.

### Practice 6.1

The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out its outcome, actions taken and how it has or will influence board composition.

For Large Companies, the board engages an independent expert at least every three years, to facilitate objective and candid board evaluation.

<i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i>	
<b>Application</b>	: Departure
<b>Explanation on application of the practice</b>	:
<b>Explanation for departure</b>	: <p>The Board with assistance from the Nominating Committee (“NC”) undertakes to carry out a formal and objective annual evaluation to assess the performance and effectiveness of the Board and Board Committees, as well as the performance of each Director and each Audit Committee member.</p> <p>Each Director evaluates the performance of the Board and conducts a peer assessment of the other Directors. Each Board Committee member evaluates their respective Board Committee, while each Audit Committee member conducts a peer assessment of the other Audit Committee members.</p> <p>Upon completion of the evaluation form by each Director and Board Committee member, they shall submit their assessment to the Secretary of the NC, who will summarise the findings for submission to the NC. The NC will subsequently evaluate the assessment prior to its reporting and presentation to the Board.</p> <p>The NC also assesses the independence of Directors annually and focuses beyond the Independent Director’s background, economic and family relationships to consider whether the Independent Director can continue to bring independent and objective judgment to Board deliberations. Based on the criteria specified in the Malaysian Code on Corporate Governance and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“MMLR”), a Director is considered independent if he/she:</p>

	<ul style="list-style-type: none"> <li>• has fulfilled the criteria under the definition of Independent Director pursuant to the MMLR;</li> <li>• has ensured effective check and balance in the proceedings of the Board and the Board Committees;</li> <li>• has actively participated in the Board deliberations, provided objectivity in decision making and an independent voice to the Board;</li> <li>• has consistently challenged Management in an effective and constructive manner;</li> <li>• has kept a distance from Management in overseeing and monitoring execution of strategy;</li> <li>• has not been engaged by the Company as an adviser under such circumstances as prescribed by the Bursa Malaysia Securities Berhad (“Bursa Securities”) or is not presently a Director (except as Independent Director) or major shareholder of a firm or corporation which provides professional advisory services to the Company under such circumstances as prescribed by the Bursa Securities;</li> <li>• has not engaged in any transaction with the Company (including transaction of assets and services, joint ventures, financial assistance etc.) under such circumstances as prescribed by the Exchange or is not presently a Director (except as Independent Director) or major shareholder of a firm or corporation which has been engaged in any transaction with the Company under such circumstances as prescribed by the Bursa Securities;</li> <li>• has not received any performance-based remuneration or share-based incentives from the Company, its subsidiaries, holding company or any of its related corporations; and</li> <li>• has no other material relationship with the Company, either directly or as a partner, shareholder, director or officer of an organisation that has a material relationship with the Company.</li> </ul> <p>Further, the NC in its review and assessment of all Directors eligible for election and re-election is guided by the criteria established in the Directors’ Fit and Proper policy which was adopted by the Board on 30 June 2022. All Directors have signed the form of declaration appended to the policy.</p> <p>The NC upon its annual assessment carried out for financial year 2023, was satisfied that:</p> <ul style="list-style-type: none"> <li>• the size and composition of the Board is optimum with an appropriate mix of knowledge, skills, attributes and core competencies;</li> <li>• the Board has been able to discharge its duties professionally and effectively in consideration of the scale and breadth of the Company’s operations;</li> <li>• all the Directors continue to uphold the highest governance standards in their conduct and that of the Board;</li> </ul>
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	<ul style="list-style-type: none"> <li>• all the members of the Board are well qualified to hold their positions as Directors of the Company in view of their respective depth of knowledge, skills and experience and their personal qualities;</li> <li>• the Independent Non-Executive Directors comply with the definition of Independent Director as defined in the MMLR; and</li> <li>• the Directors are able to devote sufficient time commitment to their roles and responsibilities as Directors of the Company as reflected by their attendance at the Board meetings and Board Committee meetings.</li> </ul> <p>The Board noted the recommendation for Large Companies to engage independent experts at least every three (3) years to facilitate objective and candid board evaluations. The Board in May 2023 has analysed the annual assessment carried out for financial year 2023 and was satisfied with the assessment result as mentioned above. The Board agreed to engage independent experts to conduct evaluation on the Board once in every three (3) years, commencing with the assessment in FY2024 onwards.</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p><b>Measure</b></p>	<p>: The Board has engaged Institute of Corporate Directors Malaysia (ICDM) to conduct a Board effectiveness evaluation and individual director evaluation and is targeted to complete by FY2024.</p>
<p><b>Timeframe</b></p>	<p>: Within one (1) year.</p>

### Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

### Practice 7.1

The board has remuneration policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The remuneration policies and practices should appropriately reflect the different roles and responsibilities of non-executive directors, executive directors and senior management. The policies and procedures are periodically reviewed and made available on the company's website.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has remuneration policies and procedures to determine the remuneration of Directors. The policy on Directors' remuneration practiced by QL is to provide the remuneration packages necessary to attract, retain and motivate Directors of the quality required to manage the business of QL. The remuneration packages of the Executive Director ("ED") are structured to be commensurate with the experience, knowledge and professional skills of the ED and are also structured so as to link rewards with corporate and individual performance.</p> <p>In this regard, the Remuneration Committee ("RC") is tasked to review and recommend a remuneration framework for Directors as well as remuneration packages of ED and Non-ED of QL, prior to the Board's approval. The framework shall:</p> <ul style="list-style-type: none"><li>(a) support the Group's strategies and long term vision; and</li><li>(b) provide the motivational incentives to EDs, taking into consideration factors such as best practices, stakeholders' view and the market at large and the performance of the individual.</li></ul> <p>Besides this, the RC also takes into consideration information by independent consultants and survey results on the remuneration practices of comparable companies, including its financial performance in determining the remuneration packages of its Directors.</p> <p>QL has published in its website a remuneration policy for Directors and Senior Management, which had been approved by the Board in July 2018. During the financial year 2021, it was reviewed and approved by the Board. Further in November 2021, Remuneration Committee reviewed the Executive Directors' Remuneration Framework.</p>

<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

### Practice 7.2

The board has a Remuneration Committee to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of board and senior management.

The Committee has written Terms of Reference which deals with its authority and duties and these Terms are disclosed on the company's website.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has established a Remuneration Committee ("RC") which comprises solely of Independent Non-Executive Directors.</p> <p>The Board is satisfied that the RC has effectively and efficiently discharged its roles and responsibilities with respect to its remuneration functions, including but not limited to, formulating or reviewing the remuneration policies, basis and remuneration for all Directors of the Company.</p> <p>As mentioned under Practice 7.1 of this report, the RC particularly assists the Board in recommending to the Board the remuneration framework and the remuneration packages of Executive Directors and Non-Executive Directors of QL. Based on the annual performance assessment undertaken on the Directors, the RC will recommend to the Board specific adjustments in remuneration and/or reward payments if any, reflecting their contributions for the year; and which are competitive and consistent with QL's objectives, culture and strategy.</p> <p>None of the Executive Directors participated in any way in determining their individual remuneration. The Board as a whole determines the remuneration of Non-Executive Directors, with individual Directors abstaining from making decisions in respect of their individual remuneration.</p> <p>The Terms of Reference ("TOR") of the RC has been reviewed and approved by the Board on 27 May 2021.</p> <p>The TOR of the RC describes the roles and responsibilities in relation to the remuneration matters is stipulated in the Board Charter, which is available in QL's corporate website at <a href="https://ql.com.my/corporate-governance/">https://ql.com.my/corporate-governance/</a>.</p>



<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

**Intended Outcome**

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

**Practice 8.1**

There is detailed disclosure on named basis for the remuneration of individual directors. The remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The remuneration breakdown of individual Directors which includes fee, allowance, salary, bonus, benefits-in-kind and other emoluments for the financial year 2023 is set out in the table below:

No	Name	Directorate	Company ('000)							Group ('000)						
			*Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total	*Fee	**Allowance	Salary	Bonus	#Benefits-in-kind	@Other emoluments	Total
1	Chia Song Kun	Executive Director	132	0	0	0	0	0	132	269.34	14	1,788.24	2,160.48	22.7	83.28	4,338.04
2	Chia Song Kooi	Executive Director	108	0	0	0	0	0	108	251.34	1.6	1,218.40	2,067.28	22.7	56.10	3,617.42
3	Chia Seong Fatt	Executive Director	84	0	0	0	0	0	84	222	0	871.65	1,152.19	28	40.60	2,314.44
4	Chia Mak Hooi	Executive Director	84	0	0	0	0	0	84	114	0	692.64	807.51	25.49	96.78	1,736.42
5	Cheah Juw Teck	Executive Director	84	0	0	0	0	0	84	137.34	12.8	727.27	1,894.78	28	190.16	2,990.35
6	Chia Lik Khai	Executive Director	84	0	0	0	0	0	84	96	0	1,083.60	624.29	35.20	175.82	2,014.91
7	Chia Seong Pow^	Executive Director	36	0	0	0	0	0	36	126.14	1.6	890.67	802.53	20.52	41.49	1,882.95
8	Chia Song Swa^^	Executive Director	36	0	0	0	0	0	36	68.4	0	688.98	786.87	22.70	32.10	1,599.05
9	Low Teng Lum	Independent Director	110	6	0	0	0	0	116	110	6	0	0	0	0	116
10	Datin Paduka Setia Dato' Dr. Aini Binti Ideris	Independent Director	90	5	0	0	0	0	95	90	5	0	0	0	0	95
11	Kow Poh Gek	Independent Director	90	6	0	0	0	0	96	90	6	0	0	0	0	96
12	Chan Wai Yen, Millie	Independent Director	90	6	0	0	0	0	96	90	6	0	0	0	0	96
13	Cynthia Toh Mei Lee	Independent Director	90	5	0	0	0	0	95	90	5	0	0	0	0	95
14	Wee Beng Chuan	Independent Director	90	6	0	0	0	0	96	90	6	0	0	0	0	96
15	Tan Ler Chin, Cindy	Independent Director	90	5	0	0	0	0	95	90	5	0	0	0	0	95

