



FrieslandCampina   
nourishing by nature



# DUTCH LADY MILK INDUSTRIES BERHAD ANNUAL REPORT 2021



**NOURISHING OUR NATION**

# NOURISHING OUR NATION

>> As Malaysia's leading dairy company, Dutch Lady Milk Industries Berhad continues to make great strides in our journey of growth as we stay true to our Purpose of Nourishing Our Nation.

We are committed to Nourishing Malaysians with trusted and sustainable dairy nutrition for now and generations to come. We will also continue supporting the national health agenda whilst striving to improve the nutritional status of Malaysians.



## Overview



ESTABLISHED IN  
**1963**



**600**  
EMPLOYEES



**RM284.5**  
**MILLION**  
2021 PROFIT



**HALAL**  
**PRODUCER**

>50 YEARS & IMPLEMENTED  
HALAL COMPLIANCE SYSTEM  
SINCE 1963



**3.75**  
**MILLION**  
ESTIMATED ANNUAL  
CONSUMERS



DDP HAS PRODUCED  
**37.9 MILLION**  
LITRES OF FRESH MILK  
FROM 2011 - 2021



**74%**  
PACKAGING RECYCLABLE &  
CIRCULAR



**118 MILLION**  
PACKS



**2 MILLION**  
STUDENTS

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## QR Feature in this Annual Report

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Get access to the soft copy of our reports and contact information



>>  
Soft copy version of Dutch Lady Milk Industries Berhad Annual Report 2021

TRUSTED BY  
GENERATIONS FOR

**150  
YEARS**



# OUR BRAND PORTFOLIO



**>60**

**PRODUCTS  
WITH  
HEALTHIER  
CHOICE LOGO**



# MaxGro

# Hi Opt

NE  
ST  
PA



\* High in Nutrients: High Protein, Calcium, Iron, Magnesium, Vitamin A, D3, E, B1, B2, B3, B6, B12 and C content.

~ 9EAA: 9 Essential Amino Acids.

# High<sup>#</sup> In Nutrients

## Optimal Growth For Your Child

NEW  
TICK  
CK



NEW  
TWIN  
PACK

2 x  
600g  
PEK



MaxGra  
1-9 TAHUN  
BIASA™

TINGGI<sup>#</sup>  
DALAM  
NUTRIEN  
NUTRIEN  
PENTING  
UNTUK  
TUMBUHAN  
BIASA™  
15 x 27g  
MAKANAN PENDIETAN  
BERFORMULA



TINGGI<sup>#</sup>  
DALAM  
NUTRIEN  
NUTRIEN  
PENTING  
UNTUK  
TUMBUHAN  
BIASA™  
9  
EAA™  
DHA  
2 x 600g  
MAKANAN PENDIETAN  
BERFORMULA

BERKAD	
Unit	mg
Energy	450
Protein	12.5
Fat	12.5
Carbohydrate	12.5
Fiber	0.5
Sodium	12.5
Potassium	12.5
Calcium	12.5
Iron	12.5
Vitamin A	12.5
Vitamin B1	12.5
Vitamin B2	12.5
Vitamin B3	12.5
Vitamin B6	12.5
Vitamin B12	12.5
Vitamin C	12.5
Vitamin D	12.5
Vitamin E	12.5
Vitamin K	12.5
Vitamin P	12.5
Vitamin Q	12.5
Vitamin R	12.5
Vitamin S	12.5
Vitamin T	12.5
Vitamin U	12.5
Vitamin V	12.5
Vitamin W	12.5
Vitamin X	12.5
Vitamin Y	12.5
Vitamin Z	12.5
Vitamin AA	12.5
Vitamin BB	12.5
Vitamin CC	12.5
Vitamin DD	12.5
Vitamin EE	12.5
Vitamin FF	12.5
Vitamin GG	12.5
Vitamin HH	12.5
Vitamin II	12.5
Vitamin JJ	12.5
Vitamin KK	12.5
Vitamin LL	12.5
Vitamin MM	12.5
Vitamin NN	12.5
Vitamin OO	12.5
Vitamin PP	12.5
Vitamin QQ	12.5
Vitamin RR	12.5
Vitamin SS	12.5
Vitamin TT	12.5
Vitamin UU	12.5
Vitamin VV	12.5
Vitamin WW	12.5
Vitamin XX	12.5
Vitamin YY	12.5
Vitamin ZZ	12.5



Scan this code  
for more info

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN that the Fifty-Ninth Annual General Meeting (“59<sup>th</sup> AGM”) of the Company will be carried out fully virtual through live streaming and online remote voting from the Broadcast Venue at Gallery 3, Level 3, New World Petaling Jaya Hotel, Paradigm, 1 Jalan SS7/26A, Kelana Jaya, 47301 Petaling Jaya, Selangor, Malaysia on Wednesday, 25 May 2022 at 10.00 a.m. for the purpose of transacting the following purposes:**

## AGENDA

### AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2021, together with the Reports of the Directors and Auditors thereon (Please refer to Explanatory Note to the Agenda (i)).
2. To approve the proposed increase and payment of Directors’ fees of up to RM500,000 for the financial year ending 31 December 2022, to be made payable quarterly (Please refer to Explanatory Note to the Agenda (ii)). **Resolution 1**
3. To approve the payment of Directors’ benefits of up to RM100,000 to Non-Executive Directors for the financial year ending 31 December 2022 (Please refer to Explanatory Note to the Agenda (ii)). **Resolution 2**
4. To re-elect the following Directors who retire by rotation pursuant to Rule 105 of the Constitution of the Company: **Resolutions 3 and 4**
  - (a) Mr. Bernardus Hermannus Maria Kodden; and
  - (b) Ms. Saw Chooi Lee
5. To re-appoint Ms. Ramjeet Kaur Virik who was appointed during the year and retires pursuant to Rule 86.3 of the Constitution of the Company. **Resolution 5**
6. To re-appoint PricewaterhouseCoopers PLT (LLP0014401-LCA & AF: 1146) as the Company’s auditors and to authorise the Directors to fix their remuneration. **Resolution 6**

### AS SPECIAL BUSINESS

To consider and if thought fit, pass the following resolutions:

7. **PROPOSED RENEWAL OF SHAREHOLDERS’ MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE (“PROPOSED SHAREHOLDERS’ MANDATE”)** **Resolution 7**

“**THAT** approval be and is hereby given to the Company to enter into and to give effect to the Recurrent Related Party Transactions of a Revenue or Trading Nature with the specified classes of Related Parties as stated in Sections 2.4 and 2.3 of the Circular to Shareholders dated 26 April 2022 which are necessary for the Company’s day-to-day operations subject to the following:-

- (i) the transactions are in the ordinary course of business and are on terms not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders; and



## NOTICE OF ANNUAL GENERAL MEETING

- (ii) the aggregate value of such transactions conducted pursuant to the Shareholders' Mandate during the financial year will be disclosed in the Annual Report for the said financial year;

**AND THAT** such approval shall continue to be in force until:

- (a) the conclusion of the next Annual General Meeting ("AGM") of the Company at which time it will lapse, unless by a resolution passed at the Meeting the authority is renewed; or
- (b) the expiration of the period within which the next AGM of the Company subsequent to the date it is required to be held pursuant to Section 340(2) of the Companies Act, 2016 ("the Act") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders in a general meeting;

whichever is the earlier.

**AND THAT** the Directors of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary in the best interest of the Company (including executing all such documents as may be required) to give effect to the transactions contemplated and/or authorised by the Proposed Shareholders' Mandate."

8. To transact any other business of which due notice shall have been given in accordance with the Constitution of the Company and the Companies Act, 2016.

By Order of the Board

**KATINA NURANI BINTI ABD RAHIM**  
**(L.S. No. 9652)**

SSM Practising Certificate No. 201908001190  
Company Secretary  
Petaling Jaya  
26 April 2022

### NOTES

- In light of the COVID-19 pandemic, in the interest of our stakeholders' health and safety, the Fifty-Ninth Annual General Meeting ("59<sup>th</sup> AGM") will be conducted fully virtual through live streaming and online remote voting via Remote Participation and Electronic Voting ("RPEV") facilities which are available on Boardroom Smart Investor Portal at <https://meeting.boardroomlimited.my>. With RPEV facilities, members may exercise their rights to participate and vote at the 59<sup>th</sup> AGM through the following modes of communication: i) Typed text in the Meeting Platform ii) E-mail questions to [finance.dept@frieslandcampina.com](mailto:finance.dept@frieslandcampina.com) prior to the Virtual Meeting iii) You may submit questions in advance on the AGM resolutions and Annual Report 2021 not later than 10.00 a.m. on Monday, 23 May 2022 via Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com>, and select "SUBMIT QUESTION" to pose questions ("Pre-AGM Meeting Questions"). The Company has appointed Boardroom Share Registrars Sdn Bhd ("Boardroom") as the Poll Administrator for the 59<sup>th</sup> AGM to facilitate the Virtual Meeting. Please follow the procedures set out in the Administrative Guide for the 59<sup>th</sup> AGM below to register, participate and vote remotely via RPEV facilities.
- The Broadcast Venue of the 59<sup>th</sup> AGM is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which stipulates that the Chairman shall be at the main venue of the 59<sup>th</sup> AGM. Members will not be allowed to attend the 59<sup>th</sup> AGM in person at the Broadcast Venue on the day of the 59<sup>th</sup> AGM.
- A Member entitled to attend and vote at the 59<sup>th</sup> AGM of the Company is entitled to appoint a proxy/proxies to attend and vote instead of him. A proxy need not be a member of the Company. A proxy appointed to attend and vote at the Meeting shall have the same rights as a Member to speak at the Meeting.

## NOTICE OF ANNUAL GENERAL MEETING

4. Save for an Exempt Authorised Nominee as defined under the Central Depositories Act which may appoint multiple proxies in respect of each Omnibus Account it holds with ordinary shares of the Company standing to the credit of the said securities account, a Member (including an authorised nominee) shall be entitled to appoint not more than two (2) proxies to attend and vote at the same meeting. In any case, where more than one (1) proxy is appointed, such appointment shall not be valid unless the proportion of the holdings represented by each proxy is specified.
5. The instrument appointing the proxy must be signed by the Member or his attorney duly authorised in writing, or if the appointer is a corporation, the instrument must be executed under its common seal or under the hand of its officer or attorney duly authorised.
6. For the purpose of determining members who shall be entitled to attend the 59<sup>th</sup> AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a Record of Depositors as at **18 May 2022** ("General Meeting Record of Depositors"). Only depositors whose names appear on the Record of Depositors as at **18 May 2022** shall be entitled to attend the said meeting or appoint proxies to attend and vote on their behalf.
7. To be valid, the original instrument appointing a proxy, duly completed (and if applicable, the power of attorney or other authority under which it is originally signed or notarially certified copy of that power of authority) must be deposited at the office of Boardroom Share Registrars Sdn Bhd at Ground Floor or 11<sup>th</sup> Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia, not less than 48 hours before the time set for holding the Meeting or any adjournment thereof (or in the case of poll, not less than 24 hours before the time appointed for the taking of the poll); or by electronic means using the Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com> not later than 48 hours before the time set for holding the Meeting or any adjournment thereof. Please refer to Administrative Guide below.
8. Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the Notice of the 59<sup>th</sup> AGM will be put to vote by way of poll.

### Explanatory Notes to the Agenda

#### (i) First item of the Agenda

This item of the Agenda is meant for discussion only in accordance with the provision of Section 340(1)(a) of the Companies Act, 2016. As such this item on the Agenda is not put forward for voting.

#### (ii) Resolutions 1 and 2:

The Company is seeking for shareholders' approval for the proposed increase and payment of the Directors' fees and the payment of benefits for the financial year ending 31 December 2022, as follows:

Directors' Fees and Benefits	2021 (per annum)	2022 (per annum)
Chairperson's Fees	RM122,411	RM126,083
Non-Executive Directors' fees (other than FC DLMI's Nominee Directors)	RM69,777	RM71,870
Chairperson of Audit & Risk Committee fees	RM8,593	RM8,851
Member of Audit & Risk Committee fees (other than FC DLMI's Nominee Directors)	RM5,729	RM5,901
Chairperson of Nominating & Remuneration Committee fees	RM1,719	RM1,771
Meeting Attendance allowance	RM1,300 per meeting	RM1,300 per meeting

The calculation is based on the estimated number of scheduled and/or special Board and Board Committees' Meetings and on the assumption that all the Directors will remain in office until the financial year ending 31 December 2022.

#### (iii) Resolutions 3, 4 and 5

The Board through its Nominating & Remuneration Committee ("NRC") had assessed each of the retiring Directors, and considered the following: (i) If there is any evidence of any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect, the retiring Directors' capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Company as a whole; and (ii) The retiring Director's performance and contribution based on the Directors' Peer Assessment results.

For item (i), the NRC considered and did not find evidence of any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect the retiring Directors' capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Company as a whole, save and except that Mr. Bernardus Hermannus Maria Kodden and Ms. Ramjeet Kaur Virik are Board representatives of the majority shareholder Royal FrieslandCampina N.V (RFC). Accordingly,

## NOTICE OF ANNUAL GENERAL MEETING

Mr. Bernardus Hermannus Maria Kodden and Ms. Ramjeet Kaur Virik are Non-Independent Board members. None of the retiring Directors hold any shares in the Company whether directly or indirectly, have any family relationships with any other director or substantial shareholder of the Company nor do they have any personal interest in any business arrangement involving the Company.

For item (ii), the NRC found that each of the retiring Directors had performed well based on the performance criteria evaluated.

Based on the above, the Board approved the NRC's recommendation and supports the re-election of Mr. Bernardus Hermannus Maria Kodden and Ms. Saw Chooi Lee who retire in accordance with Rule 105 of the Company's Constitution, and the re-appointment of the Ms. Ramjeet Kaur Virik who retires in accordance with Rule 86.3 of the Company's Constitution.

### (iv) Resolution 7: Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

Please refer to the Circular to Shareholders dated 26 April 2022.

### STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

#### Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

#### 1. Details of individuals who are standing for election as Directors

(Pursuant to Paragraph 8.27(2) of the Bursa Securities Listing Requirements)

No individual is seeking election as a Director at the forthcoming 59<sup>th</sup> AGM of the Company.

#### 2. Statement relating to general mandate for issue of securities in accordance with Paragraph 6.03(3) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

No general mandate to issue securities in the Company is being sought at the forthcoming 59<sup>th</sup> AGM of the Company.

#### Personal Data Privacy:

By registering for the remote participation and electronic voting meeting and/or submitting an instrument appointing a proxy(ies) and/or representative(s) to participate, speak and vote at the Meeting and/or any adjournment thereof, a member of the Company (i) consents to the processing of the member's personal data by the Company (or its agents) for the Meeting and matters related thereto, including but not limited to: (a) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Meeting (including any adjournment thereof); (b) for preparation and compilation of the attendance lists, minutes and other documents relating to the Meeting (including any adjournment thereof); and (c) for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"); (ii) undertakes and warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the Company (or its agents) processing of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and (iii) agrees that the member will fully indemnify the Company in respect of any penalties, liabilities, legal suits, claims, demands, losses and damages as a result of the member's failure to provide accurate and correct information of the personal data or breach of the member's undertaking and/or warranty as set out herein.

#### ADMINISTRATIVE GUIDE FOR THE FIFTY-NINTH ANNUAL GENERAL MEETING ("59<sup>TH</sup> AGM")

Meeting Platform	: <a href="https://meeting.boardroomlimited.my">https://meeting.boardroomlimited.my</a>
Day and Date	: Wednesday, 25 May 2022
Time	: 10.00 a.m.
Broadcast Venue	: Gallery 3, Level 3, New World Petaling Jaya Hotel, Paradigm, 1, Jalan SS7/26A, Kelana Jaya, 47301 Petaling Jaya, Selangor
Mode of Communication	: 1) Typed text in the Meeting Platform 2) E-mail questions to <a href="mailto:finance.dept@frieslandcampina.com">finance.dept@frieslandcampina.com</a> prior to the Meeting. 3) Submit question via Boardroom Smart Investor Portal at <a href="https://investor.boardroomlimited.com">https://investor.boardroomlimited.com</a> prior to the meeting

#### Broadcast Venue

- Shareholders/proxies are not allowed to present and participate at Dutch Lady Milk Industries Berhad's 59<sup>th</sup> AGM via the Broadcast Venue as the venue is only meant to facilitate the conduct of the Virtual Meeting.

#### Annual Report 2021

- Members are encouraged to download a digital copy of the Annual Report 2021 from the Company's website in the interest of preserving the environment. The Annual Report 2021 can be downloaded from the Company's website [www.dutchlady.com.my](http://www.dutchlady.com.my).




## NOTICE OF ANNUAL GENERAL MEETING

- If you need a copy of the printed Annual Report 2021, kindly complete the enclosed Request Slip and send the same to the Company's Share Registrar, Board Share Registrars Sdn Bhd.
- Any request for the Annual Report 2021 would be forwarded to the requestor within four (4) market days from the date of receipt of the written request.

### Proxy

- Shareholders who are unable to remote participate in Dutch Lady Milk Industries Berhad's 59<sup>th</sup> AGM are encouraged to appoint the Chairperson of the Meeting to vote on their behalf.
- You may deposit the Proxy Form electronically with the Company's Share Registrar, Boardroom Share Registrars Sdn Bhd using Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com> not later than 48 hours before the time set for holding the Meeting or any adjournment thereof. Kindly follow the link at <https://investor.boardroomlimited.com> to login and select E-PROXY LODGEMENT" to deposit your Proxy Form electronically.
- If you wish to remote participate the Virtual Meeting yourself, please do not submit any Proxy Form. You will not be allowed to participate the Virtual Meeting together with a proxy appointed by you.
- If you have submitted Proxy Form prior to the Virtual Meeting and subsequently decide to appoint another person or wish to participate in the Virtual Meeting by yourself, please write in to [bsr.helpdesk@boardroomlimited.com](mailto:bsr.helpdesk@boardroomlimited.com) to revoke the earlier appointed proxy forty-eight (48) hours before the Meeting.

### Poll Voting (For Virtual Meeting)

- The voting will be conducted by poll in accordance with Paragraph 8.29A of Bursa Malaysia Securities Berhad Main Market Listing Requirements. The Company has appointed Boardroom Share Registrars Sdn Bhd as Poll Administrator to conduct the poll by way of electronic voting (e-Voting).
- For the purposes of this AGM, the remote participation and e-voting will be carried out via the following voting devices:-
  - Personal smart mobile phones 
  - tablets  or
  - Laptops 
- There are 2 methods for members and proxies who wish to use their personal voting device to vote as follows:-
  - Using QR Scanner Code given in the email to you **OR**
  - Using website URL <https://meeting.boardroomlimited.my>
- The polling will only commence after the announcement of poll voting session open by the Chairperson and until such time when the Chairperson announces the closure of poll.
- The Scrutineers will verify the poll result reports upon closing of the poll session by the Chairperson. Scrutineers will announce the results thereafter and the Chairperson will declare whether the resolutions put to vote were successfully carried or not.

### Remote Participation and Electronic Voting

- Please note that this option is available to **(i) individual members; (ii) corporate shareholder; (iii) Authorised Nominee; and (iv) Exempt Authorised Nominee.**
- If you choose to participate in the meeting online, you will be able to view a live webcast of the Meeting, post questions to the Board and submit your votes in real time whilst the meeting is in progress.
- Kindly follow the steps below on how to request for login ID and password.

#### Step 1 - Register Online with Boardroom Smart Investor Portal (for first time registration only)

*[Note: If you have already signed up with Boardroom Smart Investor Portal, you are not required to register again. You may proceed to Step 2. Submit request for Remote Participation user ID and password.]*

- Access website <https://investor.boardroomlimited.com>
- Click <<Login>> and click <<Register>> to sign up as a user.
- Complete registration and upload softcopy of MyKAD (front and back) or Passport in JPEG, PNG or PDF format.
- Please enter a valid email address and wait for Boardroom's email verification.
- Your registration will be verified and approved within one (1) business day and an email notification will be provided.

## NOTICE OF ANNUAL GENERAL MEETING

### Step 2 - Submit Request for Remote Participation User ID and Password

*[Note: The registration for remote access will be opened on 26 April 2022]*

#### Individual Members

- Login to <https://investor.boardroomlimited.com> using your user ID and password above.
- Select "Virtual Meeting" from main menu and select the correct Corporate Event "Dutch Lady Milk Industries Berhad 59<sup>th</sup> Virtual Meeting.
- Read and agree to the terms and conditions.
- Enter your CDS account and thereafter submit your request.

#### Corporate Shareholders

- Write in to [bsr.helpdesk@boardroomlimited.com](mailto:bsr.helpdesk@boardroomlimited.com) by providing the name of Member, CDS Account Number accompanied with the Certificate of Appointment of Corporate Representative or Form of Proxy to submit the request.

Please also provide a copy of Corporate Representative's MyKad (Front and Back) in JPEG, PNG or PDF format or Passport as well as his/her email address.

#### Authorised Nominee and Exempt Authorised Nominee

- Write in to [bsr.helpdesk@boardroomlimited.com](mailto:bsr.helpdesk@boardroomlimited.com) by providing the name of Member, CDS Account Number accompanied with the Form of Proxy to submit the request.
- Authorised Nominee and Exempt Authorised Nominee must also provide a copy of the Proxy Holder's MyKad (Front and Back) or Passport in JPEG, PNG or PDF format as well as his/her email address.

- a. You will receive a notification from Boardroom that your request has been received and is being verified.
- b. Upon system verification against the General Meeting Record of Depositors as at 18 May 2022, you will receive an email from Boardroom either approving or rejecting your registration for remote participation.
- c. You will also receive your remote access user ID and password along with the email from Boardroom if your registration is approved.
- d. Please note that the closing time to submit your request is at 10:00 a.m. on 23 May 2022 (48 hours before the Virtual Meeting).

### Step 3 - Login to Virtual Meeting Portal

*[Please note that the quality of the connectivity to Virtual Meeting Portal for live web cast as well as for remote online voting is highly dependent on the bandwidth and the stability of the internet connectivity available at the location of the remote users.]*

- a. The Virtual Meeting portal will be open for login starting one (1) hour before the commencement of Virtual Meeting at 10:00 a.m. on 25 May 2022.
- b. Follow the steps given to you in the email along with your remote access user ID and password to login to the Virtual Meeting portal. (Refer to Step 2 above)
- c. The steps will also guide you how to view live web cast, ask questions and vote.
- d. The live web cast will end and the Messaging window will be disabled the moment The Chairman announces the closure of the Virtual Meeting.
- e. You can now logout from Virtual Meeting Portal.

#### Live Webcast, Question and Voting at the Virtual Meeting

The Login User Guide for participation, posing questions and voting at the 59<sup>th</sup> AGM, will be emailed to the shareholders together with the remote access user ID and password once their registration have been approved.

Shareholders who participate the Virtual Meeting are able to view the Company's presentation or slides via the live web-streaming.

The Chairman and the Board of Directors will endeavour their best to respond to the questions submitted by shareholders which are related to the resolutions to be tabled at the 59<sup>th</sup> AGM, as well as financial performance/prospect of the Company.

Shareholders may proceed to cast votes on each of the proposed resolutions, to be tabled at the 59<sup>th</sup> AGM, after the Chairman has opened the poll voting session on the resolutions. Shareholders are reminded to cast their votes before the poll is closed.

No recording or photography of the virtual AGM proceedings is allowed without the prior written permission of the Company.

Shareholders/Proxies must ensure that you are connected to the internet at all times in order to participate and vote when the virtual AGM has commenced. Therefore, it is your responsibility to ensure that connectivity for the duration of the meeting is maintained. Kindly note that the quality of the live streaming is dependent on the bandwidth and stability of the internet connection at the location of the remote participants.

#### Enquiry

Please email to the Company's Share Registrar, Boardroom Share Registrars Sdn Bhd at [bsr.helpdesk@boardroomlimited.com](mailto:bsr.helpdesk@boardroomlimited.com) if you have queries pertaining to the remote participation and electronic voting, prior to the virtual Meeting.

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### CHAIRPERSON

**Datin Seri Sunita Mei-Lin Rajakumar**

Independent Non-Executive Director  
(appointed 27.02.2019)

### DIRECTORS

**Ramjeet Kaur Virik**

Non-Independent Executive Director  
Managing Director  
(appointed 02.07.2021)

**Saw Chooi Lee**

Senior Independent Non-Executive Director  
(appointed on 01.01.2014 and re-designated to Independent Non-Executive Director on 15.01.2020)

**Bernardus Hermannus Maria Kodden**

Non-Independent Non-Executive Director  
(appointed 01.01.2018)

**Dato' Dr. Rosini binti Alias**

Non-Independent Non-Executive Director  
(appointed 16.03.2018)

**Tengku Nurul Azian binti Tengku Shahrman**

Independent Non-Executive Director  
(appointed 25.06.2018)

**Jean Serge Krol**

Non-Independent Non-Executive Director  
(appointed 19.07.2019)

**Darren Kong Kam Seong**

Independent Non-Executive Director  
(appointed 14.04.2021)

## COMPANY SECRETARY

**Katina Nurani binti Abd Rahim**  
Licensed Secretary  
(L.S. No. 9652)  
SSM Practising Certificate No.  
201908001190

## REGISTERED OFFICE

Level 5, Quill 9,  
112, Jalan Prof. Khoo Kay Kim  
46300 Petaling Jaya  
Selangor Darul Ehsan  
Telephone : 03-7953 2600  
Facsimile : 03-7953 2700

## STOCK EXCHANGE LISTING

**Main Market of Bursa Malaysia Securities Berhad**  
Stock Code: DLADY 3026

## AUDIT & RISK COMMITTEE

### CHAIRPERSON

**Tengku Nurul Azian binti Tengku Shahrman**

### MEMBERS

**Saw Chooi Lee**  
**Darren Kong Kam Seong**  
**Dato' Dr. Rosini binti Alias**  
**Jean Serge Krol**

## REGISTRAR

**BOARDROOM SHARE REGISTRARS SDN BHD**

12<sup>th</sup> Floor, Menara Symphony  
No. 5, Jalan Prof. Khoo Kay Kim  
Seksyen 13  
46200 Petaling Jaya  
Selangor Darul Ehsan  
Telephone : 03-7890 4800  
Facsimile : 03-7841 8151

## AUDITORS

**PRICEWATERHOUSECOOPERS PLT (LLP0014401-LCA & AF 1146)**

Chartered Accountants  
Level 10, 1 Sentral, Jalan Rakyat  
Kuala Lumpur Sentral  
50706 Kuala Lumpur, Malaysia

## PRINCIPAL BANKERS

**PUBLIC BANK BERHAD**

12, Jalan 14/14  
46100 Petaling Jaya  
Selangor Darul Ehsan

**CITIBANK BERHAD**

Level 45, Menara Citibank  
No 165 Jalan Ampang  
50450 Kuala Lumpur

**MALAYAN BANKING BERHAD**

18A, Jalan 14/14  
46100 Petaling Jaya  
Selangor Darul Ehsan

## NOMINATING & REMUNERATION COMMITTEE

### CHAIRPERSON

**Saw Chooi Lee**

### MEMBERS

**Bernardus Hermannus Maria Kodden**  
**Tengku Nurul Azian binti Tengku Shahrman**  
**Darren Kong Kam Seong**

## WEBSITE

[www.dutchlady.com.my](http://www.dutchlady.com.my)

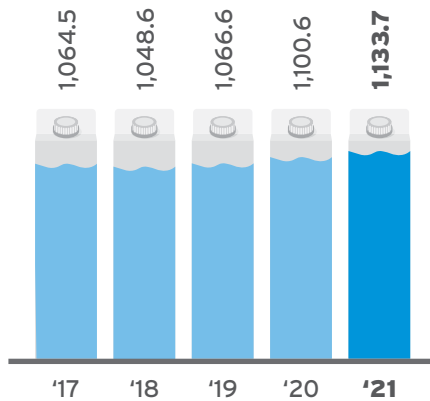
## INVESTOR RELATIONS & ENQUIRIES

**Arent Naber**

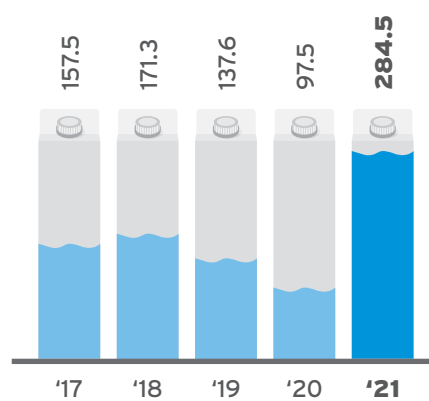
Finance Director  
[finance.dept@frieslandcampina.com](mailto:finance.dept@frieslandcampina.com)

# 5-YEAR FINANCIAL SUMMARY

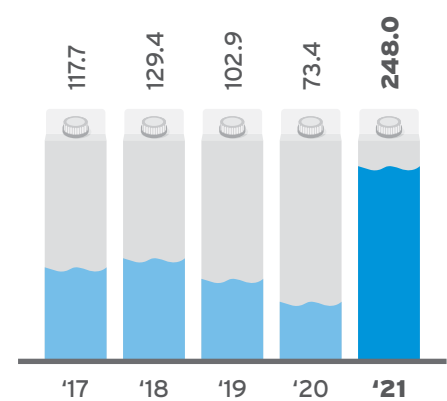
## REVENUE (RM 'mln)



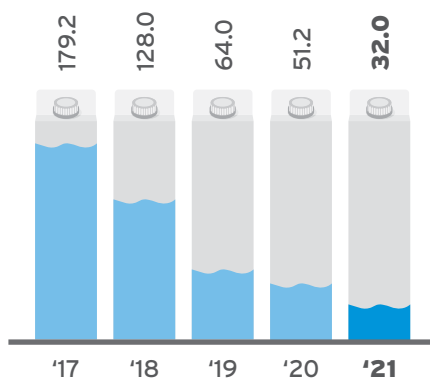
## PROFIT BEFORE TAX (RM 'mln)



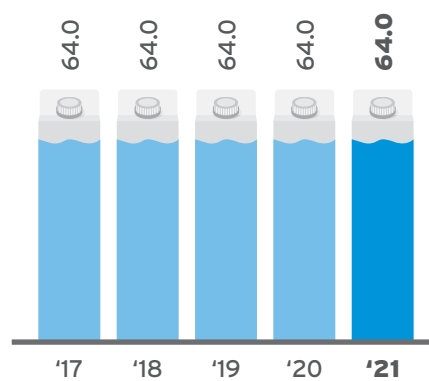
## NET PROFIT FOR THE YEAR (RM 'mln)



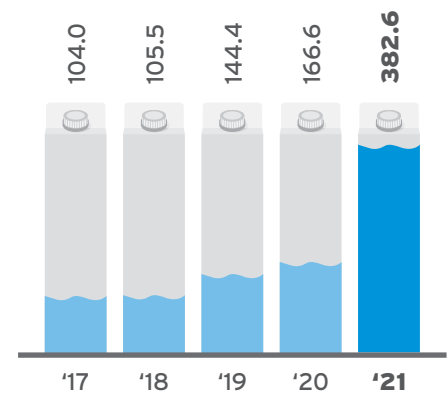
## NET DIVIDEND PAID (RM 'mln)



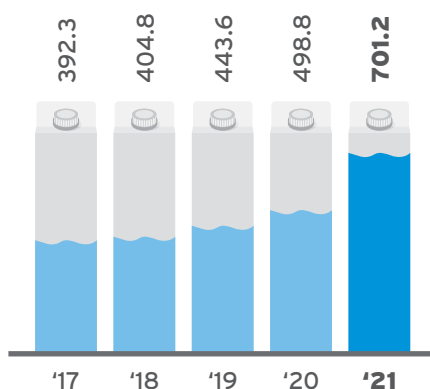
## PAID-UP SHARE CAPITAL (RM 'mln)



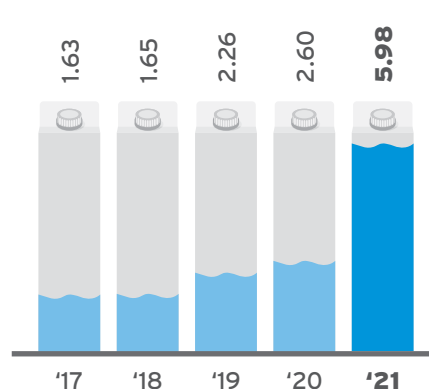
## SHAREHOLDERS FUND (RM 'mln)



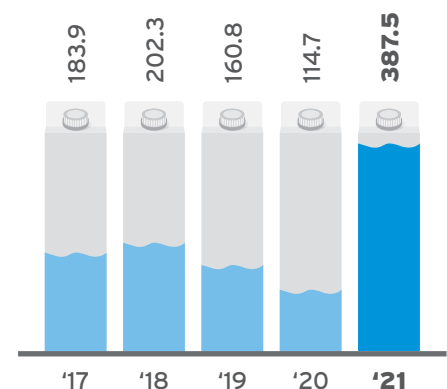
## TOTAL ASSETS (RM 'mln)



## NET ASSET BACKING PER SHARE (RM 'mln)



## EARNINGS PER SHARE (SEN)

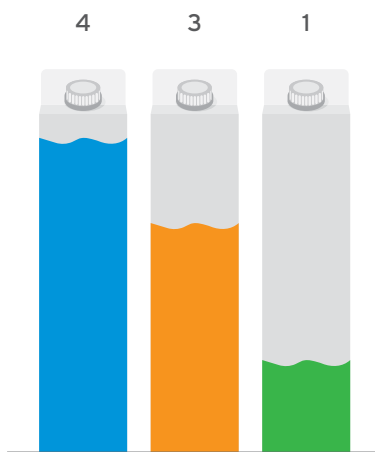


# PROFILES OF BOARD OF DIRECTORS AND COMPANY SECRETARY

## COMMITTEE MEMBER KEY

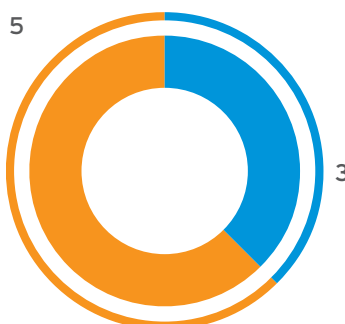
- A** Audit & Risk Committee
- N** Nominating & Remuneration Committee

## BOARD COMPOSITION



- Independent Non-Executive Directors
- Non-Independent Non-Executive Directors
- Executive Directors

## GENDER



- Male
- Female



**DATIN SERI SUNITA MEI-LIN RAJAKUMAR**  
Chairperson and Independent Non-Executive Director

Malaysian	Female	Age 53
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**Date of Appointment:** 27 February 2019

**Tenure of Directorship:** 3 years 1 month

**Board Meeting Attendance in 2021:** 4/4

**Membership of Board Committee:** None

Datin Seri Sunita was a member of Dutch Lady Milk Industries Berhad's board committees up to 27 September 2021 when she relinquished her positions in all board committees.

### Present Directorship in Other Public Companies and Listed Issuers:

- Berjaya Corporation Berhad

### Non-listed public company

- MCIS Insurance Berhad
- Zurich General Insurance Malaysia Berhad
- Climate Governance Malaysia Berhad

### Academic/Professional Qualification(s):

- LLB (Honours), Bristol University
- Qualified as Member of the Institute of Chartered Accountants of England & Wales in 1994

### Working Experience:

Datin Seri Sunita's career began at the Audit and Insolvency Divisions of Ernst & Young in London. Thereafter she was attached to the Corporate Finance Department of RHB Investment Bank Berhad in Kuala Lumpur before becoming a consultant at MIMOS Berhad, where she was invited to manage a foreign technology venture capital fund. She is appointed to the board of trustees of several charities and is involved in a spectrum of community-based activities. She has a cumulative 20 years of experience sitting on boards ranging from technology start-up companies to listed companies, and is a strong advocate of climate governance, having founded the country chapter of the World Economic Forum's climate governance initiative.



## PROFILES OF BOARD OF DIRECTORS AND COMPANY SECRETARY



### RAMJEET KAUR VIRIK

Executive Director

Malaysian	Female	Age 45
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**Date of Appointment:** 2 July 2021

**Tenure of Directorship:** 8 months

**Board Meeting Attendance in 2021:** 2/2

#### Membership of Board Committee:

None

#### Present Directorship in Other Public Companies and Listed Issuers:

Nil

#### Academic/Professional Qualification(s):

- Bachelor of Science Degree in Economics, Banking and Finance, London School of Economics, United Kingdom.

#### Present Directorship in Other Public Companies and Listed Issuers:

Nil

#### Working Experience:

Ramjeet has been with FrieslandCampina for 10 years. Prior to her current appointment, Ramjeet was the Marketing Director for the Consumer Dairy Business of the Company since 2018. Before that, she was the International Marketing Manager at FrieslandCampina Asia based in Singapore, and Marketing Manager at PT Frisian Flag Indonesia.

She has more than 20 years of experience in various commercial roles, namely in marketing, sales and shopper functions. Her career started in other leading fast-moving consumer goods organisations such as British American Tobacco (M) Sdn Bhd and Heineken Malaysia Berhad (previously known as Guinness Anchor Berhad).



### SAW CHOOI LEE

Senior Independent Non-Executive Director



Malaysian	Female	Age 58
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**Date of Appointment:** 1 January 2014

**Re-designation to Independent Director:** 15 January 2020

**Tenure of Directorship as Independent Director:** 2 years 2 months

**Board Meeting Attendance in 2021:** 4/4

#### Membership of Board Committee:

- Nominating & Remuneration Committee (Chairperson)
- Audit & Risk Committee

#### Present Directorship in Other Public Companies and Listed Issuers:

Nil

#### Academic/Professional Qualification(s):

- Bachelor of Science in Business Administration and MBA from the University of Nebraska-Lincoln, USA

#### Working Experience:

Ms. Saw was formerly the Managing Director for Dutch Lady Milk Malaysia and Singapore from 2015 to 2017. She was then re-designated as a Non-Independent Non-Executive Director in January 2018.

Ms. Saw started her marketing career by joining the Unilever management training programme and since then, she has held various senior managerial positions within the fast-moving consumer goods industry. She first joined the Company in March 2003 as its Commercial Director. From March 2008 to 2010, she was appointed as the General Manager for FrieslandCampina Hong Kong. She was then promoted to become the Managing Director for FrieslandCampina Mainland China from 2011 to 2014.

She also teaches at the Graduate Business School - MBA Program, Universiti Kebangsaan Malaysia and mentors in the Women in Leadership (WIL) programme by Lead-Women Malaysia Organisation.

## PROFILES OF BOARD OF DIRECTORS AND COMPANY SECRETARY



**BERNARDUS HERMANNUS  
MARIA KODDEN**



Non-Independent Non-Executive Director

Dutch	Male	Age 48
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**Date of Appointment:** 1 January 2018

**Tenure of Directorship:** 4 years 2 months

**Board Meeting Attendance in 2021:** 4/4

**Membership of Board Committee:**

- Nominating & Remuneration Committee

**Present Directorship in Other Public Companies and Listed Issuers:**

Nil

**Academic/Professional Qualification(s):**

- BA in International Economics/Modern Japanese Studies University of Rotterdam in the Netherlands
- MA International Relations, University of Gronigen in the Netherlands
- MBA from University of Bradford/NIMBAS University

**Working Experience:**

Mr. Kodden assumed the position of President of Business Group, Specialised Nutrition for Royal FrieslandCampina N.V on 1 January 2018. Prior to that, he was the Managing Director for FrieslandCampina, Branded Netherlands. He has also held various director and managerial positions for Infant & Toddler Nutrition, Brand and Innovation and Sales within Royal Friesland Foods and later FrieslandCampina N.V. He has extensive experience in the areas of sales, marketing, general management and crisis management.



**DATO' DR. ROSINI BINTI ALIAS**



Non-Independent Non-Executive Director

Malaysian	Female	Age 64
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**Date of Appointment:** 16 March 2018

**Tenure of Directorship:** 4 years

**Board Meeting Attendance in 2021:** 4/4

**Membership of Board Committee:**

- Audit & Risk Committee

**Present Directorship in Other Public Companies and Listed Issuers:**

Nil

**Academic/Professional Qualification(s):**

- Doctor of Veterinary Medicine, DVM, Universiti Pertanian Malaysia

**Working Experience:**

Dato' Dr. Rosini was formerly the Deputy Director-General of the Department of Veterinary Services (DVS), Malaysia. Her career in the veterinary and agricultural sector spans over 30 years, and her contribution and service to the veterinary sector has been recognised through state honours and by industry patrons in 2015 and 2017.

## PROFILES OF BOARD OF DIRECTORS AND COMPANY SECRETARY



**TENGGU NURUL AZIAN  
BINTI TENGGU SHAHRIMAN**

Independent Non-Executive Director



Malaysian	Female	Age 59
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**Date of Appointment:** 25 June 2018

**Tenure of Directorship:** 3 years 9 months

**Board Meeting Attendance in 2021:** 4/4

#### Membership of Board Committee:

- Audit & Risk Committee (Chairperson)
- Nominating & Remuneration Committee

#### Present Directorship in Other Public Companies and Listed Issuers:

- Sunway REIT Management Sdn Bhd (management company of Sunway REIT)
- FM Global Logistics Holdings Berhad (formerly known as Freight Management Holdings Berhad)

#### Academic/Professional Qualification(s):

- Advocate and Solicitor of the High Court of Malaya
- Barrister-at-Law - The Honourable Society of Inner Temple
- School of Oriental & African Studies, London University, LLB (Hons)

#### Working Experience:

Tengku Nurul Azian was formerly the Executive Vice President & Partner of PEMANDU Associates Sdn Bhd, a management consulting firm focused on public sector transformation and business turnaround with global experience.