Note:

- ^ Mr. Chia Seong Pow is the Alternate Director to Mr. Chia Seong Fatt.
- ^^ Mr. Chia Song Swa is the Alternate Director to Mr. Chia Mak Hooi.
- \* Fee is the Directors' fees and EXCO Members' fees received from QL and its subsidiaries.
- \*\* Allowance includes meeting allowance and general allowance received from QL and its subsidiaries.
- # Benefits-in-kind include car, private mileage, petrol and driver received from QL and its subsidiaries.
- @ Other emoluments include Employees Provident Fund received from QL and its subsidiaries.

**Intended Outcome**

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

**Practice 8.2**

The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	The Board is of the opinion that it is not to the advantage of the company or best business interest for such disclosure considering the highly competitive market for talents in the industry, which may heighten the rate of attrition and correspondingly salary cost.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	The Board will monitor the market practice in respect of such disclosure for future consideration.	
<b>Timeframe</b>	:	Others	

No	Name	Position	Company					Total
			Salary	Allowance	Bonus	Benefits	Other emoluments	
1								
2								
3								
4								
5								

**Intended Outcome**

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

**Practice 8.3 - Step Up**

Companies are encouraged to fully disclose the detailed remuneration of each member of senior management on a named basis.

<b>Application</b>	:	Not Adopted
<b>Audit Explanation on adoption of the practice</b>	:	

No	Name	Position	Company ('000)					Total
			Salary	Allowance	Bonus	Benefits	Other emoluments	
1								
2								
3								
4								
5								



**Intended Outcome**

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.  
The company's financial statement is a reliable source of information.

**Practice 9.1**

The Chairman of the Audit Committee is not the Chairman of the board.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>During the financial year under review, the Audit Committee ("AC") comprises seven (7) members, all of whom are Independent Non-Executive Directors.</p> <p>Restructuring of the Board Committees of QL was undertaken on 1 December 2022, including AC. Following thereto, the composition of the AC is as follows:</p> <ul style="list-style-type: none"> <li>• Low Teng Lum (Chairman/Senior Independent Non-Executive Director)</li> <li>• Kow Poh Gek (Member/Independent Non-Executive Director)</li> <li>• Cynthia Toh Mei Lee (Member/Independent Non-Executive Director)</li> <li>• Wee Beng Chuan (Member/Independent Non-Executive Director)</li> </ul> <p>The Chairman of the AC, Low Teng Lum, is not the Chairman of the Board.</p> <p>The AC is guided by its Terms of Reference ("TOR"), which set out the composition, quorum, frequency of meeting as well as the specific functions and authority. A copy of the TOR is available in the Board Charter and is accessible on QL's website at <a href="https://ql.com.my/corporate-governance/">https://ql.com.my/corporate-governance/</a>.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	

<b>Timeframe</b>	:		
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**Intended Outcome**

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee’s findings and recommendations.  
The company’s financial statement is a reliable source of information.

**Practice 9.2**

The Audit Committee has a policy that requires a former partner of the external audit firm of the listed company to observe a cooling-off period of at least three years before being appointed as a member of the Audit Committee.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	In line with the recommendation of the Malaysian Code on Corporate Governance, the terms of reference of the Audit Committee (“AC”) has been revised to include a cooling-off period of at least three (3) years before a former partner of the external audit firm can be appointed as a member of the AC.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee’s findings and recommendations. The company’s financial statement is a reliable source of information.