She started her career in 1988 as an Advocate and Solicitor with Messrs. Shook Lin & Bok before pursuing a career in investment banking in 1992. She has over 18 years of broad experience in investment banking and corporate finance, the last position held as Head of Corporate Finance in RHB Investment Bank Berhad, a member of RHB Banking Group, the 4<sup>th</sup> largest fully integrated financial services group in Malaysia.

In 2010, she was appointed as the Director of Education and Human Capital Development in the Performance Management and Delivery Unit (PEMANDU) and held this position until 2017.

She is also a Board member of Pemimpin GSL, Malaysia, a member of the Global School Leaders network, an organisation involved in providing school leadership programs to head teachers in approximately 195 schools and sits on the Board of Governors of her alma mater, Convent Bukit Nanas.



**JEAN SERGE KROL**

Non-Independent Non-Executive Director



Dutch	Male	Age 51
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**Date of Appointment:** 19 July 2019

**Tenure of Directorship:** 2 years 8 months

**Board Meeting Attendance in 2021:** 4/4

#### Membership of Board Committee:

- Audit & Risk Committee

#### Present Directorship in Other Public Companies and Listed Issuers:

Nil

#### Academic/Professional Qualification(s):

- Post-master Degree Certified Controller (RC), Vrije Universiteit, Amsterdam
- Post-master Degree Certified Public Accountant (RA), Rijksuniversiteit Groningen (RUG), Groningen
- Master of Economics (Drs.), Auditing variant, Rijksuniversiteit Groningen (RUG), Groningen

#### Working Experience:

Mr. Krol joined FrieslandCampina in 2002 as Commercial Controller Friesland Foods Cheese, Wolvega. He then held the position as a Finance Director at FrieslandCampina Thailand, Bangkok from 2006 to 2010 and as Finance Director at FrieslandCampina DOMO, Amersfoort from 2010 to 2015 before assuming the position as Finance Director of FrieslandCampina China, Shanghai in May 2015. In July 2019, he was appointed as the Director of Finance for FrieslandCampina's Specialised Nutrition Business Group.

## PROFILES OF BOARD OF DIRECTORS AND COMPANY SECRETARY



**DARREN KONG KAM SEONG**  
Independent Non-Executive Director



Malaysian	Male	Age 44
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**Date of Appointment:** 14 April 2021

**Tenure of Directorship:** 11 months

**Board Meeting Attendance in 2021:** 3/3

**Membership of Board Committee:**

- Audit & Risk Committee
- Nominating & Remuneration Committee

**Present Directorship in Other Public Companies and Listed Issuers:**

Nil

**Academic/Professional Qualification(s):**

- Fellow Member of the Association of Chartered Certified Accountants (ACCA)
- Member of the Malaysian Institute of Accountants (MIA)
- Associate member of the Association of Certified Fraud Examiners (ACFE)
- Member of the Certified Practising Accountants, Australia (CPA)
- Member of the Institute of Corporate Directors Malaysia (ICDM)
- Member of the Singapore Institute of Directors (SID)
- BSc (Hons) in Applied Accounting, Oxford Brookes University, United Kingdom

**Working Experience:**

Mr. Darren Kong is currently Managing Director, Corporate Strategy & Alliance of Fusionex Group, an established multi-award winning data technology provider that specialises in Analytics, Big Data, Machine Learning and Artificial Intelligence. Prior to venturing into the ICT sector, he has held senior management and finance positions in industries covering property development, property management and the automotive industry. His area of work involves various organisations from enterprises to small businesses, establishing partnership with trade and industrial associations and government agencies.

Mr. Darren Kong is a fellow member of the Association of Chartered Certified Accountants (ACCA), a member of the Malaysian Institute of Accountants (MIA), a member of Certified Practising Accountant (CPA) Australia, a member of Institute of Corporate Directors Malaysia (ICDM), a global associate member of Singapore Institute of Directors (SID) and an associate member of the Association of Certified Fraud Examiners (ACFE). He graduated from Oxford Brookes University, United Kingdom with a BSc (Hons) in Applied Accounting and a professional qualification from the Association of Chartered Certified Accountants. He also holds a Certificate in Data Analytics (CertDA) from ACCA, a Certificate in Digital Marketing Specialist from Malaysian Institute of Management, a Certified Digital Transformation Professional (International Program) from CASUGOL and a Certificate in Google Cloud Big Data & Machine Learning.



**KATINA NURANI BINTI ABD RAHIM**  
Company Secretary

Malaysian	Female	Age 47
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**Date of Appointment:** 6 April 2018

**Board Meeting Attendance in 2021:** 4/4

**Directorship in Public Listed Companies:**  
Nil

**Academic/Professional Qualification(s):**

- LLB (Honours), University of Nottingham, United Kingdom
- Bar Vocational Course, University of Wales, Cardiff, United Kingdom
- Barrister-at-Law of England & Wales (Lincoln's Inn)
- Advocate & Solicitor of the High Court of Malaya
- Licensed Company Secretary

**Working Experience:**

Katina was admitted as an Advocate & Solicitor of the High Court of Malaya in 1999 after which she practiced in several law firms in Kuala Lumpur before joining the Usaha Tegas Group as Legal Counsel in 2005. Subsequently, she was attached to Lafarge Malaysia Berhad from March 2011 to March 2018 where she was the Head Counsel for Cement and Drymix businesses and the Company Secretary. She then joined the Company on 15 March 2018 as the Legal & Company Secretarial head. She is a licensed company secretary under Section 20(G) of the Companies Commission of Malaysia Act 2001.

Save as disclosed, the Directors and the Company Secretary do not have any family relationship with any Director and/or major shareholder of the Company other than as nominee director of Royal FrieslandCampina N.V., do not have any conflict of interest with the Company, has not been convicted of any offence within the past five years, has not been imposed any penalty by the relevant regulatory bodies during the financial year 2021.



# ENJOY THE FLAVOURS FOR A STRONG ME, A STRONGER US



**PACKED WITH PROTEIN  
AND EVEN MORE CALCIUM\***

\*Increase in value of Calcium is only applicable to Dutch Lady UHT Full Cream and milk powder variants of plain, honey flavoured and chocolate flavoured.

# MANAGEMENT TEAM PROFILES

## RAMJEET KAUR VIRIK

Managing Director



Malaysian

Female

Age 45

**Appointed:** July 2021

**Academic/Professional Qualification(s):**

- Bachelor of Science Degree in Economics, Banking and Finance, London School of Economics, United Kingdom.

**Present Directorship in Other Public Companies and Listed Issuers:**

Nil

**Working Experience:**

Ramjeet has been with FrieslandCampina for 10 years. Prior to her current appointment, Ramjeet was the Marketing Director for the Consumer Dairy Business of the Company since 2018. Before that, she was the International Marketing Manager at FrieslandCampina Asia based in Singapore, and Marketing Manager at PT Frisian Flag Indonesia.

She has more than 20 years of experience in various commercial roles, namely in marketing, sales and shopper functions. Her career started in other leading fast-moving consumer goods organisations such as British American Tobacco (M) Sdn Bhd and Heineken Malaysia Berhad (previously known as Guinness Anchor Berhad).

## ARENT NABER

Finance Director



Dutch

Male

Age 35

**Appointed:** September 2020

**Academic/Professional Qualification(s):**

- Leading to Succeed program, Ashridge University, United Kingdom
- Executive Master in Finance and Control, Tias Nimbas Business School, Netherlands
- Master of Science in Financial Management, Nyenrode Business University, Netherlands

**Present Directorship in Other Public Companies and Listed Issuers:**

Nil

**Working Experience:**

Prior to his current role as Finance Director, Arent was the Customer Finance Manager for FrieslandCampina Philippines - Alaska Milk Corporation since 2017. Prior to that, Arent held various positions in FrieslandCampina since 2009 including Manager Corporate Internal Audit and Supply Chain Finance Manager FrieslandCampina Domo USA 2015 - 2017.

## MANAGEMENT TEAM PROFILES

### ZATUR BINTI HASSIM

Marketing Director



Malaysian

Female

Age 43

**Appointed:** November 2019

**Academic/Professional Qualification(s):**

- Degree in Biomedical Science, National University of Malaysia
- Leading to Succeed Program, Ashridge University, United Kingdom
- MBA Essential Certificate, London School of Economics and Political Science

**Present Directorship in Other Public Companies and Listed Issuers:**

Nil

**Working Experience:**

Zatur has more than 20 years of experience in pharmaceutical and FMCG, with the last 8 years focusing specifically on Nutrition/Dairy. Before assuming her current role, Zatur was the Specialised Nutrition Director for the Company and prior to that, she was Specialised Nutrition Director at FrieslandCampina Nigeria.

She joined FrieslandCampina in Singapore as International Medical Marketing Manager in October 2013. Zatur was then invited to move to Nigeria in 2015 where she led the Specialised Nutrition portfolio as Marketing Manager before moving into the Specialised Nutrition Director role in 2018. Prior to joining FrieslandCampina, Zatur worked with Sanofi-Aventis, GlaxoSmithkline Pharmaceutical, Wyeth Pharmaceutical and Kimberly-Clark.

### MUHAMMAD ABDUL HADI BIN ABDULLAH

Corporate Affairs Director



Malaysian

Male

Age 54

**Appointed:** September 2018

**Academic/Professional Qualification(s):**

- Bachelor of Communications (Honours), University Science of Malaysia
- Leaders of the Future Programme, Ashridge Business School, Hertfordshire, United Kingdom

**Present Directorship in Other Public Companies and Listed Issuers:**

Nil

**Working Experience:**

In addition to his role as Corporate Affairs Director for the Company, Hadi was also appointed as FrieslandCampina's Public Affairs Coordinator for AMEA Region. Prior to joining the Company, Hadi was the Manager, Government & Corporate Affairs with JT International Berhad from 2001 to 2018.

Hadi has over 29 years' experience in various roles in the areas of government & external relations, regulatory affairs, corporate communications, public relations, CSR and corporate branding. He previously held positions at Communication Resource Group Public Relations Sdn Bhd, Kuala Lumpur Sentral Sdn Bhd (a member of the Malaysian Resources Corporation Berhad Group of Companies), Malaysian Resources Corporation Berhad and Dialog Group Berhad.

Effective 1 December 2020, Hadi has been appointed as Public Affairs AMEA Region Coordinator. Hadi will take a seat in the most important regional bodies and partner the local teams within Asia, Middle East and Africa region, acting as a sparring business partner for regional public affairs.

## MANAGEMENT TEAM PROFILES

### ANJALI VELAYUDHAN MENON

Human Resources Director



Indian

Female

Age 40

**Appointed:** January 2022

**Academic/Professional Qualification(s):**

- Leadership Program, Executive Education, London Business School, United Kingdom
- Certified Master Performance Coach, JMC Academy, Malaysia
- Hallos Relationship Practitioner, Hallos Relationship Community, Spain
- The Change Cycle Practitioner, The Change Cycle Series, USA
- 360 Degree Profiler Practitioner, Korn Ferry, India
- Thomas Emotional Intelligence Certified Practitioner, Thomas International, United Kingdom
- Post Graduate Diploma in Management, Human Resources (Major) & Marketing (Minor), Symbiosis Center for Management and Human Resource Development, India
- Bachelor of Engineering, Computer Engineering, North Maharashtra University, India

**Present Directorship in Other Public Companies and Listed Issuers:**

Nil

**Working Experience:**

Prior to her current role as Human Resources Director, Anjali was the Regional Head of Talent Centre of Competence, for Nestlé in Asia Pacific and Sub-Saharan Africa Region, based in Kuala Lumpur since 2018. Prior to that, Anjali has held various positions in Nestlé since 2006, including Corporate People Development and Employee Communications Lead for South Asia (based in India), and Change, Organisation Design and Communications Lead for Indochina (based in Thailand) between 2013 - 2018.

### SANDER JANMAAT

Program Director



Dutch

Male

Age 46

**Appointed:** October 2018

**Academic/Professional Qualification(s):**

- Management Development Program, Ashridge Business School, UK
- Food Economics (MSc), Wageningen University, The Netherlands
- Dairy Process Technology, HAS University, The Netherlands
- Business Administration, Fulton Montgomery Community College, USA

**Present Directorship in Other Public Companies and Listed Issuers:**

Nil

**Working Experience:**

Before assuming his current role, Sander was the Operations Director at DLMI. He also held different roles within Asia, amongst others Performance Excellence Manager with Frisian Flag Indonesia and prior to that Plant Manager and later Site Manager at Alaska Milk Corporation in the Philippines.

He started his career in 2000 with Calvé Delft, a part of Unilever N.V. and joined FrieslandCampina in 2001. He has over 19 years of experience in operations, continuous improvement, project management and supply chain and has held various management positions in the Netherlands, France, USA, Philippines and Indonesia.



## MANAGEMENT TEAM PROFILES

### WILSON CHUA

Sales Director



Malaysian

Male

Age 37

**Appointed:** January 2022

**Academic/Professional Qualification(s):**

- Dare to lead program, Vlerick Business School, Ghent, Belgium
- Bachelor of Business in Information Technology University of Coventry, England

**Present Directorship in Other Public Companies and Listed Issuers:**

Nil

**Working Experience:**

Prior to his current role as Sales Director, Wilson was the National Customer Development Manager - Modern Trade & GT Chilled for Dutch Lady Milk Industries Berhad. Wilson is equipped with 14 years of sales experience and joined the company in April 2016. Prior to DLMI, he worked in Reckitt Benckiser, Unilever and local company Nibong Tebal Enterprise, all in various sales capacity. At DLMI, he was part of multiple sales transformation projects and was a part of the Future Leader Cohort 2018.

### TAN POH LIAN

Plan & Deliver Lead



Malaysian

Female

Age 45

**Appointed:** April 2021

**Academic/Professional Qualification(s):**

- Advanced Diploma in Business Administration (Association of Business Executive, ABE UK)

**Present Directorship in Other Public Companies and Listed Issuers:**

Nil

**Working Experience:**

Poh Lian started her career with FrieslandCampina in 2013 when she joined as Supply Planning Manager.

Since then, she had progressively expanded her role to encompass Shipping, Logistics and then Warehousing as a Plan & Deliver Manager prior to her current role as a Customer Supply Chain Lead.

She started her Supply Chain career with Unilever. During her tenure, Poh Lian had also been part of Finance, GL reporting and was also tasked to lead outsourcing transformation of the Accounts Payable function before moving back to Supply Chain as Demand and Supply Manager.

She has more than 13 years of experience in various managerial positions, managing different part of the supply chain.

Save as disclosed, the members of the Management Team do not have any family relationship with any Director and/or major shareholder of the Company other than as nominee director of Royal FrieslandCampina N.V., do not have any conflict of interest with the Company, has not been convicted of any offence within the past five years, has not been imposed any penalty by the relevant regulatory bodies during the financial year 2021, and do not hold any shares in the Company.



Made in The  
Netherlands

# Natural Nutrient Easy

With small molecules & soft s



**Friso**  
GOLD

to Digest  
structure.



# CHAIRPERSON'S STATEMENT



## Nourishing Our Nation

**Datin Seri Sunita Mei-Lin Rajakumar**  
Chairperson

**Dear Shareholders,**

**On behalf of the Board of Directors, I am pleased to present the Company's Annual Report and Audited Financial Statements for the financial year ended 31 December 2021.**

### **Facing Headwinds**

2021 proved to be an extension to the previous year's unprecedented challenges facing our country, community and businesses across all industries. Economic headwinds coupled with the COVID-19 pandemic produced an environment of uncertainty, impacting traditional ways of working and disrupted established business models.

At Dutch Lady Milk Industries Berhad ("DLMI"), we have managed to thus far, weather this economic and COVID-19 storm mainly due to the resilience and agility of our talented workforce and business partners. These factors continue to be critical for the ongoing success of our business operations.

The sustainability of our purpose, 'Nourishing our Nation' continues to guide us in these difficult times. Recognised as 'essential services' by the Government during the Movement Control Order (MCO), DLMI continued to provide our popular nutritious products to further the national health agenda.

We remain resolutely guided by FrieslandCampina's global mantra on people safety, focus on our primary processes, staying connected and making impactful decisions with the future in mind.

### **Persevering through the COVID-19 Storm**

Despite the challenges faced in 2021, DLMI posted a 3% revenue growth to RM1.13 billion, resulting in a Profit Before Tax of RM284.5 million.

Our purpose of Nourishing Our Nation could not have been more clearer during this pandemic. With the greenlight from the Government to operate during the MCO in 2021, DLMI worked purposefully, delivering quality dairy products to all parts of the country and simultaneously supported the Government's national health agenda.

## CHAIRPERSON'S STATEMENT



### PROFIT BEFORE TAX

**RM284.5  
MILLION**



**REVENUE  
RM1.13 BILLION**

**+3%**



**RM32  
MILLION**

**dividends paid to shareholders**



**It is indeed heartening to see children grow up on these products and in turn, nourish their own children with the same trusted brand. We are deeply gratified that it is Malaysians, our customers, who have made DLMI the No. 1 dairy company in Malaysia.**



### Supporting the Nation's Wellbeing

Since our establishment in 1963, DLMI has contributed much to the nation's wellbeing. Consistently aligned to our core purpose, we continue to deliver innovative dairy products. We remain very excited to support and nourish the generations of Malaysians yet to come.

To elevate our overall business operations, DLMI has infused our Leadership Philosophy into our everyday operations, to maximise our business foundation model on the 4Ps: Purpose, People, Performance and Potential.

### Purpose

Throughout our 58 years of operating in the country, DLMI has remained steadfast to our purpose of Nourishing Our Nation by encouraging the consumption of nutritious milk products. We now have a wide range of well-loved iconic products, covering our Dutch Lady Liquid Milk range, Dutch Lady and Friso Gold formulated milk powder for children, and Yogurt range.

It is indeed heartening to see children grow up on these products and in turn, nourish their own children with the same trusted brand. We are deeply gratified that it is Malaysians, our customers, who have made DLMI the No. 1 dairy company in Malaysia.

We shoulder this responsibility as a sacred trust. DLMI strongly supports the Government's national health agenda regarding non-communicable diseases, i.e., stunting, obesity and micronutrient deficiencies in children. To boost nutritional levels of our dairy products, we constantly reformulate our products based on consumer research and nutritional deficiencies. This includes reducing sugar and fat content as well as increasing calcium, protein, vitamins and minerals.

We continue to partner the authorities and healthcare stakeholders, exploring avenues to increase access to nutrition in our quest to a healthier Malaysia.

### People

We stand proud in recognition of our people who make DLMI and our brands great. It is their expertise and experience that drives our continued business growth.

During the ongoing pandemic, our primary focus has been on ensuring the safety, health and mental wellbeing of our people. Besides the mandatory requirements, we implemented further measures such as frequent testing using Rapid Test Kits, driving vaccination campaigns, pushing the work-from-home approach for office-based employees with full focus to support our primary processes, manufacturing and sales.

Having an agile mindset and framework proved hugely beneficial in adapting to these changes. This helped to ensure a seamless transition to a digital platform, with employees using virtual tools and data analytics in day-to-day decision making and adapting to the New Way of Working.

### Performance

Our 2021 results showing internal topline growth is a strong testament to the strength of our trusted brands to meet the needs of consumers in this fast-paced and rapidly evolving environment. To our valued customers, we extend our heartfelt thanks for your strong support and confidence.

DLMI is cognisant that in order to grow market share, productivity and profitability are critical factors. Immersed in a performance-oriented culture, DLMI is committed to increase productivity across all aspects of its operation, from logistics of supply, to storage and distribution.

## CHAIRPERSON'S STATEMENT

Our winning profitability formula which has served us well in 2021 will continue well into 2022. We will strive to achieve our topline numbers and align our business parameters with the environmental outlook. The business will keep close watch on our mix, pricing and stock levels as well as managing costs and maintaining a healthy cash level. Achieving our target gross margin will enable us to continue to invest in our key assets - our strong brands and committed staff.

With this combination of factors, we are confident we will continue to achieve our targets now and for years to come.

### Potential

As Malaysia remains a very important market with a bright outlook, we will be investing RM400 million in our new manufacturing plant at Techpark in Bandar Enstek, Negeri Sembilan to support the company's long-term expansion plans in Malaysia. This demonstrates DLMI's continued commitment to nurturing the goodness of milk and growing milk consumption in Malaysia.

This upcoming facility, at close to 33 acres, is three times the size of our existing factory in Petaling Jaya and will allow us to double our production capacity. It was chosen for its strategic location, connected by excellent infrastructure and road linkages to all urban centres and ports. Additionally, it is located within an Industrial Park with Halal status, a distinctive advantage in the local market.

We take great pride in building a Smart Factory with Industry 4.0 standards that will create a myriad of future opportunities to benefit the nation. Our new facility will also incorporate green and high-technology, improved sustainability and efficiencies with future innovations that include energy efficient utilities, zero-losses processing, reuse of rainwater as well as improved recyclability.

DLMI will continue adopting new strategies to ensure continuity and sustainability of the business to win in the market.

### Sustainability Commitment

Sustainability across our value chain is a critical element in our business, ensuring our ability to provide trusted quality, safe and affordable nutrition to a growing population. We call this our 'Grass to Glass' philosophy.

On this philosophy, we have built our Company's sustainability roadmap, outlining four specific areas: Nourishing Malaysians with better and affordable nutrition, leading sustainable actions at the farm, striving for a balance with nature via our carbon footprint reduction and post-consumption initiatives.



**Sustainability across our value chain is a critical element in our business, ensuring our ability to provide trusted quality, safe and affordable nutrition to a growing population. We call this our 'Grass to Glass' philosophy.**



These areas are further aligned with FrieslandCampina's 'Nourishing A Better Planet', which in turn drives support for 7 out of the 17 United Nations' Sustainable Development Goals.

In the course of creating high-quality affordable nutritional products as our main objective and nourishing our nation, we also remember that water management is a core component of DLMI's Sustainability roadmap. DLMI embarked on a tributary cleaning project of Sungai Penchala to revitalise its ecosystem from August to December 2021. We welcome future collaborations with other businesses, residents, students, state agencies and local government so we can work together and learn to be better river guardians together.

At industry level, DLMI will continue to play an active role in driving and advocating the recyclable and circular packaging agenda through the Malaysian Recycling Alliance Berhad (MAREA), aiming ultimately for a sustainable, recycling ecosystem.

We are also part of the CEO Action Network (CAN), a closed-door peer-to-peer informal network of CEOs and Board members, focusing on sustainability advocacy, capacity building and action and performance. Such networking opens up opportunities to forge partnerships that are committed to responsible business practices and sustainable development.

## CHAIRPERSON'S STATEMENT

### Industry Awards and Recognition

I am proud to share that we won 2 gold and 1 bronze award at the Employee Experience Awards Malaysia 2021.

1. Best Employee Wellness Strategy (Gold)
2. Best Organisation Upskilling and Reskilling Strategy (Gold)
3. Best Crisis Management & Leadership (Bronze)



The Employee Experience Awards rewards top-notch Human Resource (HR) teams and individuals with business stories that inspire, educate and move the dial on employee experience and are judged by a panel of top HR leaders.

This recognition serves as an amazing testimony of a truly nourishing organisation and the impact made by nurturing our people via Body.Mind.Soul (BMS) and growing our people through talent development.

I am also immensely proud that DLMI continues to be the strong number 1 dairy company\* in Malaysia in 2021, with Dutch Lady leading in the liquid milk and mainstream IFT segments.

Our other brand, Friso Gold, was also awarded The Motherhood Choice Award 2021 by The World Brands Foundation (TWBF). The Motherhood's Choice Award seeks out favorite brands for pregnancy, maternity, toddler and kids' products and services in line with the Government's commitment to regulate and improve child safety measures and aims to showcase top quality, safe and innovative products that are endorsed by mothers from all over the world.

\*Dairy includes liquid milk, infant milk, yogurt/yogurt drink/cultured milk

### Dividends

During the financial year ended 31 December 2021, a total of RM32 million was paid out as standard and special interim dividends to shareholders. This represents a 13% distribution of the Company's net profit attributable to shareholders. I wish to remind shareholders that the payment of any special and extraordinary interim dividends is very much dependent on the Company's profitability, business and operational needs during the year as well as for the future.

### Board and Management Changes

In 2021, we saw some changes to the Board composition. I assumed the role of Chairperson, following the close of the Company's 58<sup>th</sup> Annual General Meeting (AGM). I would like to take this opportunity to thank Dato' Zainal Abidin bin Putih for being Chairman and Independent Director of the Board for 12 years and I wish to extend our utmost gratitude to him for his contribution through the years.

In 2021, we welcomed Darren Kong Kam Seong to DLMI as our newest member of the Board. We also saw several changes to our management team. DLMI's Managing Director, Tarang Gupta left the Company to further his career at FrieslandCampina in the Philippines and he was succeeded by DLMI's Marketing Director of Consumer Dairy, Ramjeet Kaur Virik. We then bid farewell to our Sales Director, Katrina Neo as she embarked on a new career and we warmly welcomed Wilson Chua, our National Customer Development Manager who assumed the role of Sales Director. We also welcomed Anjali Menon, our new Human Resource Director as Sharon Foo began the next phase of her journey at FrieslandCampina as well as Inderjit Singh who joined us as Head of Internal Audit. We thank Tarang, Katrina and Sharon for their contribution to the Company.

### Acknowledgement

Whilst the pandemic continues to significantly roil social and economic networks almost everywhere in the world, it has also demonstrated that people are able to face these challenges head on and adapt for better outcomes. I have seen this resilience and grit in our Management team, employees and business partners alike and applaud them for their commendable team spirit.

I take this opportunity to also thank the members of the Board for their dedication and direction in guiding the company progressively forward through this very challenging period.

Looking at the team we have, the resources, the experience and expertise, I have every confidence that DLMI will continue to persevere with high performance and success in the year ahead.

[#NourishingOurNation](#)  
[#StrongMeStrongerUs](#)

**Datin Seri Sunita Mei-Lin Rajakumar**  
Chairperson

# MANAGEMENT DISCUSSION & ANALYSIS

## Nourishing by Nature



Distributing over  
**180,000**  
milk packs  
to key frontliners and  
partnered various  
Non-Government  
Organisations, Key  
Opinion Leaders and  
Foodbanks



Our Dairy Development  
Programme (DDP) has  
helped produce  
**37.9 million**  
LITRES OF MILK



**Ramjeet Kaur Virik**  
Executive Director

**Datin Seri Sunita  
Mei-Lin Rajakumar**  
Chairperson



## MANAGEMENT DISCUSSION & ANALYSIS

### Purpose: Nourishing Our Nation During Unprecedented Times

Everything we do at DLMI is driven by our Purpose. Nourishing Our Nation with trusted and sustainable dairy nutrition, is our mantra to continue to achieve accelerated growth. More so during this COVID-19 pandemic and beyond, we continued to empower Malaysians to focus on nutrition. As a leading dairy company in Malaysia, we support the Government’s national health agenda to mitigate the public health crisis such as non-communicable diseases i.e. stunting, obesity and micronutrient deficiencies in children to improve the nutritional status of Malaysians.

Nourishing Our Nation guided by our leadership philosophy focusing on our 4Ps: Purpose, People, Performance and Potential has helped us meet the needs of our shareholders, consumers and communities, while caring for our environment. This strategy helps us address key challenges facing our Company during the COVID-19 pandemic including a highly competitive operating environment, a rapidly changing retail landscape, and an ever evolving regulatory, social and cultural landscape.



**Everything we do at Dutch Lady Milk Industries Berhad’s (DLMI) is driven by our Purpose. Nourishing Our Nation with trusted and sustainable dairy nutrition, is our mantra to continue to achieve accelerated growth.**



As an organisation categorised in the ‘essential’ sector, DLMI was given the necessary approvals by the Government to operate during the Movement Control Order, hence allowing us to continue advocating the Government’s national health.

In the wake of the COVID-19 pandemic, pivoting was necessary to help us navigate unprecedented times while continuing to meet the needs of our consumers. We realised the importance of delivering products, experiences and services that meet our customers’ new needs with empathy and care during the pandemic. Our agility helped us to evolve quickly as we observed shifts in the behaviour of consumers during the pandemic. From a conventional journey, we have embarked on a new, unexplored one. We have learned to adapt and adopt new ways of working. More importantly, it has also taught us how to turn adversity into opportunity.

Besides ensuring full product availability throughout these challenging times, including the floods at the end of 2021 that impacted many different communities across the country, DLMI continued to nourish key frontliners and partnered various Non-Government Organisations, Key Opinion Leaders and Foodbanks by distributing over 180,000 milk packs. We take great pride in being able to make a difference in society by supporting our Rakyat.

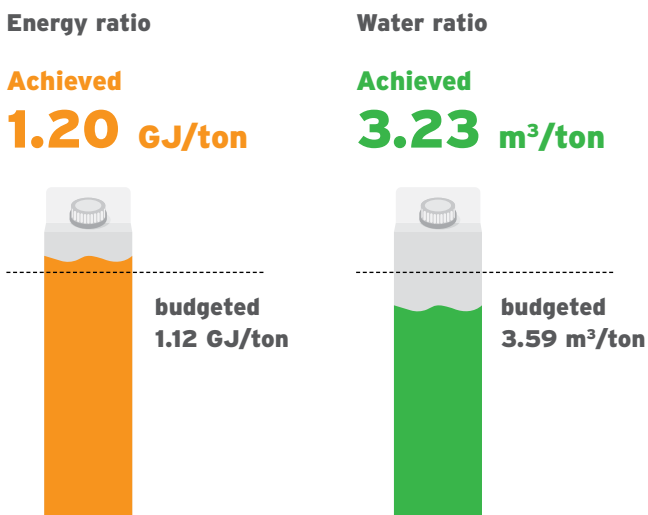
# MANAGEMENT DISCUSSION & ANALYSIS

## Driving The Nation's Sustainable Dairy Farming

DLMI achieved a milestone in April 2021 when we established a strategic public-private partnership by signing a Memorandum of Collaboration with the Department of Veterinary Services (DVS) to boost our nation's supply of quality local fresh milk and to achieve a fully sustainable milk supply for the future. The collaboration allows DLMI to partner the Government, especially the Ministry of Agriculture and Food Industry to support the growth of the local dairy industry. This is in line with the Government's goal to achieve 100 percent Self-Sufficiency of local fresh milk by 2025 as part of the National Dairy Industry Development Programme. Since 2011, our Dairy Development Programme (DDP) has helped produce 37.9 million litres of milk while our Farmer2Farmer (F2F) Programme has benefitted more than 536 farmers. In 2021, we introduced a new digital F2F format that revolved around video blogs and was aptly named F2F Vlogs. Via this initiative, a total of 70 local dairy farmers were trained virtually during the COVID-19 pandemic.

## Environmental Sustainability

DLMI is constantly working to reduce our environmental footprint. Efforts to care for our environment are practiced every day across our business for example through purchasing 100% green electricity. As such, we're committed to using less energy and water, reducing waste and decreasing emissions. In 2021, we achieved an Energy ratio of 1.20 GJ/ton and Water ratio of 3.23 m<sup>3</sup>/ton against the budgeted 1.12 GJ/ton and 3.59 m<sup>3</sup>/ton, respectively. This was done by implementing a few mechanical and systematical initiatives including energy recovery from steam condensate, reducing and reusing water usage from our manufacturing facility, compressed air optimisation through installation of booster pumps and air receiver tanks as well as energy conservation.



## Tributary Cleaning: Revitalisation of Sungai Penchala Ecosystem

Public-private partnerships are vital in mapping and addressing environmental and societal needs. DLMI is happy to lead the path for effective and sustainable measures to ensure sustainable development of our river ecosystem - a key natural resource we need to preserve. As such, DLMI began tributary cleaning of Sungai Penchala in partnership with Selangor Maritime Gateway, an initiative by the Selangor Government to clean, rehabilitate and develop areas along the Sungai Klang ecosystem to make it an engine of growth for the state. During the clean-up from 15 August right up to 31 December 2021, a total of 11.1 metric ton of waste was removed from Sungai Penchala. DLMI has also recently embarked on a partnership with the Global Environment Centre, a highly reputable organisation that shares a common goal in caring for the environment with various activities and solutions driven on river care. We look forward to supporting relevant activities pertaining to the river care of Sungai Penchala especially in driving greater effectiveness in river monitoring in the community via education and provision of the right infrastructure and tools. Our tributary cleaning efforts were recognised by the Selangor state government to be amongst the five key public-private collaborations involved in the cleaning, rehabilitation and sustainable development of Klang river.

We realise that that greater collaboration is critical for efficient sustainable plans, particularly in shaping broader solutions. We will continuously engage with our local community in Petaling Jaya to join us in this mission as we strive to catalyse meaningful and substantial change for our river and ecosystem.

## Investing in our PEOPLE: People Growth = Business Growth

Our Purpose, next to our brand, would not be realised without our greatest asset: our PEOPLE. When COVID-19 hit Malaysia, it reshaped the landscape of work and productivity as health and safety took priority, which carried on through 2021. Staying strong and connected together during this unprecedented time was pivotal, even more so with the various location demographics in the workforce: the manufacturing plant, our corporate office and field workforce - where the method of care and attention differs. With all these external challenges, the collective contributions and strength of our People, mattered more than ever.

# MANAGEMENT DISCUSSION & ANALYSIS

Through the course of 2021, we had carried out various initiatives in ensuring our People stayed connected through strong adoption of CARE (C-Connected; A-Appreciated; R-Responsive; E-Energised) principles, wellness initiatives to remain engaged and energised, and enabled a forward, flexible way of working through Agile Transformation.

Despite all external challenges, we continue to invest in our People, and will continue doing so for years to come.

## Capability Building

We remain committed and passionate about talent management and development as our employees are drivers of sustainable success. Hence, various initiatives have been deployed to enhance capability building:

- 01** Local employee participation in FrieslandCampina Academy programmes (Nourishing Leadership, Future Leader) - in developing the next class of high potential leaders
- 02** Driving Coaching Culture via the Solution Focused Coaching programme (74 pax which accounts for **75%** of our Business Leadership Team + selected Talent across DLMI involving up to 3,552 man-hour spent)
- 03** Enterprise Agile Transformation: Introducing the Agile fundamentals; Agile Coaching (Total 106 pax of employees has went through Agile Fundamental training; 768 of Agile coaching hours)
- 04** Employee Growth and Development: 10,259 training man-hours from 81 training programmes completed by our employees throughout the year in 2021, this translate to average of **12.28** hours per employee in DLMI. Compulsory syllabus established

## Winning Through Volatility - Body.Mind.Soul (BMS)

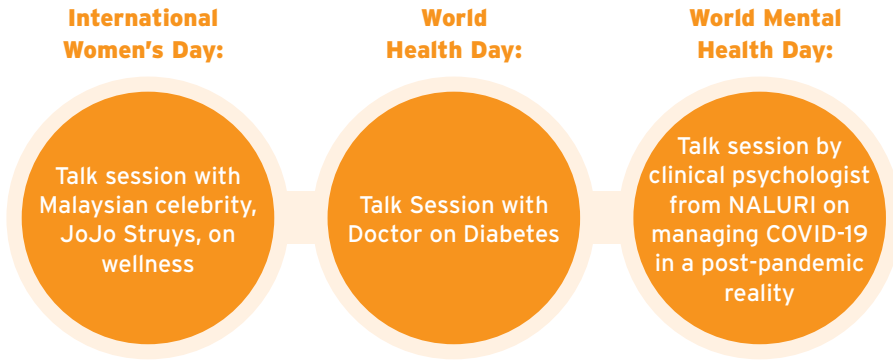
The current volatile business landscape represents a challenge to employees where mental, spiritual and physical energies are shifting. This amplified the relevance of personal energy management - that an Engaged, Enabled, and Energised workforce is key in motivating our business forward.

In 2021, many wellness-focused initiatives were deployed via our Employee Engagement model, Body.Mind.Soul (BMS), which included:

- 1** 10 virtual fitness sessions (Zumba, Muay Thai)
- 2** 10 virtual Mindfulness sessions
- 3** 10 Talk sessions by doctors, medical professionals, clinical psychologists: focused on Health and Wellness, Mental Health, and Employee Care (COVID-19, Vaccination Isolation)
- 4** 3 mini competitions (DLMI What's Cookin'), also in conjunction with festivities and RFC's Diversity Month
- 5** 3 Milk Donation Drives in partnership with Blue Brigade
- 6** 27 Relax with Ramjeet Sessions from August to November 2021
- 7** 9 Energy Workshop sessions for Departments (Resilience Strategies for Transformational Change) and Team Energisers (Terrarium and The Map)
- 8** 13 Fun Visuals (internal communication) on Self-Care, Mental Health, and Gratitude
- 9** 3 informative visuals during notable International World Days
- 10** 1 Employee Assistance Provider - NALURI (Support Hotline)

# MANAGEMENT DISCUSSION & ANALYSIS

Celebrating notable International World Days - the highlights:



Body.Mind.Soul is a continuous program while riding the waves of volatility, in keeping our People feeling energised, supported, and valued. For now, we are encouraged knowing that with this employee experience, our PEOPLE remain energised to continue WINNING through volatility.

From the above, honouring HR's commitment to workplace transformation as well as growing and nurturing our People, we have won 2 GOLD and 1 BRONZE Awards at the 2021 Employee Experience Awards Malaysia, external awards, that rewards top-notch HR teams and individuals with business stories that inspire, educate and move the dial on employee experience (EX). The awards are judged by a panel of top HR leaders.



This recognition serves as a strong testimony of a truly Nourishing organisation and the impact made: People Growth = Business Growth!

## Keeping People Connected During Unprecedented Times

In light of the COVID-19 pandemic and the impact on businesses, Dutch Lady Milk Industries Berhad has undergone many sudden changes to adapt to the crisis: the organisation resorted to a full Working From Home (WFH), implemented changes in shift for Productions, and there was the urgent need for DLMI to continuously Nourish Malaysians with our trusted dairy nutrition.

With all these rapid changes during these unprecedented times, the strength and contributions of our People mattered more than ever to ensure that business stayed afloat, stemming from the organisation's Purpose to Nourish Malaysians.

With the support and direction from the top management as well as strong inter-department collaboration, all this was made possible through our USP: a strong adoption of the 'CARE' principles.

Many initiatives were deployed as follows:

- 1 Keeping employees informed on COVID-19 SOPs and developments
- 2 COVID-19 on-site Testing (Factory)
- 3 RTK Home Saliva Test Kits for Office Employees
- 4 COVID-19 Vaccination (**Stats: 99% Fully Vaccinated as at 31 December 2021**)
- 5 Distribution of Care Packs (Masks, Vitamin C, Hand Sanitiser)
- 6 EAP Support - Mental Health (isolation)
- 7 Talks by doctors to ease fear, uncertainties on COVID-19 and COVID-19 Vaccination
- 8 Talks on managing isolation and stress (well-being)
- 9 Charity Opportunities (Milk Donation) via Blue Brigade

# MANAGEMENT DISCUSSION & ANALYSIS

**10** COVID-19 Vaccination for employees: In collaboration with Corporate Affairs and PIKAS

**11** Buddy System for COVID-19 Positive staff

**12** COVID-19 Allowance

**13** Support framework - Employee Death by COVID-19

**14** COVID-19 Vaccination Leave granted

**15** Visuals on Appreciation, Self-Care, and Gratitude, recognising signs of anxiety, depression, burnout

With the leadership of People Organisation in providing CARE for our employees through the Blue Brigade, ultimately, the satisfaction of the whole organisation emerging **stronger together** during unprecedented times in fulfilling our Purpose, is priceless.

### Embracing the new normal: Return To Office

The COVID-19 pandemic has changed the work landscape and redefined the way we work, collaborate and interact with each other. To remain productive and competitive and also riding the waves of volatility (with so many SOP changes, etc), it was important to review the existing process and focus on what makes sense to employees in DLMI.

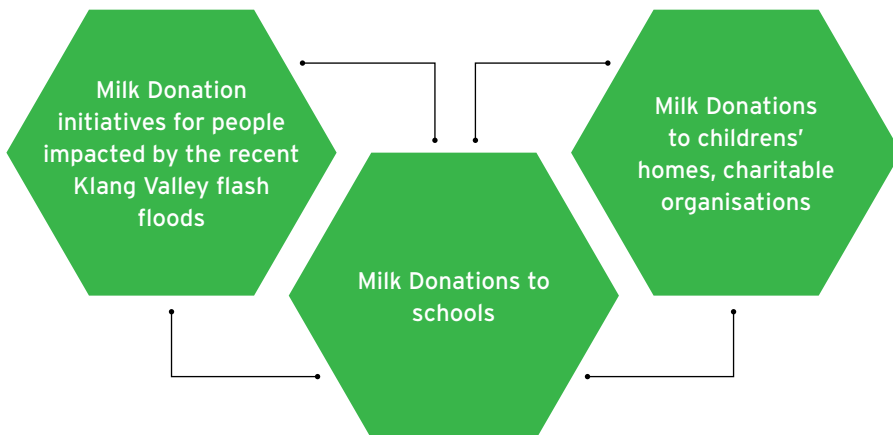
In embracing the new normal, the Return To Office (RTO) initiative was introduced and designed to enable a flexible way of working, where the office is utilised for collaboration activities and facilitates employees working out of office. The RTO also at the same time, promotes inclusion as the needs, personalities and demographics of employees were carefully considered.