**Practice 9.3**

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor to safeguard the quality and reliability of audited financial statements.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>QL, through the Audit Committee (“AC”), has put in place policies and procedures to assess the suitability, objectivity and independence of the external auditors, as well as policy governing the circumstance under which contracts for provision of non-assurance services can be entered into by the external auditors. These policies and procedures are stated in the AC’s Terms of Reference.</p> <p>The AC discusses the nature and scope of audit and reporting obligations with the external auditors before commencement of audit engagement. It is also the practice of the AC to respond to auditors’ enquiries and recommendations, if any, to ensure compliance with the various approved accounting standards in the preparation of the Group’s financial statements.</p> <p>In addition, the AC also met with the external auditors without the presence of the Executive Directors and Management three times in the financial year 2023, to review any concerns/issues affecting their audit, including the level of cooperation rendered by Management relating to their access to financial information and accounting records. Such meeting/engagement with the external auditors would enable the AC to evaluate its suitability, objectivity and independence to safeguard the quality and reliability of audited financial statements for the financial year ended 31 March 2023.</p> <p>Annually, the AC reviews and evaluates all matters in relation to appointment or re-appointment, resignation or dismissal of external auditors to ensure that their independence and objectivity as statutory auditors are not compromised. In this regard, the Transparency Report as at 31 December 2021 was tabled to the AC on 29 November 2022 by the external auditors which served as a guidance for AC to conduct their assessment on the external auditors. In November 2022, the external auditors had declared their independence throughout the audit engagement in accordance with the terms of all relevant professional and regulatory requirements in respect of the audited financial statements of QL for the financial year 2023.</p>

	A more detailed activities of the AC during the financial year 2023, including the evaluation of the independent audit process, are set out in the AC Report of QL's Integrated Annual Report 2023.	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.  
The company's financial statement is a reliable source of information.

**Practice 9.4 – Step Up**

The Audit Committee should comprise solely of Independent Directors.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	The Audit Committee comprises wholly of Independent Non-Executive Directors.

### Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

### Practice 9.5

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate, competent and are able to understand matters under the purview of the Audit Committee including the financial reporting process.

All members of the Audit Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>All members of the Audit Committee ("AC") are equipped with skill, knowledge and experience from various industries, including accounting expertise. Coupled with their vast working experience, the AC members are financially literate and are able to understand matters under the purview of the AC.</p> <p>The AC, together with the external auditors, reviews the integrity and reliability of the quarterly financial statements and audited financial statements prior to recommending the same to the Board. Such review includes the appropriateness of the accounting policies applied, its changes and impact as well as the significant judgements and assumptions made by the Management affecting the financial statements and conformance with the approved accounting standards and compliance with the regulatory requirements.</p> <p>The Board, through the Nominating Committee, reviews the terms of office of the AC members and assesses the performance of the AC and its members at least once in a financial year. Through an annual Board Committee effectiveness evaluation undertaken in the financial year 2023, the Board is satisfied with the AC's performance and concurred that they have carried out their duties in accordance with the Terms of Reference of the AC with their contribution to the overall effectiveness of the AC.</p> <p>The AC members are encouraged to attend at least one (1) training in a financial year to keep themselves abreast of the relevant developments in accounting and auditing standards, practices and rules. During the financial year 2023, all of them attended various training programmes, seminars and briefings, details of which are set out in Practice 1.5 of this CG report.</p>

<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		



### Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

### Practice 10.1

The board should establish an effective risk management and internal control framework.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers in making disclosures concerning the main features of the risk management framework and internal control system of the Group pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, to ensure that there is an on-going process of identifying, evaluating, and managing significant business risk exposure.</p> <p>There is an on-going review process by the Board to ensure the adequacy and integrity of the risk management and internal control system in accordance with the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.</p> <p>However, the Board recognises 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, internal controls can only provide reasonable and not absolute assurance against material misstatement or loss.</p> <p>The Board has received assurance from the Executive Committee that the Group's risk management and internal control system is adequate and operates effectively, in all material aspects. During the financial year 2023, the Executive Committee consists of the Executive Chairman, Group Managing Director and the Heads of business unit.</p>

### Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

### Practice 10.2

The board should disclose the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is fully committed to ensure the existence of an effective risk management and internal control system within QL Group, and continuously reviews and evaluates the adequacy and integrity of these systems. However, the Board recognises that such systems are designed to manage and reduce risks identified to acceptable levels.</p> <p>Therefore, the internal controls implemented can only provide reasonable and not absolute assurance against the occurrence of any material misstatement or loss.</p> <p>Whilst the overall responsibility for the Group's risk management and internal controls system is with the Board, the Board has delegated the implementation of these internal controls system to the Management.</p> <p>Management is accountable to the Board for risk management and internal control and has implemented processes to identify, evaluate, monitor and report risks and to design and implement relevant controls in response to the risks. In this regard, Risk Management Unit ("RMU") has been established at the Group level which reports to the Board's Risk Management Committee ("RMC").</p> <p>The RMU of QL comprises the members of Executive Committee and Chief Financial Officer, and is chaired by Executive Chairman. The RMU undertakes the following responsibilities:</p> <ul style="list-style-type: none"><li>• To communicate board vision, strategy, policy, responsibilities, and reporting lines to all employees across the Group;</li><li>• To identify and communicate to the RMC the critical risks (present or potential) the Group faces, their changes, and the management action plans to manage the risks; and</li><li>• To perform risk oversight and review risk profiles (Company and the Group) and organisational performance.</li></ul>

	<p>The members of the RMC comprises a majority of Independent Non-Executive Directors appointed by the Board of Directors. The RMC is responsible for amongst others:</p> <ul style="list-style-type: none"> <li>• To create a high-level risk strategy policy aligned with the Company’s strategic business objectives;</li> <li>• To perform risk oversight and review Group risk profiles and organisational performance; and</li> <li>• To provide guidance on risk appetite and capacity, and other criteria, which, when exceeded, trigger an obligation to report upward to the Board.</li> </ul> <p>The Group has a Risk Management &amp; Internal Audit Department (“RMIAD”), led by the Head of Group Risk Management &amp; Internal Audit who reports directly to Audit Committee and administratively to the Executive Chairman. The RMIAD facilitates risk management reporting process based on the Risk Management Framework.</p> <p>Taking into consideration the assurance from the Executive Committee, the Board is of the view that the risk management and internal control system of QL Group is satisfactory and adequate to safeguard shareholders’ investment and the assets of QL Group.</p>	
<p><b>Explanation for departure</b></p>	<p>:</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p><b>Measure</b></p>	<p>:</p>	
<p><b>Timeframe</b></p>	<p>:</p>	

**Intended Outcome**

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

**Practice 10.3 – Step Up**

The board establishes a Risk Management Committee, which comprises a majority of independent directors, to oversee the company's risk management framework and policies.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	<p>The Risk Management Committee ("RMC") was established by the Board in November 2017 and is tasked by the Board to identify and implement the appropriate systems for overseeing the Group's principal risks, including establishment of an effective risk management and internal control framework. The composition, authority as well as the duties and responsibilities of the RMC are set out under its Terms of Reference, which has been duly approved by the Board and the same is attached in QL's Board Charter.</p> <p>Restructuring of the Board Committees of QL was undertaken on 1 December 2022, including RMC. Following the change, the RMC comprised of nine (9) members, majority of whom are Independent Non-Executive Directors.</p>

### Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

### Practice 11.1

The Audit Committee should ensure that the internal audit function is effective and able to function independently.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Audit Committee (“AC”) was established on 15 January 2000 by the Board of Directors and the internal audit function has been outsourced to an independent professional consulting firm.</p> <p>To ensure that the internal audit function is effective and is able to function independently, the AC has carried out the following:</p> <ul style="list-style-type: none"><li>• The AC reviewed the performance of its outsourced internal audit function including appointment or termination of the outsourced internal audit firm.</li><li>• Whether internal audit personnel were free from any relationships or conflict of interest, which could impair the objectivity and independence.</li><li>• Checked the number of resources in the outsourced internal audit firm, name and qualification of the person responsible for internal audit.</li><li>• Reviewed the internal audit function and that it was carried out in accordance with a recognised framework.</li><li>• Ensured that QL Group has adequate procedures and processes in relation to Related Party Transactions and Recurrent Related Party Transactions.</li><li>• Brought its view on Related Party Transactions to the Board.</li><li>• Reviewed any conflict of interest situation that may arise within the Group.</li><li>• Reviewed the overall risk profile of the Group’s risks, the significant risks and to provide guidance on the action plan to address the identified risks and report to the Board.</li><li>• Report to the Exchange, in the event of any breaches of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, which have not been satisfactorily resolved.</li><li>• Report to the Board on the AC’s activities, issues and related recommendations at all Board meetings.</li></ul>
<b>Explanation for departure</b>	:	

*Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.*

<b>Measure</b> :		
<b>Timeframe</b> :		

## Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

## Practice 11.2

The board should disclose–

- whether internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence;
- the number of resources in the internal audit department;
- name and qualification of the person responsible for internal audit; and
- whether the internal audit function is carried out in accordance with a recognised framework.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Group outsourced its internal audit function to an independent professional consulting firm with global presence in approximately 158 countries with more than 236,000 people who are committed to delivering quality in assurance, advisory and tax services.</p> <p>The engagement partner is Mr. Nik Shahrizal Sulaiman, a chartered accountant (ICAEW) with relevant experience in the areas of governance, risk and controls. He also holds a Master in Business Administration.</p> <p>The staff involved in the reviews have the relevant training in the area of internal audit, of which some are members of the Institute of Internal Auditors Malaysia.</p> <p>The internal audit reviews were conducted using the firm's risk-based Internal Audit methodology, which are guided by industry good practices including the Institute of Internal Auditors framework. The areas of coverage are driven by a risk assessment process and presented to the Audit Committee for approval.</p> <p>The firm has an internal policy that requires their personnel to declare their professional independence and disclose any potential conflict of interest. During the course of the internal audit engagement for the financial year ended 2023, the firm did not highlight any conflict of interest matters with regards to its personnel.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	

<b>Timeframe</b>	:		
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### Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

### Practice 12.1

The board ensures there is effective, transparent and regular communication with its stakeholders.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>QL recognises the importance of communicating with its shareholders and does this through various platforms including the Integrated Annual Report, Annual General Meeting ("AGM") and announcements via Bursa Malaysia Securities Berhad ("Bursa Securities").</p> <p>In addition to the above, QL has also set up a website to enable an active dialogue with its investors and shareholders with the intention of giving investors and shareholders a clear and complete picture of QL's business and financial performance. QL via its website, includes a Corporate Governance section which provide policies of QL, Board Charter and Terms of Reference of the Board Committees, as well as minutes of general meetings and slide presentations made at such meetings, for stakeholders' better understanding of QL.</p> <p>Furthermore, QL's investor relations activities serve as an important communication channel with shareholders, investors and the investment community, both in Malaysia and internationally. The stakeholders are encouraged to channel their concerns to the Investor Relations personnel ("IR") whose name, contact number and e-mail address are provided at page 77 of QL's Integrated Annual Report 2023. Besides this, a dedicated section for IR function is allocated in QL's website. This section includes all announcements made by QL to Bursa Securities, share price information, financial information and annual reports.</p> <p>Meanwhile, in order to continuously improve QL's sustainability performance and approach, QL is committed to listening to its stakeholders' valued feedback, whereby stakeholders are encouraged to direct any of their questions, comments or feedback through a dedicated channel at <a href="mailto:esg@ql.com.my">esg@ql.com.my</a>.</p>
<b>Explanation for departure</b>	:	

*Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.*

<b>Measure</b> :		
<b>Timeframe</b> :		

**Intended Outcome**

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

**Practice 12.2**

Large companies are encouraged to adopt integrated reporting based on a globally recognised framework.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Integrated Annual Report 2022 of QL was issued in accordance to the International Integrated Reporting Council International <IR> Framework and is accessible at QL's website via <a href="https://ql.com.my/investor-relations/annual-reports/">https://ql.com.my/investor-relations/annual-reports/</a> .	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

**Practice 13.1**

Notice for an Annual General Meeting should be given to the shareholders at least 28 days prior to the meeting.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The notice of the 25<sup>th</sup> Annual General Meeting (“AGM”) of QL dated 28 July 2022 was issued to shareholders prior to the AGM held on 30 August 2022, giving at least 28-day as per recommended practice, well in advance of the 21-day requirement under the Companies Act 2016 and Main Market Listing Requirements of Bursa Malaysia Securities Berhad. This provides the shareholders with sufficient time to consider the resolutions that will be discussed and decided at the AGM.</p> <p>The notice of AGM outlines the resolutions to be tabled in the AGM together with explanatory notes and background information to enable the shareholders to make informed decisions in exercising their voting rights.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