The last few months of 2021 represented a pilot for the Return To Office, a test and learn - where employees had their Team Days Rosters, parking arrangement and Our Way of Working (OWOW) Subsidy and Enablers communicated.

Employees inputs, suggestions, corporation to SOP compliance and constructive feedback on RTO were also greatly valued during this time - truly emphasising the made BY YOU, FOR YOU element!

### Corporate Social Responsibility (CSR): Our Purpose

In emphasising the CARE principles, partnerships with DLMI Blue Brigade (employee-led CSR team) in carrying out various initiatives such as mobilising support during times of crisis, ensuring that DLMI continues to fulfil our Purpose of Nourishing Malaysians with our trusted dairy nutrition:



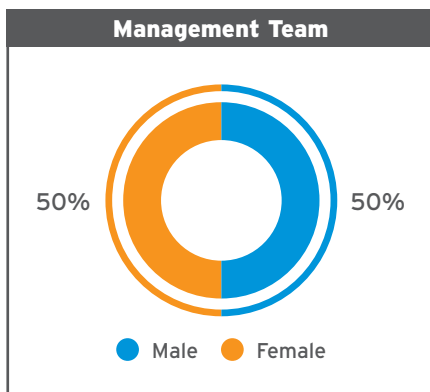
DLMI is committed to supporting the community through various CSR initiatives. In 2021, we focused on providing relief to those affected by the recent Klang Valley flash floods, supporting educational institutions through milk donations to schools, and assisting vulnerable groups through milk donations to childrens' homes and charitable organisations. These initiatives are part of our commitment to Nourish, Care, and Empower.

# MANAGEMENT DISCUSSION & ANALYSIS

## Diversity and Inclusion

In 2018, McKinsey & Co. corroborated that Gender equality drives economic growth and improves business performance. USD 4.5 trillion could be added to the Asia Pacific economics by 2025 through advancing women’s equality. By having balanced representation in management, businesses can boost revenue by 19%.

For this reason, DLMI Board of Directors are deliberately equally gender balanced, setting the right tone at the top. Similarly, our Management Team is also equally gender balanced, something we are really proud of as an organisation.



DLMI is committed to sustaining an inclusive and high performing culture. In 2021, DLMI’s Board of Directors together with the Managing Director (previous), Tarang Gupta, had signed the Women’s Empowerment Principles (WEPs), established by the UN Women and United Nations Global Compact.

The signing of the WEPs demonstrates robust commitment by CEOs, of the highest calibre, to collaborate with multi-stakeholder networks on issues such as increased representation of women in key decision-making roles, equal pay for work of equal value, gender-responsive supply chain practices and zero tolerance against sexual harassment in the workplace.

This partnership will therefore permit and accelerate the overarching objective of increasing women’s representation at the leadership level and across entire organisations and the marketplace.

For DLMI, the key opportunities are to support driving gender equality and moving into 2022, the focus would be Psychological Safety and Inclusion.

## Performance: Winning Inside and Outside!

While we have been true to our purpose in Nourishing Malaysian, 2021 has really been the year where that purpose is clearly brought to live. Movement Control Orders (MCO) has changed the way consumer consume and perceive dairy. Not only the nutritional value of our milk is highly appreciated during this time, the delicious taste of our products has also leads to various creative ways of consumptions during this unprecedented time.

All this has led to strong overall volume growth of +7% vs 2020. Within the total Dairy category, our market share improved to 26.6% (+1p.p. vs 2020 and +2.9p.p vs 2019, Nielsen Retail Audit Dec 2021), where we remain a strong #1 Dairy Player in Malaysia, showing the trust and connection we have with our Malaysian consumers.

Within Consumer Dairy segment, after a spike in 2020 due to lockdown and panic buying, the Liquid Milk category normalised in 2021 with -1% value decline. Despite the category decline, Dutch Lady continued to drive growth of +4%, giving us 38.7% value share (+2p.p. vs 2020, Nielsen Retail Audit Dec 2021) further strengthening our market leadership. Dutch Lady is also high on household penetration, with almost 6 out of 10 households in Malaysia consuming Dutch Lady products (52 wks, Kantar HH Panel, Dec 2021).

The growth is contributed by the continuous efforts to ensure supply continuity despite restrictions and SOPs, and impactful consumer campaigns such as Ramadan & Morning Campaigns, and successful innovation such as Dutch Lady Banana Flavored Milk range, Juicy Milk Mango and reinventing our communication approach to stay connected to our consumers during the new norm.



## MANAGEMENT DISCUSSION & ANALYSIS



The Mainstream Growing Up milk (GUM) for 1-3 years old experienced a decline compared to previous year as consumers balance their overall spend impacted by the pandemic. This led to a 12% category decline in penetration (Kantar 52 week Dec 2021) with a similar drop for the Dutch Lady GUM Brand. The decline for the GUM Mainstream also reflected a 5% drop in value vs the previous year, however Dutch Lady GUM sales remained rather flat resulting in an increase in value share in the mainstream segment to 43.6%. This is contributed by our key 2021 meaningful campaign; Dana Sejuta Harapan in quarter two of 2021. The campaign sought to benefit both the parent and child, whereby we worked with SSPN-i to award 40 Child Education funds (with Insurance plan) and 160 smart devices to aid children in their education while away from school.

Efforts also continue in the Specialised Diet segment of MaxGro to support the Optimal Growth of Malaysian children in an effort to minimise the Stunting issue faced in Malaysia. MaxGro has gained 4.5% value share in this segment in the past year since launch with an expansion of portfolio in second half of the year with larger pack sizes and portion packs and now has achieved third position within this segment.

In 2021, Friso Gold continued to dial up product superiority via the launch of Novas Signature Milk which contains small molecules & soft structure, high-quality milk produced by our farms & premium bred cows in the Netherlands to enable Good Digestion for Stronger Inside. We leveraged on 150 years' celebration of our Dutch Dairy heritage in Q3, 2021 to further amplify brand trust & expertise. Having a pool of strong advocates called Friso Gold Mombassadors, we led digital share of voice and positive sentiments were up to 10x more than the next brand. As a result, Friso hit the highest number of buyers for IFFO & GUM (Kantar, 24 weeks data), doubling up GUM buyers by Nov '21, contributed by a strong focus in driving penetration. This led to Friso hitting its highest market share (YTD Nov '21 @ 10.3%) in the past 3 years.

2021 has not only changed the way consumer consumed dairy. It has also changed the way consumer shop which led to emerging of the e-commerce channel for convenience and increased relevancy of neighborhood stores like 99Speedmart and Baby Stores which show growth of 16% vs PY. With the growth of neighborhood stores, hypermarket suffers a sharp decline of 17% due to lower traffic. With all the changes in the channel dynamic in 2021, our sales team has also adapted our approach to ensure product's availability across the country.

At the same time, 2021 has also been a year where data automation has been accelerated. Usage of data for market insights by our sales team has helped in improving operational efficiency and improve brands profitability through effective promotions. At the same time keep up with the ever-changing retail landscape to cater to the shopper behavior and needs.

### Winning Profitably in unprecedented and uncertain times

Despite stricter COVID-19 restrictions, DLMI realised a 3% revenue growth versus 2020. The revenue growth is resulting from continued strong in-home consumption of our three main categories - Dutch Lady liquid milk, Dutch Lady Growing Up Milk and Friso Growing Up Milk Products. During the COVID-19 pandemic DLMI has been able to continue to drive its purpose of Nourishing the Malaysian people.

Profit performance details are broken down in profit resulting from sales of products sourced from the existing manufacturing facilities (profit from existing operations) and reported profit including the exceptional results in relation to the construction of the future manufacturing expansion in Bandar Baru Enstek.

Profit before tax from existing operations is improving to RM142.8 million at index 141 versus previous year on the back of a strong focus to improve long-term business profitability. Increasing input cost as a result of increasing global dairy raw materials, supply chain disruptions, one-off COVID cost are more than offset by topline growth, focus on Revenue Growth Management activities (e.g. mix management of channel and portfolio) and improvement of the Return on Investment of commercial activities. This result is a testament to DLMI's focus to Win Profitably supported by an agile mindset and relying on usage of data in all our decision making.

During the year 2021, prices of global dairy raw materials have been escalating resulting from continued strong global demand for milk as an essential good, lower production of milk in large milk producing countries and continued supply chain disruptions leading to delays of incoming goods.

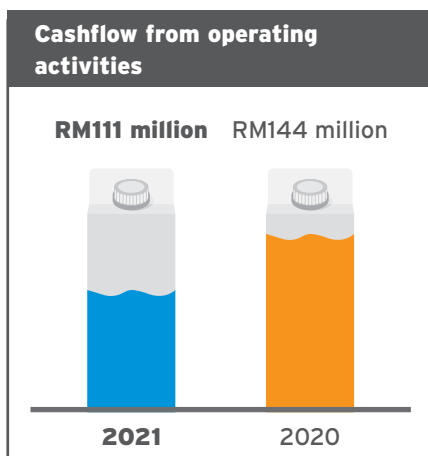
## MANAGEMENT DISCUSSION & ANALYSIS

Reported profit in 2021 DLMI is exceptionally high resulting from the completion of the sales of the land underlying the manufacturing facilities in Petaling Jaya. This income is partially offset by the start of accelerated depreciation of existing assets that will not be transitioned to the new site in Bandar Baru Enstek. Reported profit before tax is RM284.5 million at index 292 versus previous year.

Cashflow from operating activities was at negative RM15 million inclusive of a prepayment to a related company amounting to RM126 million. When excluding the prepayment cashflow from operating activities is at RM111 million which is a decrease of RM33 million versus 2020 mainly resulting from higher input cost and requirements to build inventory to weather the global supply chain challenges.

Property, Plant and Equipment (PPE) increased to RM206 million resulting from the start-up of the investment in the new manufacturing facilities in Bandar Baru Enstek offset by the write-off of the land and buildings underlying existing facilities in Petaling Jaya as part of the completion of the beforementioned sale of land.

Based on our 2021 result, DLMI paid to its shareholders a total of RM32.0 million in interim dividends consisting of two standard dividends of RM0.25 each.



### Outlook

For 2022 economic recovery is anticipated, however unprecedented inflationary headwinds are making the outlook for 2022 uncertain and volatile. Due to global supply chain challenges and strong demand for milk as an essential product, prices of global dairy raw materials are affected and are at an all-time high. Global uncertainties can continue to impact the economic situation and foreign exchange developments.

DLMI will stay focused on its purpose of 'Nourishing Malaysians with its trusted and sustainable dairy nutrition'. In order to deliver on this purpose healthy gross margins are essential in order to continue to invest behind our brands and people. These assets will drive long term engagement with DLMI as an employer of choice and continue to increase penetration of milk.

DLMI is determined to invest in Malaysia even in these trying times. In 2020, we announced the plans to invest RM400 million between the years of 2021 and 2025 for our future manufacturing activities.

DLMI will continue to focus on optimising the companies cashflow to battle the inflationary headwinds and secure sufficient funding of the new manufacturing facilities.

Over the long term, the outlook for DLMI remains positive due to the strength of our brands, and the increasing need and recognition of the goodness and nutritional value of milk amongst Malaysians.

**Reported profit in 2021 DLMI is exceptionally high resulting from the completion of the sales of the land underlying the manufacturing facilities in Petaling Jaya.**



### COMPANY SOLVENCY

**88%**  
2021

**27%**  
2020



### ABSOLUTE CASH DEVELOPMENT

**RM118.3 million**  
2021

**RM38.9 million**  
2020



# #12 JUICY MILK

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**NEW**



**VITAMIN  
A,C&E**  
**0% FAT**  
**REAL FRUIT  
JUICE**



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MS 1500:2009  
1069-01/2004

DUTCH LADY MILK INDUSTRIES BERHAD  
(196301000165/5063-V)  
(adalah sebahagian daripada Royal FrieslandCampina N.V.)

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## GOVERNANCE PRINCIPLES

### Principle

**A**

#### Board Leadership and Effectiveness



More information please refer page 41

### Principle

**B**

#### Effective Audit and Risk Management



More information please refer page 56

### Principle

**C**

#### Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders



More information please refer page 58



## Introduction

The Board of Directors (“**Board**”) of Dutch Lady Milk Industries Berhad (“**DLMI**” or “**Company**”) is fully committed to maintaining a high standard of Corporate Governance within the Company through its support and application of the principles and practices as set out in the Malaysian Code on Corporate Governance 2021 (“**Code**”). DLMI’s Corporate Governance framework lays down the structure, processes and lines of authority that governs how its businesses are directed, managed and controlled while ensuring compliance with the applicable laws, rules and regulations, the Company’s Constitution and adherence to good Corporate Governance practices. The Board believes that a sound Corporate Governance structure is essential for the mitigation of risks, the cultivation of good business ethics, and is vital to ensure sustainability and progressive business growth. The Board shall continue to evaluate its governance practices in response to evolving best practices and changing requirements.

The Board is pleased to report on governance compliance activities adopted in line with the Principles as set out in the Code that were applied throughout the financial year ended 31 December 2021 (“**FY2021**”) in this Corporate Governance Overview Statement (“**CG Overview Statement**”). The Principles have, in all material respects, been applied to achieve their intended outcomes, to the extent that they were found to be suitable and appropriate to the Company’s circumstances. Where appropriate, this CG Overview Statement also seeks to disclose all information that is required pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Listing Requirements**”) and any other requirements.

The application of the Practices set out in the Code throughout FY2021 will also be disclosed to Bursa Malaysia Securities Berhad in a prescribed format (“**CG Report**”) which will be published together with the Company’s Annual Report. The CG Report may be downloaded from the Company’s corporate website ([www.dutchlady.com.my](http://www.dutchlady.com.my)).

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

**Principle**

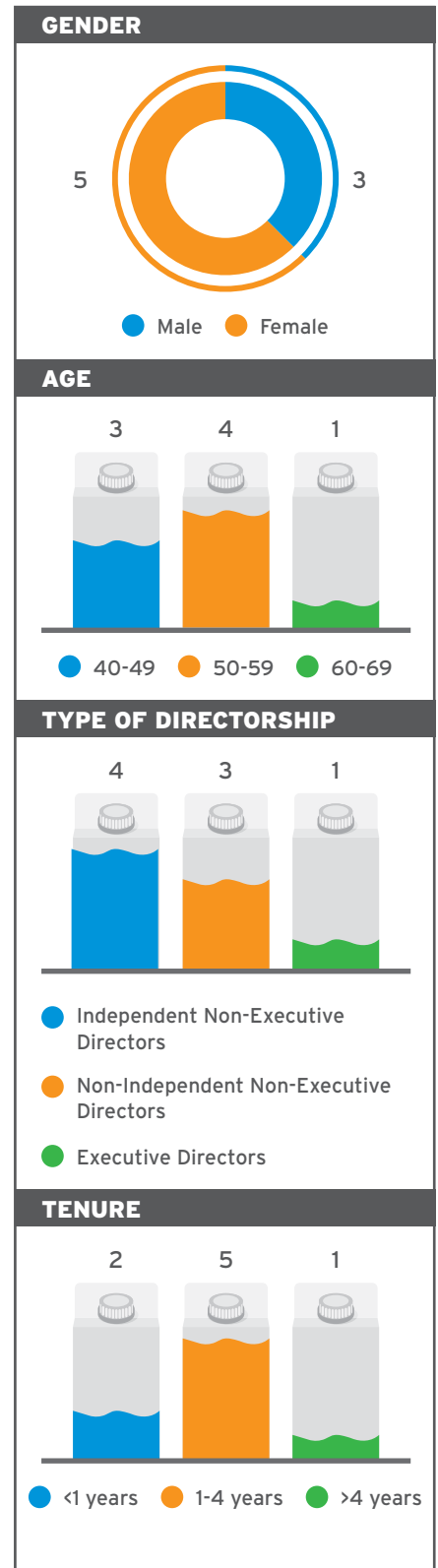
**A BOARD LEADERSHIP AND EFFECTIVENESS**

**Board's Responsibilities**  
(Practice 1.1)

The Board is collectively responsible to the Company's shareholders for the direction and oversight of the Company and plays an active role in the development of Company's strategy. The Board met regularly throughout the year to approve the strategic objectives of the Company, to lead the Company within a framework of effective controls which enable risk to be assessed and managed, and to ensure that sufficient resources are available to meet the objectives set.

The Board reserves full decision-making powers, after taking into consideration the policies, procedures and guidelines of the Royal FrieslandCampina N.V. ("RFC") Group, on the following matters:

- a** Conflict of interest relating to a substantial shareholder or a Director or person connected to such substantial shareholder or Director;
- b** Material acquisitions and disposition of assets not in the ordinary course of business;
- c** Investment in capital expenditure projects;
- d** Authority levels;
- e** Treasury policies;
- f** Risk management policies;
- g** Key human resource issues; and
- h** Related party transactions.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### Board Roles and Their Responsibilities

#### Chairperson and Managing Director

(Practice 1.2, 1.3 and 1.4)

The roles of the Chairperson and the Managing Director (“MD”) are separately held and the division of their responsibilities is clearly defined. The Chairperson is an independent director who has never assumed an executive position in the Company. The MD is an appointee of the major shareholder and heads the Company’s management team.

The Chairperson is responsible for the operation and leadership of the Board. The Chairperson ensures that the Board is effective and that the Company is guided by good corporate governance practices. She facilitates robust dialogue during Board meetings and draws out diverse perspectives from the Board members. She also ensures that there is a good balance between the time allocated to governance matters and discussions on business performance and strategies at board meetings.

The MD is responsible for leading and managing the Company’s business within a set of authorities delegated by the Board. She is also responsible for the implementation of Board strategy and policy. Commencing from 27 September 2021, the Chairperson is no longer a member of any of the Board committees and the Chairperson does not attend or otherwise participate in any of these committee meetings.

#### Independent Directors

The primary responsibility of Independent Non-Executive Directors is to protect and safeguard the interest of minority shareholders and other stakeholders. The effective participation of Independent Non-Executive Directors serves to promote greater transparency, accountability and balance in the Board’s decision making process.

#### Senior Independent Director

On 25 May 2021, Ms. Saw Chooi Lee succeeded Dato’ Zainal Abidin bin Putih as the Board’s Senior Independent Director, following Dato’ Zainal’s retirement. In this capacity, Ms. Saw provides an avenue for shareholders and the Directors to express any concerns that they may have affecting the Company.

#### Non-Independent Non-Executive Directors

The Non-Independent Non-Executive Directors each occupy, or have occupied, senior positions in industry, bringing valuable external perspectives to the Board’s deliberations through their working experience and business insight from other sectors enabling them to contribute significantly to Board decision-making process.

#### Company Secretary

(Practice 1.5)

The Company Secretary is a licensed secretary qualified to act as Company Secretary under Section 235 of the Companies Act 2016 and has a secretarial practicing certificate from the Companies Commission of Malaysia under Section 241(4) of the Companies Act 2016. She is a qualified lawyer and provides legal and company secretarial advice to the Company’s management team and the Board as a whole. All Board members have access to the advice and services of the Company Secretary in carrying out their duties. The Company Secretary facilitates overall compliance and adherence with the Listing Requirements, the Companies Act 2016 and the recommendations in the Malaysian Code on Corporate Governance (as amended from time to time).

### Board Meeting Materials

(Practice 1.6)

Board meeting papers for all meetings are generally provided to Directors seven days in advance of the date of the proposed meetings. All proceedings of Board meetings are minuted and circulated to the Board members well in advance of the next Board meeting including with follow up action items duly updated.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### Board Meeting Attendance

The Board convenes at least four (4) scheduled Board meetings during each financial year. More meetings will be scheduled depending on business requirements, where appropriate. In FY2021, four (4) Board meetings were held in total. In addition to the scheduled Board meetings, all of the Board members also attended the Company's Annual General Meeting ("AGM"), the Company's Extraordinary General Meeting ("EGM") and a Budget and Strategy Workshop ("Workshop").