**Practice 13.2**

All directors attend General Meetings. The Chair of the Audit, Nominating, Risk Management and other committees provide meaningful response to questions addressed to them.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The 25<sup>th</sup> Annual General Meeting (“AGM”) of QL held on 30 August 2022 was conducted entirely through live streaming from the broadcast venue. All Directors including Chairman of the Board committees (except Ms. Chan Wai Yen, Millie, who joined the AGM remotely) were present in person at the broadcast venue in the manner as guided by the Securities Commission Malaysia’s Guidance on the Conduct of General Meetings for Listed Issuers dated 18 April 2020, including any amendment that may be made from time to time, to engage directly with the shareholders through live streaming platform.</p> <p>At the beginning of the AGM, the Chairman invited the shareholders to raise any questions on the resolutions to be passed during the AGM via Query Box facility at any time during the AGM until the announcement on the closure of question and answer (“Q&amp;A”) session. Besides the Directors, the Group Chief Financial Officer (“CFO”) and External Auditors were invited to respond to the shareholders’ queries.</p> <p>During Q&amp;A session, the CFO was invited by the Chairman to share with shareholders on QL’s responses to questions submitted in advance of the AGM by the Minority Shareholder Watchdog Group (MSWG). Subsequent thereto, the GMD was invited to read out the questions received via Query Box together with the answers. In view of the time constraint, the Chairman informed that the Management will provide their response to the remaining questions via email after the conclusion of the AGM.</p> <p>The proceeding of the 25<sup>th</sup> AGM included the GMD’s presentation of QL Group’s businesses and outlook, which covered the following areas:</p> <ul style="list-style-type: none"> <li>a) Performance review of FY2022 vs FY2021;</li> <li>b) Operational highlights for FY2022;</li> <li>c) Summary of 1<sup>st</sup> quarter FY2023 financial results; and</li> <li>d) Overall outlook for FY2023.</li> </ul>
<b>Explanation for departure</b>	:	

*Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.*

<b>Measure</b> :		
<b>Timeframe</b> :		

### Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

### Practice 13.3

Listed companies should leverage technology to facilitate–

- voting including voting in absentia; and
- remote shareholders' participation at general meetings.

Listed companies should also take the necessary steps to ensure good cyber hygiene practices are in place including data privacy and security to prevent cyber threats.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The 25<sup>th</sup> Annual General Meeting (“25<sup>th</sup> AGM”) of QL held on 30 August 2022 was conducted entirely through live streaming from the broadcast venue and online remote voting via remote participation and voting facilities (“RPV”). RPV enabled remote shareholders' participation and online remote voting by leveraging on technology in accordance with Section 327(2) of the Companies Act, 2016 and Clause 72 of the Company's Constitution, through TIIH Online website at <a href="https://tiih.online">https://tiih.online</a>.</p> <p>QL conducted poll voting on all the resolutions proposed at its 25<sup>th</sup> AGM in accordance with Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. Tricor Investor &amp; Issuing House Services Sdn. Bhd. (“TIIH”) was appointed as the poll administrator to conduct the polling voting electronically, and Messrs. SKY Corporate Services Sdn. Bhd. as an independent scrutineer to verify the poll results.</p> <p>The Scrutineer upon verification of the poll results, announced the results for the resolutions which included votes in favour and against, upon which the Chairman of the Meeting declared whether the resolutions were carried. The poll results were also announced by QL via Bursa LINK on the same day for the benefit of all shareholders.</p> <p>Subsequent to the issuance of the Malaysian Code on Corporate Governance (“MCCG”) on 28 April 2021, QL had sought confirmation from TIIH on their cyber hygiene practices to ensure data privacy and security to prevent cyber threats. To this, TIIH had confirmed that it has implemented an Information Technology policy and Information Security policy, endpoint controls and data classification for cyber hygiene practices of the staff. In addition to this, the TIIH Online is hosted in a secure cloud platform and the data center is certified by ISO27001.</p>
<b>Explanation for departure</b>	:	

<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



### Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

### Practice 13.4

The Chairman of the board should ensure that general meetings support meaningful engagement between the board, senior management and shareholders. The engagement should be interactive and include robust discussion on among others the company's financial and non-financial performance as well as the company's long-term strategies. Shareholders should also be provided with sufficient opportunity to pose questions during the general meeting and all the questions should receive a meaningful response.

*Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.*

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>At the commencement of QL's 25<sup>th</sup> Annual General Meeting ("AGM"), the Chairman invited the shareholders to raise any questions on the resolutions to be passed during the AGM via Query Box facility at any time during the AGM until the announcement on the closure of question and answer ("Q&amp;A") session. Besides the Directors, the Group Chief Financial Officer ("CFO") and External Auditors were invited to respond to the shareholders' queries.</p> <p>During Q&amp;A session, the CFO was invited by the Chairman to share with shareholders QL's responses to questions submitted in advance of the AGM by the Minority Shareholder Watchdog Group ("MSWG"). Subsequent thereto, the Group Managing Director was invited by the Chairman to read out the questions received via Query Box and has responded accordingly. In view of the time constraint, the Chairman informed that the Management will provide their response to the remaining questions via email after the conclusion of the AGM.</p> <p>To ensure effective communication with the shareholders at a fully virtual general meeting, questions posed by MSWG and shareholders were displayed on the screen for the meeting participants' reference whilst both of the CFO and GMD read out and answered the questions.</p> <p>As mentioned under Practice 13.2, for the benefit of the shareholders, the GMD presented QL Group's businesses and outlook, which covered the following areas:</p> <ul style="list-style-type: none"><li>a) Performance review of FY2022 vs FY2021;</li><li>b) Operational highlights for FY2022;</li><li>c) Summary of 1st quarter FY2023 financial results; and</li><li>d) Overall outlook for FY2023.</li></ul>
<b>Explanation for departure</b>	:	

<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

### Practice 13.5

The board must ensure that the conduct of a virtual general meeting (fully virtual or hybrid) support meaningful engagement between the board, senior management and shareholders. This includes having in place the required infrastructure and tools to support among others, a smooth broadcast of the general meeting and interactive participation by shareholders. Questions posed by shareholders should be made visible to all meeting participants during the meeting itself.

*Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.*

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>QL's 25<sup>th</sup> Annual General Meeting ("25<sup>th</sup> AGM") was conducted entirely through live streaming from the broadcast venue and online remote voting via remote participation and voting facilities ("RPV"):-</p> <ol style="list-style-type: none"><li>1) The Poll Administrator, Tricor Investor &amp; Issuing House Services Sdn. Bhd. ("TIIH") had verified the eligibility of shareholders/corporate representatives/proxies to attend the 25<sup>th</sup> AGM based on the General Meeting Record of Depositors as at 19 August 2022 and upon the cut-off date and time for proxy form submission. This online platform was secured exclusively for the members with approved registration for the RPV at the 25<sup>th</sup> AGM.</li><li>2) TIIH had introduced an application called the Moderator LINK, as part of its services to assist the user in tracking the questions posed by the shareholders during AGM, to facilitate the listed issuer's compliance with the Securities Commission's ("SC") Guidance. Questions posed by shareholders via TIIH Online website had been captured and transmitted to QL for action and response, prior to and during the 25<sup>th</sup> AGM. Similarly, the same application/tool had been used by QL for the same questions to be made visible to all meeting participants.</li></ol> <p>With the use of Moderator LINK, both of the Group Managing Director ("GMD") and the Group Chief Financial Officer ("CFO") had managed the question and answer ("Q&amp;A") session smoothly and efficiently. Question had been displayed on the screen as and when GMD and CFO provided their responses to the respective questions accordingly in an orderly manner.</p>

	<p>3) The Q&amp;A session served as an interaction between the Directors, the Management and shareholders during the 25<sup>th</sup> AGM. Whilst the members were in attendance in the proceedings of the 25<sup>th</sup> AGM at “(LIVE STREAM MEETING) QL RESOURCES BERHAD 25<sup>th</sup> AGM”, he/she could select “REMOTE VOTING” under Corporate Exercise/Event and click “&gt;” to remotely cast and submit the votes online for the resolutions tabled at the 25<sup>th</sup> AGM. This is in line with the SC’s Guidance which provides that Members shall be allowed to cast their votes remotely and contemporaneously (live) during the proceeding of the general meeting.</p> <p>4) The poll results were verified by the Scrutineers, Messrs. SKY Corporate Services Sdn. Bhd. (“SKY”). The Scrutineer, Mr. Kenneth Siew Mun Hoe of SKY announced the poll results of Ordinary Resolutions 1 to 15 and Special Resolution, whereby each of the resolution was displayed to members, corporate representatives and proxies present as the Chairman declared that the resolutions were duly passed.</p>
<p><b>Explanation for departure</b></p>	<p>:</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p><b>Measure</b></p>	<p>:</p>
<p><b>Timeframe</b></p>	<p>:</p>

**Intended Outcome**

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

**Practice 13.6**

Minutes of the general meeting should be circulated to shareholders no later than 30 business days after the general meeting.

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>	
<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	: Minutes of QL's 25 <sup>th</sup> Annual General Meeting ("AGM") held on 30 August 2022 detailing the meeting proceedings including questions raised by shareholders and MSWG (Minority Shareholder Watchdog Group) together with the responses by QL, was published at QL website at <a href="https://ql.com.my/investor-relations/annual-general-meeting/">https://ql.com.my/investor-relations/annual-general-meeting/</a> on 13 September 2022, no later than 30 business days after the completion of the AGM.
<b>Explanation for departure</b>	:  
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	:  
<b>Timeframe</b>	:  

**SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT  
CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA**

*Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.*

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