The Directors' attendance at Board meetings, the Annual General Meeting, the Extraordinary General Meeting and the Workshop held for the year ended 31 December 2021 are as follows:-

#### Board Members

##### Dato' Zainal Abidin bin Putih<sup>(1)</sup>

(Chairperson, Senior Independent Non-Executive Director)

<b>Board Meetings</b> <b>100%</b>		AGM <b>1/1</b>	EGM <b>N/A</b>	Workshop <b>N/A</b>
--------------------------------------	---	-------------------	-------------------	------------------------

##### Datin Seri Sunita Mei-Lee Rajakumar<sup>(2)</sup>

(Chairperson, Independent Non-Executive Director)

<b>Board Meetings</b> <b>100%</b>		AGM <b>1/1</b>	EGM <b>1/1</b>	Workshop <b>1/1</b>
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##### Mr. Tarang Gupta<sup>(3)</sup>

(Executive Director)

<b>Board Meetings</b> <b>100%</b>		AGM <b>1/1</b>	EGM <b>1/1</b>	Workshop <b>1/1</b>
--------------------------------------	---	-------------------	-------------------	------------------------

##### Ms. Ramjeet Kaur Virik<sup>(4)</sup>

(Executive Director)

<b>Board Meetings</b> <b>100%</b>		AGM <b>N/A</b>	EGM <b>N/A</b>	Workshop <b>1/1</b>
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##### Ms. Saw Chooi Lee<sup>(5)</sup>

(Senior Independent Non-Executive Director)

<b>Board Meetings</b> <b>100%</b>		AGM <b>1/1</b>	EGM <b>1/1</b>	Workshop <b>1/1</b>
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##### Mr. Bernardus Hermannus Maria Kodden

(Non-Independent Non-Executive Director)

<b>Board Meetings</b> <b>100%</b>		AGM <b>1/1</b>	EGM <b>1/1</b>	Workshop <b>1/1</b>
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##### Dato' Dr. Rosini binti Alias

(Non-Independent Non-Executive Director)

<b>Board Meetings</b> <b>100%</b>		AGM <b>1/1</b>	EGM <b>1/1</b>	Workshop <b>1/1</b>
--------------------------------------	---	-------------------	-------------------	------------------------

##### Tengku Nurul Azian binti Tengku Shahrman

(Independent Non-Executive Director)

<b>Board Meetings</b> <b>100%</b>		AGM <b>1/1</b>	EGM <b>1/1</b>	Workshop <b>1/1</b>
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##### Mr. Jean Serge Krol

(Non-Independent Non-Executive Director)

<b>Board Meetings</b> <b>100%</b>		AGM <b>1/1</b>	EGM <b>1/1</b>	Workshop <b>1/1</b>
--------------------------------------	---	-------------------	-------------------	------------------------

##### Mr. Darren Kong Kam Seong<sup>(6)</sup>

(Independent Non-Executive Director)

<b>Board Meetings</b> <b>100%</b>		AGM <b>1/1</b>	EGM <b>1/1</b>	Workshop <b>1/1</b>
--------------------------------------	---	-------------------	-------------------	------------------------

#### Company Secretary

##### Ms. Katina Nurani binti Abd Rahim

(Company Secretary)

<b>Board Meetings</b> <b>100%</b>		AGM <b>1/1</b>	EGM <b>1/1</b>	Workshop <b>1/1</b>
--------------------------------------	---	-------------------	-------------------	------------------------

#### Notes:

- <sup>(1)</sup> Retired as Chairperson and Senior Independent Director on 25 May 2021  
<sup>(2)</sup> Appointed as Chairperson on 25 May 2021  
<sup>(3)</sup> Resigned as Director on 2 July 2021

- <sup>(4)</sup> Appointed as Director on 2 July 2021  
<sup>(5)</sup> Re-designated to Senior Independent Director on 25 May 2021  
<sup>(6)</sup> Appointed as Director on 14 April 2021

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### Key activities

During the year, key activities of the Board include:

- Reviewing and approving the 4<sup>th</sup> quarter and full year financial results for the financial year ended 31 December 2020.
- Reviewing and approving the Director's Report and Audited Accounts for the financial year ended 31 December 2020.
- Reviewing and approving the quarterly financial results up to the 3<sup>rd</sup> quarter for the financial year ended 31 December 2021.
- Reviewing the financial report on the Company's quarterly performance and outlook for the year.
- Approving dividend payments and reviewing the solvency position of the Company.
- Reviewing and approving the Company's strategy and business plans.
- Receiving updates on risk management status and sustainability initiatives.
- Attending and participating in the Budget 2022 and Strategy Workshop.
- Receiving and approving the Company's Annual Budget and Capex Budget for FY2022.
- Reviewing and approving the Company's Recurrent Related Party Transactions, subject to the approval of the shareholders.
- Receiving updates on the Recurrent Related Party Transactions by the Company.
- Reviewing and approving the updated Board Charter, Terms of Reference of the Audit & Risk Committee, Terms of Reference of the Nominating and Remuneration Committee and Remuneration Policy.
- Reviewing and approving the Independent Director Tenure Policy.
- Reviewing the audit report findings of the Internal Audit, its recommendations and Management responses.
- Reviewing the audit reports of the External Auditor.
- Reviewing the term of office and assess the retirement of Directors by rotation, the retention of Directors and eligibility for re-election or retention.
- Reviewing and approving the recommendation for the proposed director fees and the related benefits to be paid to the Non-Executive Directors for FY2022, subject to the approval of the shareholders.
- Reaffirming and ratifying the Circular Resolutions passed by the Board.
- Reviewing, approving and noting the Company's announcements which had been released to Bursa.
- Evaluating and approving the sale of the Company's land in Section 13 Petaling Jaya, Selangor and the related announcement to Bursa.
- Reviewing and approving the circular to shareholders relating to the Company's sale of its land in Section 13 Petaling Jaya, Selangor.
- Assessing and recommending the re-appointment of the Company's External Auditor for the financial year ending 31 December 2021 and for the Directors to fix their remuneration.
- Reviewing and approving the draft Circular to Shareholders in relation to the Proposed Renewal of Shareholders' Mandates for Recurrent Related Party Transaction of revenue or trading nature.
- Reviewing and approving the Statement on Internal Control and Risk Management for the Annual Report 2020.
- Preparing for and attending the 2021 AGM.
- Preparing for and attending the 2021 EGM.

### Board Charter (Practice 2.1)

The Board has adopted a Board Charter since 2014, which sets out the Board's strategic intent and outlines the Board's roles and responsibilities, the vision, mission, shared values and principles, as well as the policies and strategic development of the Company. The Board Charter specifies clearly the roles and responsibilities of the Board, the Board Committees, individual directors and management. The Board reviews and updates the Charter periodically. The latest update to the Board Charter was approved by the Board in November 2021. The Charter is available on the Company's website at [www.dutchlady.com.my](http://www.dutchlady.com.my).

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### The Company's Code of Conduct (Practice 3.1)

The Board is guided by the RFC code for good business conduct which is known as Compass. Compass is designed to set a certain standard for all employees and officers of the Company. It promotes integrity in the workplace with focus on safety, rights of employees and human rights, sustainability and avoidance of conflicts of interest. Compass also promotes integrity in business practices with focus on anti-bribery and anti-corruption, gifts and hospitality, fair competition, and fair communication. Finally, Compass focusses on the protection of the Company's interests with focus on protection of confidential information, data protection, integrity of financial reporting and the prevention of fraud. Compass plays an important role in the management of compliance risks and sets out the values, principles and guidelines as to how the Company conducts its business to ensure integrity, transparency and accountability.

Compass has, under its purview, underlying policies which includes topics such as Avoiding Conflicts of Interest, Protection of Confidential Information, Privacy, Doing Honest Business (Anti-Bribery and Corruption) and Fair Competition. Compass is embedded in the Company's working culture and encapsulated in the Company's Employee handbook. A copy of Compass is available on the Company's website at [www.dutchlady.com.my](http://www.dutchlady.com.my).

### Doing Honest Business - the Company's Anti-Bribery & Corruption Policy

The Company has adopted RFC's anti-bribery and corruption policy which is known as the "Doing Honest Business" policy. This policy, which must be observed by all of the Company's directors and employees at all times, is a policy to conduct business in an honest and ethical manner. The policy has been localised to set out values in Malaysian Ringgit for easier application by the Company's employees and stakeholders. The Company takes a zero-tolerance approach to bribery and corruption and is committed to acting professionally, fairly and with integrity in all its business dealings and relationships. A Gift and Internal Events and Corporate Sponsorship Policy is also contained within this topic which clearly and prohibits any form of bribery, gratification or facilitation payments. Employees will be guided by these policies in their day to day dealings. To ensure that adequate monitoring of all anti-corruption compliance matters is carried out, the Company's Legal Counsel has been charged with the responsibility to review and monitor all procedures, advise and report to Management and the Board of Directors on these matters.

To further enforce the Company's zero-tolerance approach to bribery and corruption, the Company also requires its business partners to conduct business dealings fairly and honestly by requiring them to carry out business in the manner set out in the Business Practices for Business Partners Policy.

A copy of the Doing Honest Business - Gifts Policy and Business Practices for Business Partners are available on the Company's website at [www.dutchlady.com.my](http://www.dutchlady.com.my).

### MACC Corporate Liability

The Company has taken steps to ensure that it is in compliance with Section 17A of the Malaysian Anti-Corruption Commission Act 2009 (Section 17A) which introduces, amongst others, new corporate liability for companies, arising from corrupt acts committed by employees or person associated with the company. The Company continuously takes steps to ensure that its existing anti-bribery and corruption policies and procedures are adequate and meets the Guidelines for Adequate Procedures as prescribed by Section 17A. Since then, the Company has continued to review and assess the corruption risks and procedures to ensure that they remain efficient and effective. Trainings, briefings, and communication on the topic were provided to employees and stakeholders throughout FY2021 to ensure that the importance and significance of the provision were not overlooked.

### Whistleblowing - the Speak Up Procedure (Practice 3.2)

All the Company's employees and other stakeholders are strongly encouraged to and have access to its whistleblowing procedure known as the "Speak-Up". The Speak-Up procedure serves as an avenue for employees and other stakeholders to voice out their concerns on matters relating to Compass and to raise any suspicions of wrongdoing, malpractice or impropriety in the management of the Company's business and affairs. The Speak-Up procedure clearly sets out a well-defined process upon which Compass-related matters can be raised in confidence and anonymity (if so requested), in good faith, and without fear of reprisal. The Company has also established a procedure whereby certain Speak Up Reports which are of a financial or fraudulent nature will be escalated to the Company's Audit & Risk Committee. A copy of the Speak Up Procedure is available on the Company's website at [www.dutchlady.com.my](http://www.dutchlady.com.my).

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### Personal Data Protection

The Company handles and uses personal data in accordance with the Personal Data Protection Act 2010 ("PDPA"). The Company has adopted the Friesland Campina Privacy Policy which outlines the requirements for the Company and its employees in handling personal data.

### Sustainability

(Practice 4.1, 4.2, 4.3 and 4.4)

Management is conscious and serious about the Company's responsibility towards sustainability issues and its role in the Company's long-term strategic plans. Management is committed towards ensuring responsible corporate conduct is demonstrated and practised in the Company's daily activities across all aspects of the Company's operations. 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 are driven by the Management and updates are provided to the Board every quarter on the Company's sustainability challenges, goals and achievements. 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.

The performance evaluation of senior Management is carried out in accordance with human resource policies of RFC group. DLMI's performance in formulating the Company's sustainability strategy and addressing the company's material sustainability goals, risks and opportunities is a part of the assessment. Sustainability is also taken into account when evaluating the performance of the Board. In particular, it is considered during the evaluation whether conversations on Environmental, Social and Governance (ESG) form part of the Board Agenda and if progress on sustainability initiatives are monitored at the Board level.

Further details on the Company's sustainability strategy including the Company's sustainability priorities and targets as well as performance against these targets are contained in the Sustainability Statement.

### Tenure of directorship

(Practice 5.1, 5.3 and 5.4)

The Nominating & Remuneration Committee ("NRC") ensures that the composition of the board is refreshed periodically. To ensure that this is achieved, the Board has in November 2021, adopted a policy to limit the tenure of an independent director to 9 years without further extension. The policy is available on [www.dutchlady.com.my](http://www.dutchlady.com.my). Accordingly, there shall be no further annual re-election of directors apart from those re-elected due to retirement by rotation or retirement of those who were appointed during the year (see Practice 5.7 below).

### Board Composition

(Practice 5.2)

Currently the Board consists of 4 independent and 4 non-independent directors. Of the 4 non-independent directors, 3 are nominees of Royal FrieslandCampina N.V, and 1 is a nominee of Permodalan Nasional Berhad. As such, a majority (5 out of 8) of the Board members represents the Company's minority shareholders.

The Company's major shareholder is a foreign co-operative of farmers. The Board considers that the current composition fairly reflects the foreign direct investment and the investment of the minority shareholders. The proportion of independent directors ensures effective checks and balances on the Board and the independent directors effectively safeguard the interest of the minority shareholders.

Details of all Directors and their biographies are provided in the Annual Report.

### Appointments to the Board

(Practice 5.5)

The Company's Board consists of qualified individuals with a good mix of operational and commercial experience. Members of the Board have both local and international experience and together, they bring a wide range of competencies, capabilities, technical skills and relevant business experience.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### The Appointment Process

(Practice 5.6)

In respect of the appointment of all directors, the NRC considers shortlisted candidates based on their profiles, professional achievements and personality assessments. Appropriate candidates for independent directors are sourced through recruitment firms based on the needs of the Board. The NRC then ensures that the candidates are suitable and of sufficient caliber for recommendation for the approval of the Board by reviewing the profiles of candidates and where deemed appropriate, conducting interviews with the shortlisted candidates.

### Election and Re-Election of Directors

(Practice 5.7)

In compliance with the Company's Constitution, one third of the Directors shall retire by rotation at each AGM. Directors who are appointed during the year shall also retire at the next AGM. The Company's Constitution further provides that all Directors shall retire from office at least once in every three years.

In the forthcoming AGM, Ms. Saw Chooi Lee and Mr. Bernardus Hermannus Maria Kodden will retire by rotation in accordance with Rule 105 of the Company's Constitution and Ms. Ramjeet Kaur Virik will retire in accordance with Rule 86.3 of the Company's Constitution as she was appointed during the year.

The NRC considered and did not find evidence of any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect the abovenamed retiring Directors' capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Company as a whole, save and except that Mr. Bernardus Hermannus Maria Kodden and Ms. Ramjeet Kaur Virik are Board representatives of RFC and as such Mr. Bernardus Hermannus Maria Kodden and Ms. Ramjeet Kaur Virik are Non-Independent Board members. None of the retiring Directors hold any shares in the Company whether directly or indirectly, have any family relationships with any other director or substantial shareholder of the Company nor do they have any personal interest in any business arrangement involving the Company.

The NRC also reviewed and assessed the performance of the retiring Directors on the following criteria:-

- Integrity & Ethics - they behave with honesty and honourably at all times
- Strategic Perspective - they understand the implications of issues, trends and events on the organisation and its capabilities
- Judgement and Decision Making - they are able to understand principal issues and use experience to offer sound advice
- Teamwork - they work constructively with fellow board members and contributes to board activities and discussions
- Communication - they are able to express himself clearly and effectively

The NRC found that the retiring Directors have performed well based on the above performance criteria.

In light of the above, the NRC submitted its recommendation to the Board and the Board has approved and recommends the re-election of Ms. Saw Chooi Lee, Mr. Bernardus Hermannus Maria Kodden and Ms. Ramjeet Kaur Virik to the shareholders for approval.

### Composition of the Nominating & Remuneration Committee

(Practice 5.8)

The NRC establishes for itself the procedure and frequency of its meetings, but shall meet at least once annually. The quorum for the meeting shall consist of any two independent non-executive Directors appointed to the NRC. The Managing Director, other Board members and any other persons may be invited to attend the meetings as necessary.

### Activities of the Nominating & Remuneration Committee

The activities of the NRC during the financial year were as follows:








- a) Leading the process for Board appointments and making recommendations of new members to the Board;
- b) Review the composition of the Board and Board Committees;
- c) Make recommendations to the Board on the remuneration of the Non-Executive Directors;
- d) Nominate the directors who are due for retirement and eligible to stand for re-election at the AGM;
- e) Assess the effectiveness of the Board as a whole, the Committees of the Board and the individual directors on an on-going basis;

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

- f) Review the recommendations on Board Effectiveness made by external consultant following the Board Evaluation carried out in FY2020 and propose actions to be taken arising therefrom; and
- g) Review the required skills and core competencies of the Managing Director.

The terms of reference of the NRC are available on the Company's website, [www.dutchlady.com.my](http://www.dutchlady.com.my).

The Committee met two (2) times in FY2021 and the attendance of each individual is set out below:

Current Members		Former members	
<b>Ms. Saw Chooi Lee<sup>(1)</sup></b> (Chairperson, Senior Independent Non-Executive Director)	<b>Attendance</b> <b>100%</b> 	<b>Dato' Zainal Abidin bin Putih<sup>(3)</sup></b> (Chairman, Senior Independent Non-Executive Director)	<b>Attendance</b> <b>100%</b> 
<b>Mr. Bernardus Hermannus Maria Kodden</b> (Member, Non-Independent Non-Executive)	<b>Attendance</b> <b>100%</b> 	<b>Datin Seri Sunita Mei-Lin Rajakumar<sup>(4)</sup></b> (Member, Independent Non-Executive Director)	<b>Attendance</b> <b>100%</b> 
<b>Tengku Nurul Azian</b> (Member, Independent Non-Executive Director)	<b>Attendance</b> <b>100%</b> 	<b>Secretary</b>	
<b>Mr. Darren Kong Kam Seong<sup>(2)</sup></b> (Member, Independent Non-Executive Director)	<b>Attendance</b> <b>100%</b> 	<b>Ms. Katina Nurani binti Abd Rahim</b> (Company Secretary)	<b>Attendance</b> <b>100%</b> 

Notes:

- (1) Appointed as Chairperson of NRC on 25 May 2021  
 (2) Appointed as Member of NRC on 27 September 2021

- (3) Retired as Chairperson of NRC on 25 May 2021  
 (4) Resigned as Member of NRC on 27 September 2021

### Training and Development

Induction programs are conducted for newly appointed Directors, which include briefings by members of Management and the Company Secretary. The Directors will be provided with the necessary information to assist them in understanding the operations of the Company, current issues and corporate strategies as well as the management structure of the Company and the RFC Group. All Directors have attended and successfully completed the Mandatory Accreditation Program as required under the Listing Requirements.

In addition, the Directors are encouraged to attend continuous education programs, talks, seminars, workshops and conferences to enhance their skills and knowledge and to ensure that they are kept abreast with new developments in the business environment, corporate governance and enhance their skills and knowledge.

The Directors who were on the Board in FY2021 attended the following training programs during the year to further enhance their knowledge and to enable them to discharge their duties and responsibilities more effectively:

Director	Date of Training	Course Details	Organiser
<b>Datin Seri Sunita Mei-Lin Rajakumar</b> *Datin Seri Sunita attended 88 courses in FY2021, some of which are as follows:	12 January	Risk, Strategy and Governance - How Integrated Thinking Can Support Boards in Creating Long-Term Value	Malaysian Institute of Accountants
	19 January	Ensuring Equality, Inclusive Growth and Access to Opportunities	United Nations Department of Economic and Social Affairs
	27 January	Davos Agenda: Carbon Markets: A Conversation with Bill Gates, Mark Carney, Annette Nazareth and Bill Winters	World Economic Forum

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

Director	Date of Training	Course Details	Organiser
	3 - 4 February	Basics of Climate Change and Organisational Greenhouse Gas Accounting	Malaysian Institute Accountants
	25 February	LeadWomen UN's Women Empowerment Principles Campaign Awareness Session	LeadWomen
	25 February	Royal FrieslandCampina Sustainability Strategy	Dutch Lady Milk Industries Berhad
	3 March	Moving from Sustainability to Climate Action in the Palm Oil Sector	Climate Governance Malaysia
	16 March	World Bank Flagship Report 'Aiming High - Navigating the Next Stage of Malaysia's Development' Launch	World Bank Group
	23 March	Climate Change: The Evolving Role of Non-Executive Boards	Climate Governance Global Summit, World Economic Forum
	25 March	Accelerating Corporate Climate Action Goal 13 Impact Platform	Climate Governance Global Summit, World Economic Forum
	14 April	Is there a Race Towards a Global Green Recovery?	Institute of Strategic and International Studies
	1 June	Implementing Amendments in the Malaysian Code on Corporate Governance	Asian School of Business
	2 June	Dialogue on The Role of Independent Director in Embracing Present and Future Challenges	BNM-FIDE FORUM
	8 June	Framing the Future for Nature and Climate	ASEAN-UK COP26
	9 June	Dialogue on The Future of Malaysia's Financial Sector	BNM-FIDE FORUM
	17 June	The Future of Malaysia's International Climate Commitments	Institute of Strategic & International Studies Malaysia (ISIS)
	29 June	Voluntary Carbon Markets	Ministry of Environment and Water (KASA)
	7 July	MCCG Revision 2021 - Changing the Game in Corporate Governance	ICDM
	12 July	Round Table on Property Sector I "Reducing Embodied Carbon in the Built Environment"	Climate Governance Malaysia-CEO Action Network
	19 July	Round Table on Energy Sector II "Low Carbon Mobility"	Climate Governance Malaysia-CEO Action Network
	30 August	Round Table on Energy Sector V "Carbon Sinks"	Climate Governance Malaysia-CEO Action Network
	3 September	"Making Informed Decisions About Climate Risks" with S&P Global, in collaboration with the Institutional Investors Council	Climate Governance Malaysia

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

Director	Date of Training	Course Details	Organiser
	4 September	Public relations training on crisis management	Dutch Lady Milk Industries
	9 September	The Net Zero Journey: What Board Members Need to Know Part II	Climate Governance Malaysia
	28 September	Bursa Malaysia's Focus Group Sessions [Session 10: Key capital market stakeholders]	Bursa Malaysia
	28 October	Cyber Kill Chain and Cybersecurity Capabilities	Deloitte
	12 November	Dialogue: "The 2050 Net Zero Carbon Emissions Target: Finance's Role"	FIDE FORUM
	15 - 18 November	LESA 2021 (Leadership For Enterprise Sustainability Asia)	Asia School of Business
	26 November	2022 Strategy Workshop	Dutch Lady Milk Industries Berhad
	2 December	Sesi pembangunan kapasiti dan kesedaran pemegang taruh bagi Nationally Determined Contribution (NDC) Malaysia kepada Paris Agreement yang telah dikemaskini selaras dengan keputusan UNFCCC	Ministry of Environment and Water (KASA)
Ramjeet Kaur Virik	22 - 23 February	Solution Focused Coaching - Module 1	HC Consultants Group
	28 February	Sustainability Essential	ACE Academy
	22 - 23 March	Solution Focused Coaching - Module 2	HC Consultants Group
	19 - 20 April	Solution Focused Coaching - Module 3	HC Consultants Group
	1 June	Lead to Win Cohort 5 Launch Webinar	London Business School
	8 June	GA-Legal Essentials for Marketing	Horizon e-Learning/ Friesland Campina
	7 - 8 September	Mandatory Accreditation Program	Asia School of Business
	15 September	Lead to Win C5 Peer Development Group session I	London Business School
	21 September	Lead to Win C5 M1 W1 The New Normal	London Business School
	23 September	Lead to Win C5 M1 W1 Aligning the Organisation I	London Business School
	28 September	Lead to Win C5 M1 W2 Leading through Strengths I	London Business School
	29 September	Lead to Win C5 M1 W2 Peer Development Group session II	London Business School
	30 September	Lead to Win C5 M1 W2 Aligning the Organisation II	London Business School
	5 October	Lead to Win C5 M1 W3 Leading through Strengths II	London Business School
	7 October	Lead to Win C5 M1 W3 What Needs to Change?	London Business School
	12 October	Lead to Win C5 M1 W4 Coaching Skills Workshop	London Business School
	14 October	Lead to Win C5 M1 W4 Coaching Skills Workshop	London Business School
	24 October	GA-Compass Module 1	Horizon e-Learning/ Friesland Campina

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

Director	Date of Training	Course Details	Organiser
	24 October	GA-Compass Module 2	Horizon e-Learning/ Friesland Campina
	2 November	Lead to Win C5 Peer Development Group session III	London Business School
	26 November	2022 Strategy Workshop	Dutch Lady Milk Industries Berhad
	29 November	Lead to Win C5 M2 W1 Translating Strategy into Action	London Business School
	30 November	Lead to Win C5 M2 W1 Experimentation & Causal Chains	London Business School
	1 December	Lead to Win C5 M2 W1 Execution Risks & Hypotheses	London Business School
	2 December	Lead to Win C5 M2 W1 Experimental Design & Next Steps	London Business School
	1 - 4 December	Management Team Away Day	HC Consultants Group
	6 December	ACE Workshop 1	ACE Academy
<b>Saw Chooi Lee</b>	25 February	Royal FrieslandCampina Sustainability Strategy	Dutch Lady Milk Industries Berhad
	19 March	Critical Thinking	MP Muar
	19 April	Work Based Learning Connecting Higher Education Industry & Future Talents	Taylor College, Zubedy & HRDF
	20 April	Increasing Expectations on Reporting & Disclosure	Climate Governance Malaysia
	4 May	Unlocking Future Opportunities Focusing on Digital Innovation, Business Scalability & Sustainability	HSBC Malaysia
	4 June	ESG in Malaysia - Priority or Fad by Datuk Muhammad Umar Swift CEO Bursa Malaysia	ICAEW Malaysia
	13 July	2021 Asia Pacific Emerging Women Leadership Program (as Panelist)	ConocoPhillips
	21 - 22 September	Sustainable Reset: The Role of NRC in a Post-Pandemic World	Institute of Corporate Directors Malaysia
	26 November	2022 Strategy Workshop	Dutch Lady Milk Industries Berhad
6 December	AOB Conversation with Audit Committees	Securities Commission of Malaysia	
<b>Bernardus Hermannus Maria Kodden</b>	25 February	Royal FrieslandCampina Sustainability Strategy	Dutch Lady Milk Industries Berhad
	26 November	2022 Strategy Workshop	Dutch Lady Milk Industries Berhad

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

Director	Date of Training	Course Details	Organiser
<b>Dato' Dr. Rosini Alias</b>	25 February	Royal FrieslandCampina Sustainability Strategy	Dutch Lady Milk Industries Berhad
	7 July	MCCG Revision 2021 - Changing the Game in Corporate Governance	Institute of Corporate Directors Malaysia
	14 July	Rising Above COVID-19: Reimagining Work in Malaysia & Beyond	Permodalan Nasional Berhad
	7 September	Prosedur Import/Eksport Haiwan dan Produk Haiwan Serta Pemeriksaan Veterinar	Jabatan Perkhidmatan Veterinar (DVS)
	19 October	Climate Change: A New Green Deal for Malaysia	Permodalan Nasional Berhad
	29 October	Shariah Awareness Strengthening Shariah Culture	Permodalan Nasional Berhad
	26 November	2022 Strategy Workshop	Dutch Lady Milk Industries Berhad
<b>Tengku Nurul Azian Tengku Shahrman</b>	25 February	Royal FrieslandCampina Sustainability Strategy	Dutch Lady Milk Industries Berhad
	15 - 16 March	Nominating and Remuneration Committees: Beyond Box-Ticking and Enhancing Effectiveness	Asia School of Business
	27 May	Reimagining your Business with AI	Federation of Public Listed Companies Bhd
	22 - 23 September	Business Foresight Forum (BFF) 2021 Virtual Conference	Securities Industry Development Corporation
	19 November	Driving Sustainability through Digital Governance	Tricor
	23 November	Building an Inclusive Digital Economy - Empowering People and Enabling Business for a Digital Malaysia	Malaysian Institute of Management
	26 November	2022 Strategy Workshop	Dutch Lady Milk Industries Berhad
	29 November	SC's Audit Oversight Board Conversation with Audit Committees	Securities Commission of Malaysia
	2 December	Fraud Risk Management Workshop 2021	PricewaterhouseCoopers
	13 December	Powertalk Global Series, ASEAN Board Trends Survey 2022: What Keeps You Awake At Night?	Institute of Corporate Directors Malaysia
<b>Jean Serge Krol</b>	21 February	FrieslandCampina Road Safety - Life saving rules E-learning	FrieslandCampina
	25 February	Royal FrieslandCampina Sustainability Strategy	Dutch Lady Milk Industries Berhad
	19 July	FrieslandCampina Compass Code of Conduct E-learning	FrieslandCampina
	19 July	FrieslandCampina Purchase policy E-learning	FrieslandCampina
	26 November	2022 Strategy Workshop	Dutch Lady Milk Industries Berhad

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

Director	Date of Training	Course Details	Organiser
Darren Kong Kam Seong	27 January	ACCA 6 <sup>th</sup> APAC Thought Leadership Forum: Growth Recovery Leveraging on Analytics Driven Forward-Based Insights	ACCA
	25 February	Royal FrieslandCampina Sustainability Strategy	Dutch Lady Milk Industries Berhad
	19 March	Certificate In Data Analytics	ACCA
	23 March	Building the Mindsets of Tomorrow	Institute of Corporate Directors Malaysia
	10 April	Certificate in Digital Marketing Specialist	Malaysian Institute of Management
	20 - 22 April	Board Dynamics Bootcamp	Institute of Corporate Directors Malaysia
	28 April	Funding Options for SMEs	CPA Australia
	6 May	Innovate for Exponential Growth	Institute of Corporate Directors Malaysia
	19 May	PIKOM Digital Summit 2021	PIKOM
	20 May	Governance in SMEs - SMEs, A Key Strategic Business Partner in the Supply Chain	Malaysian Institute of Corporate Governance
	27 May	Corporate Governance in South East Asia: What Investors Need to Know	Asian Corporate Governance Association
	1 June	Implementing Amendments in the Malaysian Code on Corporate Governance	Asia School of Business
	23 June	8 <sup>th</sup> ACCA Asia Pacific Thought Leadership Forum. Rethinking Risks: Opportunities In The Midst Of A Prolonged Crisis	ACCA
	24 June	Power to the people: building a data-driven organisation	The Economist
	30 June - 2 July	Certified Digital Transformation Professional	CASUGOL
	7 July	Is Your Team Future Ready	Peoplelogy
	4 August	The Tech Edge for ESG	Asia IOT Business Platform
	2 September	Google Cloud Platform - Big Data & Machine Learning	Fusionex/Google Cloud
	23 September	The Cooler Earth Sustainability Summit 2021	CIMB/CEO Action Network
	24 November	Asia's Climate-Change Challenge	Financial Times Live
26 November	2022 Strategy Workshop	Dutch Lady Milk Industries Berhad	
6 December	Securities Commission's AOB Conversation with Audit Committees	Securities Commission of Malaysia	

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### Board Diversity

(Practice 5.9 and 5.10)

The Board acknowledges the importance of gender diversity and recognises the benefits that it can bring. The Board's prime focus on is the strength of the Board and therefore the overriding aim in any new appointments must always be to select the best candidate available. With this in mind, the Board shall at all times make best endeavors to have at least 30% women Directors on the Board. Currently, out of the 8 members on the Board, 5 are women. As such the Board comprises of 63% women directors.

The Company also seeks to maintain strong women representation in its Management Team. Currently, out of the 8 members on the Management Team, 4 are women. As such the Management Team comprises of 50% women.

Following the Malaysia Board Diversity Study & Index which was carried out by Willis Tower Watson, DLMI was amongst the top 10 companies of the Malaysia Board Diversity Index 2021- Large-Cap. As part of this holistic study, Willis Towers Watson analysed disclosed data for a total of 312 companies listed on Bursa Malaysia and assessed each company's Board Diversity across the following eight dimensions, Gender, Age, Tenure, Independence, Culture, International Expertise, Domain Expertise, and Industry Expertise. Based on this analysis, Dutch Lady Milk Industries Berhad stood out as an exemplary company.

### Board Evaluation

(Practice 6.1)

The Board undertakes an internal annual evaluation of the Board's effectiveness. An evaluation by External Consultants was carried out in FY2020 and moving forward, evaluation by External Consultants will be carried out on a periodic basis. In FY2021, the NRC reviewed the proposals given by the External Consultant and took steps to implement the same. These includes taking steps to strengthen Board interactions with Management, improving the structure of the Board Committees and Board Committee meetings, and taking steps to improve the process on board succession and recruitment.

In FY2021, an internal evaluation was carried out which was led by the NRC Chairperson and facilitated by the Company Secretary. The evaluation was conducted on the Board, the Nominating & Remuneration Committee, the Audit & Risk Committee, the Managing Director and on each individual Board member through a peer evaluation. It was found that the Board and Board Committees had foundational good practices in place. Key findings in relation to the effectiveness of the Board are as follows:

- The Board would focus on ensuring that all the Directors exhibit the requisite business acumen and are knowledgeable about future trends that could potentially affect the business. To do this, recommendations on suitable business related trainings will be provided to the Board by the Company Secretary, as guided by the Nomination & Remuneration Committee and discussions on relevant and suitable business topics will be presented by Management to the Board in the upcoming year.
- The Board would also seek to enhance the inclusion of conversations on Environmental, Social and Governance (ESG). To achieve this it was agreed that in FY2022, Sustainability/ESG agenda will be a key priority for Management and will be included as a standing item in the Board agenda throughout the year with a focus on developing clear commitments and roadmap. Management would ensure that discussions on ESG are integrated into Board and committee meetings and that more in-depth discussions on the Company's sustainability initiatives will be held.

### Remuneration - Policies and Procedures

(Practice 7.1 and 7.2)

The DLMI Board has a remuneration policy in place since 2018 and this policy was recently reviewed in November 2021. The policy provides that the NRC will take into account all factors which it deems necessary in order to attract, retain and motivate Non-Executive Directors of high calibre who are able to provide the necessary skills and experience as required. The level of remuneration shall be commensurate with the responsibilities of the Non-Executive Directors and should also be in alignment with the business strategy and long-term objectives of the Company.

Remuneration for the Managing Director of the Company is approved by the Board in consultation with the RFC Group. The remuneration for the Managing Director follows the performance appraisal system and compensation and benefits scheme of the RFC Group which is based on the human resource policies and procedures of the RFC Group. Corporate and individual performance, market competitiveness, business results and individual performance are considered by the RFC Group in evaluating the Managing Director's remuneration. The Managing Director is not paid meeting attendance allowance or Directors' fees by the Company.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Non-Executive Directors are paid fixed annual Directors' fees as members of the Board and these are approved by shareholders at the Annual General Meeting. The Chairperson of the Board Committees receives additional Board Committee Chairperson fees and the members of the Audit & Risk Committee also receives an additional fee. All Non-Executive Directors receive benefits by way of a meeting allowance for each meeting that they attend.

The NRC reviews the fees periodically by taking into account the performance of the Company and benchmarking with other companies in the same industry and of similar size. The responsibilities and duties of the directors are also taken into account when reviewing the fees.

The Terms of Reference for the NRC and the Board's Remuneration Policy, as updated in November 2021, are available on the Company's website [www.dutchlady.com.my](http://www.dutchlady.com.my).

### Remuneration of Directors and Top Senior Management (Practice 8.1 and 8.2)

The aggregate remuneration of Directors of the Company for the financial year ended 31 December 2021 is as follows:

	Executive Directors RM	Non-Executive Directors RM
Directors' Fees and Committee Member Allowances	-	449,411
Benefits	-	74,100
Salaries and other emoluments	1,638,399	-
Benefits in kind	145,051	-

The details of the total remuneration of the directors on a named basis for the financial year ended 31 December 2021 are as follows:-

Name	Directors' Fees RM	Directors' Benefits RM	Salaries and other emoluments RM	Benefits in kind RM	Total RM
Dato' Zainal Abidin bin Putih <sup>(1)</sup>	64,930	7,800	-	-	72,730
Tarang Gupta <sup>(2)</sup>	-	-	1,208,831	128,133	1,336,964
Datin Seri Sunita Mei-Lin Rajakumar <sup>(3)</sup>	101,906	13,000	-	-	114,906
Ramjeet Kaur Virik <sup>(4)</sup>	-	-	429,568	16,918	446,486
Saw Chooi Lee	73,501	13,000	-	-	86,501
Dato' Dr. Rosini binti Alias	75,506	13,000	-	-	88,506
Tengku Nurul Azian binti Tengku Shahrman	76,938	15,600	-	-	92,538
Darren Kong Kam Seong <sup>(5)</sup>	56,630	11,700	-	-	68,330
<b>Total</b>	<b>449,411</b>	<b>74,100</b>	<b>1,638,399</b>	<b>145,051</b>	<b>2,306,961</b>

#### Notes:

<sup>(1)</sup> Retired as Chairman on 25 May 2021

<sup>(2)</sup> Resigned as Director on 2 July 2021

<sup>(3)</sup> Redesignated to Chairperson on 25 May 2021

<sup>(4)</sup> Appointed as Director on 2 July 2021

<sup>(5)</sup> Appointed as Director on 14 April 2021

No Directors' fees or allowances were paid to Bernardus Hermannus Kodden and Jean Serge Krol in lieu of the management fee paid to RFC.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

For the top remaining senior management personnel, the aggregate remuneration (wages, salaries, benefits and contributions to state plans) paid for FY2021 is approximately RM4.632 million. The most senior member of management is an Executive Director of the Company and her remuneration is disclosed above. As such, details of the remaining members of senior management are shared on general terms and on an aggregated basis only as the Board is of the view that it would not be in the best interest of the Company to disclose these details given the competitiveness in the market for good senior managers in the consumer goods industry. The Board is of the view that

the disclosure of remuneration details may be detrimental to its business interests, given the competitive landscape for key personnel with the requisite knowledge, technical expertise and working experience in the Company's business activities, where intense headhunting is a common industry challenge. Accordingly, such disclosure of specific remuneration information may give rise to recruitment and talent retention issues. The Board feels that the details provided are sufficiently transparent and allows stakeholders to assess the reasonableness of remuneration paid to members of senior management.

### Principle

#### **B** EFFECTIVE AUDIT AND RISK MANAGEMENT

##### **Financial Control and Reporting**

The Board is responsible for ensuring that the Company maintains adequate and accurate records for timely reporting of the financial position of the Company and the results of its activities to enable stakeholders to make informed assessments of the Company's performance and prospects. To assist the Board in effectively discharging this duty, the Company has in place financial reporting procedures and processes. As at the date of this statement, the Board is not aware of any circumstances which have not been dealt with in the financial reports or financial statements, which would render any amount in the financial statements misleading.

##### **Directors' Responsibility Statement in Respect of the Preparation of the Audited Financial Statement**

As required by the Companies Act 2016, the Board hereby provides its opinion that the Company's financial statements for FY2021 were drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards, Main Market Listing Requirements (MMLR) of Bursa Securities and the Companies Act 2016 so as to provide a true and fair view of the Company's financial position and the performance and cash flow for the financial year. Towards this, the Board has ensured that relevant accounting policies have been used and applied consistently and that reasonable and prudent judgments and estimates have been made, in the preparation of financial statements. The Board also ensured that applicable approved accounting standards have been followed and that proper accounting records were kept so as to enable disclosure of the Company's financial position in compliance with laws and regulations.

##### **The Audit & Risk Committee** (Practice 9.1, 9.2, 9.3 and 9.5)

##### **Chairperson of the Audit & Risk Committee**

The Audit & Risk Committee consists of a majority of independent directors. The Committee is chaired by Tengku Nurul Azian binti Tengku Shahrman who is an Independent Non-Executive Director. She is not the Chairperson of the Board. Currently, the Committee comprised 5 members consisting of 3 independent directors and 2 non-independent directors. However one of the non-independent directors, Dato' Dr. Rosini binti Alias, is a nominee director of Permodalan Nasional Berhad. As such, 4 out of 5 of the Audit & Risk Committee members represents the Company's minority shareholders. The members of the Audit & Risk Committee are all financially literate and have a full understanding of the financial reporting process and the financial matters discussed. The members also attend training on new rules or standards relating to the accounting standards, tax rulings or corporate governance changes. Details on the members of the Audit & Risk Committee are contained in the Report of the Audit & Risk Committee.

The Board has not appointed any of the Company's former key audit partners as a member of the Audit & Risk Committee. The Audit & Risk Committee will observe a minimum three (3) year cooling-off period before any former key audit partner can be appointed as a member of the Audit & Risk Committee. This requirement is set out in the Audit & Risk Committee's Terms of Reference.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

In August 2021 the Audit & Risk Committee had a meeting with the Company's External Auditor, Messrs. PricewaterHouse Coopers (PwC), where PwC presented the annual audit plan for FY2021. In that meeting, PwC highlighted the key focus areas, methodology and new accounting standards. The External Auditor also briefed the Audit & Risk Committee on their team members and the resources allocated to the Company. After discussion and deliberation, the Audit & Risk Committee approved the audit plan. The Company also sought the confirmation of independence from PwC.

The written terms of reference for the Audit & Risk Committee are available on the Company's website [www.dutchlady.com.my](http://www.dutchlady.com.my).

### **Risk Management and Internal Control Framework** (Practice 10.1, 10.2 and 10.3)

The Company adopts the Enterprise Risk Management program based on the framework that was developed and issued by RFC, which in turn is based on COSO framework (developed by the Committee of Sponsoring Organisations of the Treadway Commission for evaluating internal controls), of which the International Institute of Internal Auditors is a sponsoring organisation. The program establishes an enterprise risk assessment ("ERA") for identifying, evaluating, monitoring, reporting and managing significant business risks. The Internal Audit function also carries out activities under the ERA.

The Company's Management team and internal audit team meets periodically to assess whether any conditions associated with a particular risk have changed, and to ensure that action and risk mitigation plans have been implemented. Progress and status of the mitigation action plans are presented to the Audit & Risk Committee quarterly or new critical risks are escalated immediately for deliberation.

The ERA categorises the risk in the following way:

- Strategic, which are risks that affect the overall direction of the business.
- Operational, which are risks that impact the delivery of the Company's products.
- Financial, which are risks associated with financial processes and reporting.
- Compliance, which are risks associated in relation to legal, statutory and corporate governance.

The risk profile of the Company is established during the annual risk assessment session facilitated by Royal FrieslandCampina N.V. (RFC). Risks identified are categorised and rated based on:

- Impact on the relevant business objectives;
- Likelihood of the risks occur; and
- Potential for improvement of the way the risk is being managed, taking into account the existing internal control framework and risk management measures implemented.

In FY2021, the Board decided that the Company's risk management framework and policies would be assumed by the Audit Committee. Accordingly the Audit Committee became the Audit & Risk Committee on 27 September 2021.

### **Internal Audit** (Practice 11.1 and 11.2)

The Company has an in-house Internal Audit and Internal Control Department which reports directly to the Audit & Risk Committee and assists the Audit & Risk Committee in the discharge of its duties and responsibilities. Its role is to provide independent assurance of the adequacy and the effectiveness of the risk management, internal control and governance process as well as to carry out investigations on any complaints received. The investigation findings and audit recommendations and measures are reported by the Internal Audit Manager to the Audit & Risk Committee at each meeting.

The Head of Internal Audit, Mr Inderjit Singh, is a holder of a Bachelor's Degree of Accounting (Honours) from Multimedia University (MMU). He is a member of the Institute of Internal Auditors Malaysia (IIA). The Head of Internal Audit has over 10 years of experience in various finance functions including internal audit. The Head of Internal Audit is currently supported by an Internal Control Specialist. Further information in the Internal Audit function is set out in the Statement of Internal Control and Risk Management and the Report of the Audit & Risk Committee.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### Principle

#### C INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

##### Communication with stakeholders (Practice 12.1)

The Board takes steps to ensure, as far as is practicable, that there is effective, transparent and regular communication between the Company and its stakeholders. The Company disseminates information to its stakeholders utilising the following methods:

**Website:** The Company's corporate website provides quick access to information about the Company. The information on the corporate websites includes the corporate overview, information on the Board of Directors and the Management team, Compass and other Company policies, the Board Charter and Board Committee Terms of References, financial results, announcements to Bursa, minutes of general meetings, the Company's Annual Reports and Circulars to shareholders, the Company's products, media releases, and other corporate news.

**Annual Report:** The Annual Report provides a comprehensive report on the Company's operations and financial performance. An online version of the full Annual Report is available and downloadable from the Company's website [www.dutchlady.com.my](http://www.dutchlady.com.my).

**General Meetings:** The Board shares information to its shareholders during general meetings and encourages shareholders to ask questions which are addressed during the meeting. Minutes of the general meetings, together with a summary of the questions discussed during the meeting are shared on the Company's website within one month of the date of the meeting.

**Analyst briefings:** The Company also meets up with investment analysts and fund managers periodically. The Company also actively responds to requests for discussions with institutional shareholders and analysts, locally and abroad, to provide them better insights into the Company.

##### Annual General Meetings (Practice 13.1 to 13.6)

The Company's Notice of AGM is published in a local newspaper and is issued to shareholders at least 28 days prior to the date of the AGM. The Company's AGM in May 2021 was fully virtual and attended by all Directors.

In accordance with the guidelines and standard operating procedures imposed during the Movement Control Order in FY2021, only the Managing Director, the Chairman and the Company Secretary were physically present at the Broadcast Venue of the meeting. All the other directors joined virtually. The Company also held a fully virtual Extraordinary General Meeting on 1 July 2021 where all Board members and the Company Secretary joined virtually due to the Movement Control Order restrictions at the time.

Since FY2020, the Company's general meetings have been held virtually through live streaming and online remote voting due to the COVID-19 pandemic. For virtual meetings, only shareholders who have registered and who have been verified by the poll administrator were allowed to participate in the meetings. The meeting and online voting was conducted using a system which contains data privacy and security features. Information on how the shareholders can register, participate and vote during the virtual meeting was provided in the notice of meetings which were delivered to each shareholder in accordance with the terms of the Company's Constitution.

Shareholders are always encouraged to provide questions on the resolutions being proposed or on the Company's operations and performance in general via email before the meeting and via the Q&A portal during the meeting. Answers to questions received beforehand will be dealt with during the Managing Director's presentation or answered verbally during the meeting. Questions received from MSWG are also presented and answered during the meetings. The broadcast of the virtual general meetings held in FY2021 ran smoothly and shareholders were able to see and hear the meeting proceedings clearly. Shareholders were also able to participate in the meetings by asking questions via the Q&A portal. These questions were either answered via the portal which was visible to the shareholders or were answered verbally by the Managing Director during the meeting.

The full minutes of the meetings which includes the answers to the shareholders' questions were available on the Company website within 30 days after the general meetings.

In view that the pandemic is still on-going, a virtual meeting will be held for the 59<sup>th</sup> AGM on 25 May 2022. The Broadcast Venue will be held at Gallery 3, the New World Petaling Jaya Hotel, Paradigm, 1 Jalan SS7/26A, Kelana Jaya, 47301 Petaling Jaya, Selangor, Malaysia.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### Compliance Statement by the Board of Directors on Corporate Governance Statement

#### (a) Utilisation of Proceeds

The Company did not carry out any corporate exercise to raise funds during the financial year.

#### (b) Audit Fees

##### (i) Audit Fees for the Company:

The Company's internal audit function is performed in-house by a team of internal auditors led by the Head of Internal Audit and Internal Control. The total cost incurred by the Internal Audit and Internal Control Department in relation to the conduct of its functions for FY2021 was RM417,243. The amount of audit fees paid to External Auditors by the Company for FY2021 was RM92,367.

##### (ii) Non-Audit Fees

The amount of non-audit fees paid to External Auditors by the Company for the FY2021 was RM 100,000 as follows:

- (i) Non-audit fees of RM20,000 is in respect of the review of Statement of Risk Management & Internal Control; and
- (ii) Non-audit fees of RM80,000 is for the preparation of the Pro Forma Consolidated Financial Information ("Pro Forma Statement") as set out in the Guidance Note for Issuers of Pro Forma Financial Information as issued by the Malaysian Institute of Accountants in relation to the transaction for the sale of the Company's land ("Land Disposal").

The non-audit fees paid to the External Auditors in FY2021 is higher than usual and higher compared to the audit fees as the External Auditors were required to prepare the Pro Forma Statement in FY2021. This was necessary as the Land Disposal is subject to the approval of the Company's shareholders at a general meeting and therefore a Circular to Shareholders in accordance with Appendix 10B of the MMLR had to be prepared. As the Land Disposal was a Very Substantial Transaction within meaning of paragraph 10.02 of the MMLR, the Circular to Shareholders was required to include a pro forma consolidated statement of financial position together with the notes and the auditors' letter showing effects before and after the transaction based on the Company's published or announced audited financial statements for the latest financial period ended. In the circumstances, the Company incurred non-audit fees of RM80,000 for the preparation of the Pro Forma Statement.

#### (c) Material Contracts Involving Substantial Shareholders

Save and except for the recurrent related party transactions entered into pursuant to the shareholders' mandate, there were no material contracts either still subsisting at or entered into since the end of FY2021 by the Company and/or its subsidiaries which involved Directors' and/or substantial shareholders' interest.

This Corporate Governance Overview Statement is made in accordance with the resolution of the Board of Directors dated 23 February 2022.

# AUDIT & RISK COMMITTEE REPORT

**The Audit & Risk Committee (“ARC”) provides critical oversight of the Company’s financial reporting process, monitoring the external and internal auditing process, compliance with relevant legal and statutory matters and other matters delegated by the Board. The committee was formerly known as the Audit Committee and became the ARC on 27 September 2021 following the Board’s approval for the Audit Committee to assume the duties of a Risk Committee.**

The primary purpose of the Audit & Risk Committee (“Committee”) is to assist the Board of Directors to:

- (i) discharge its statutory and fiduciary responsibilities of overseeing the financial risk processes and accounting and financial reporting practices within the Group;
- (ii) review the quality of the Company’s accounting function, financial reporting and internal controls;
- (iii) enhance the independence of the External and Internal Audit functions by providing direction to and oversight of these functions.

## A COMPOSITION

<b>Chairperson</b> Tengku Nurul Azian binti Tengku Shahrman <sup>(1)</sup>	Independent Non-Executive Director
<b>Members</b> Ms. Saw Chooi Lee <sup>(2)</sup> Mr. Darren Kong Kam Seong <sup>(3)</sup> Dato’ Dr. Rosini binti Alias Mr. Jean Serge Krol	Senior Independent Non-Executive Director Independent Non-Executive Director Non-Independent Non-Executive Director Non-Independent Non-Executive Director
<b>Former Members</b> Datin Seri Sunita Mei-Lin Rajakumar <sup>(4)</sup> Dato’ Zainal Abidin bin Putih <sup>(5)</sup>	Independent Non-Executive Director Senior Independent Non-Executive Director

### Notes:

- (1) Appointed as Chairperson of the ARC on 25 May 2021
- (2) Appointed as Member of the ARC on 25 May 2021
- (3) Appointed as Member of the ARC on 14 April 2021
- (4) Resigned as Chairperson of the ARC on 25 May 2021 and as Member of the ARC on 27 September 2021
- (5) Retired as Member of the ARC on 25 May 2021

The ARC is chaired by Tengku Nurul Azian binti Tengku Shahrman who is an Advocate and Solicitor of the High Court in Malaya, a Barrister of Law of the Honourable Society of Inner Temple, and has an LLB (Hons) from the School of Oriental & African Studies, University of London. She has over 19 years of broad experience in investment banking and corporate finance and was previously the Executive Vice President & Partner of PEMANDU Associates Sdn Bhd, a management consulting firm which is focused on public sector transformation and business turnaround with global experience. She sits on the Boards and Audit and Risk Committees of other companies in Malaysia.

Ms. Saw Chooi Lee has a Bachelor of Science in Business Administration and an MBA from the University of Nebraska-Lincoln, USA. She first joined the Company in March 2003 as its Commercial Director after which she held various leadership positions in the FrieslandCampina Group including the role of the Company’s Managing Director from 2015 to 2017. She is currently teaching at the Graduate Business School - MBA Program, Universiti Kebangsaan Malaysia and mentors in the Women in Leadership (WIL) programme by Lead-Women Malaysia Organisation.

## AUDIT & RISK COMMITTEE REPORT

Mr. Darren Kong has a BSc (Hons) in Applied Accounting, Oxford Brookes University, United Kingdom. He is a Fellow Member of the Association of Chartered Certified Accountants (ACCA), a Member of the Malaysian Institute of Accountants (MIA) Associate, and a member of the Association of Certified Fraud Examiners (ACFE). He is currently Managing Director, Corporate Strategy & Alliance of Fusionex International, an established multi-award winning data technology provider that specialises in Analytics, Big Data, Machine Learning and Artificial Intelligence.

Dato' Dr. Rosini Binti Alias is Doctor of Veterinary Medicine, DVM, from Universiti Pertanian Malaysia. She was formerly the Deputy Director-General of the Department of Veterinary Services ("DVS"), Malaysia and has vast experience in the veterinary and agricultural sector with a career spanning over 30 years.

Mr. Jean Serge Krol has a Master's of Economics as well as a Post-Master's Degree for Certified Public Accountants from the Rijksuniversiteit in Groningen. He also has a Post-Master's Degree for Certified Controllers from the Vrije Universiteit in Amsterdam. He has held various senior finance managerial positions within Royal FrieslandCampina N.V. from 2002 to 2019. In July 2019, he was appointed as the Director of Finance for the Specialised Nutrition Business Group for Royal FrieslandCampina, Netherlands.

### B TERMS OF REFERENCE

#### Structure of the Audit & Risk Committee

The ARC is a Committee appointed by the Board and shall comprise of at least 3 directors. All members should be Non-Executive Directors with Independent Non-Executive Directors making up the majority. At least one (1) member of the ARC must be a member of the Malaysian Institute of Accountants, or have at least 3 years' working experience and be a member of one of the Associations of Accountants specified in Part II of the First Schedule of the Accountants Act 1967. The Chairperson of the ARC shall be an Independent Non-Executive Director and be elected from amongst the members of the ARC. All members of the Committee, including the Chairperson, will hold office until otherwise determined by the Board.

#### Authority

The ARC has authority to carry out the following:

- (i) investigate any matter within its terms of reference;
- (ii) has full and unrestricted access to any information, records and documents pertaining to the Company;
- (iii) has the resources which are required to perform its duties;
- (iv) has direct communication channels with both the External and Internal Auditors;
- (v) be able to obtain independent professional or other advice; and

- (vi) be able to convene meetings with External Auditors, the Internal Auditors or both, excluding the attendance of other Directors and employees of the Company, whenever deemed necessary.

#### Functions

1. The functions of the ARC are as follows:

##### In relation to External Auditors

- (i) To consider and recommend to the Board the appointment or re-appointment of the External Auditors and fix their audit fee, and to consider any issues regarding their resignation or dismissal and the reasons thereof; In considering the appointment or re-appointment of the external auditors, to consider among others:
  - (a) the adequacy of the experience and resources of the accounting firm;
  - (b) the persons assigned to the audit;
  - (c) the accounting firm's audit engagements;
  - (d) the size and complexity of the Group being audited;
  - (e) the number and experience of supervisory and professional staff assigned to the particular audit; and

## AUDIT & RISK COMMITTEE REPORT

- (f) the performance of the external auditors and its independence inter-alia:
  - i. communication with the management;
  - ii. the external auditors' ability to meet deadlines in providing services and responding to issues in a timely manner as contemplated in the external audit plan;
  - iii. the competence, audit quality and resource capacity of the external auditors in relation to the audit;
  - iv. the nature of the non-audit services provided by the external auditors and fees paid for such services relative to the audit fee; and
  - v. whether there are safeguards in place to ensure that there is no threat to the objectivity and independence of the audit arising from the provision of non-audit services or tenure of the external auditors.

In making the assessment on the External Auditor's performance and independence, the Committee should consider the information presented in the Annual Transparency Report of the audit firm, to the extent that it is applicable.

- (ii) To take note and be informed of the audit tender process that is run by FrieslandCampina globally including ensuring that an objective criteria is established when assessing the appointment of External Auditors.
- (iii) To review and discuss with the External Auditors their audit plan, the nature and scope of audit, evaluation of the Company's systems of internal controls and their audit report on the annual financial statements, including Key Audit Matters, and report the same to the Board;
- (iv) Ensure External Auditors have sufficient understanding of business, operations and risk areas, that senior audit team members are sufficiently involved throughout the audit process, and that the team has the capacity and ability to work in different geographical regions;
- (v) To assess the External Audit firm's measures to uphold audit quality and manage risks including adopting indicators of audit quality;
- (vi) To discuss issues and reservations arising from the interim and final audits with the External Auditors, and any other matters the External Auditors or other consultants may wish to discuss, in the absence of Executive Directors and Management, where necessary and in any case at least twice a year;
- (vii) To review the External Auditors' Management letter and Management's response thereon and ensure Management provides information and records in a timely manner;
- (viii) Obtain assurance from the External Auditors that they are and have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements, and that following such annual assessment review and the assurance obtained, the Committee to remain confident of the External Auditor's independence and suitability.
- (ix) Ensure that advance approval by the Board of Directors is required for non-audit services provided by the External Auditor, on recommendation of the Committee;
- (x) Review all non-audit services performed by the External Auditors to reinforce the independence and objectivity of the External Auditors. In the event the non-audit fees paid to External Auditors or a firm or corporation affiliated to the External Auditors are significant i.e. constitutes 50% of the total audit fees paid to the External Auditors, the Committee is required to state the details on the nature of the non-audit services rendered in the Committee's report.



## AUDIT & RISK COMMITTEE REPORT

### In relation to the financial statements

- (i) To review the quarterly and annual financial statements of the Company before submission to the Board of Directors, focusing particularly on:-
  - (a) Public announcement of the results and dividend payment;
  - (b) Any changes in accounting policies and practices;
  - (c) The going concern assumption;
  - (d) Compliance with approved accounting standards;
  - (e) Compliance with Bursa Securities and legal requirements;
  - (f) Significant adjustments arising from the audit;
  - (g) Significant matters highlighted including financial reporting issues; and
  - (h) Significant judgements made by management, significant and unusual events or transactions and how these matters are addressed.
- (ii) Review the Company's dividend proposals including considering the quantum, timing and cash flow of dividend payments, and recommending the same to the Board for approval;
- (iii) To consider and review the appropriateness of any related party transaction and conflict of interest situations that may arise within the Company including ensuring compliance with applicable laws and regulations to ensure:
  - (a) internal control procedures with regards to such transactions are sufficient and have been complied with;
  - (b) transactions are fair, reasonable and undertaken on the Company's normal commercial terms; and
  - (c) transactions are not detrimental to the interest of minority shareholders;
- (iv) Review the Company's annual report prior to submission to the Board for their perusal and approval, to ensure compliance in accordance with the provisions of the Companies Act 2016 and Bursa Securities Main Market Listing Requirements, the applicable approved accounting standards as per MASB Standards and any other laws or regulations which might apply;
- (v) Review major audit findings and Management's response during the year with Management, External Auditors and Internal Auditors, including the status of previous audit recommendations;
- (vi) Review the assistance given by the Company's officers to the External Auditors and any issues encountered in the course of the audit work, including restrictions on the scope of activities or access to required information.

### In relation to Internal Audit

- (i) To do the following, in relation to the Internal Audit Department:
  - (a) Review the adequacy of the scope, functions, competency and resources of the Internal Audit Department, and that it has the necessary authority and resources to carry out its work, including training programs for the staff;
  - (b) Consider whether internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence;
  - (c) Review the internal audit plan for the year and findings of the internal audit assessment and, where necessary, ensure that appropriate actions are taken on the recommendations of the Internal Audit Department by Management;
  - (d) Ensure the Head of Internal Audit reports functionally to the Committee directly and that the Committee reviews the performance of the Internal Audit function annually. The Head of Internal Audit should have the relevant qualifications and be responsible for providing assurance to the Committee that the internal controls are operating effectively. The Head of internal Audit will be responsible for the regular review and/or appraisal of the effectiveness of the risk management, internal controls and governance processes of the Company.

## AUDIT & RISK COMMITTEE REPORT

- (ii) Ensure that the Company has an Internal Control Framework, and periodically reviews the controls, organises self-assessments and ensures effectiveness of the system;
  - (iii) Ensure the Company adopts the Standards and Principles outlined in the International Professional Practices Framework (IPPF) of The Institute of Internal Auditors;
  - (iv) Review and appraise the performance of members of the Internal Audit Department on an annual basis;
  - (v) Approve any appointment and termination of senior staff members of the Internal Audit Department; and
  - (vi) Takes cognisance of resignations of internal audit staff members.
- Enhance and improve corporate governance with a clear, concise and comprehensive structure for the Company;
  - Put in place policies and procedures on business ethics and good business conduct which includes focus on anti-bribery and corruption;
  - Promote an effective risk awareness where risk management is an integral aspect of the Company's business plan and project portfolio;
  - Ensure appropriate skills and resources are applied to risk management;
  - Review periodic reports from the management on risk exposure, risk portfolio composition and risk management activities;
  - Review and recommend new policies or changes to policies and to consider risk implications including the procedures put in place by management to prevent and detect fraud including cyber fraud.

### In relation to Enterprise Risk Management

- (i) To review and assess the adequacy of the Enterprise Risk Management framework and controls on a quarterly basis including Enterprise Risk Assessment updates, internal and/or external auditors' evaluation of the framework and controls, mitigating controls and action plans to mitigate identified business risks which enables the Company to update key risks direction, identify material environmental, social or governance (ESG) risks and other emerging risks and to define an adequate and practical mitigation action plan where necessary;
- (ii) To review and assess the effectiveness and adequacy of the business continuity plan and monitoring its implementation;
- (iii) To ensure that the Enterprise Risk Management Framework focuses on the Company's core business operations and it allows the Company to:

- Establish clear functional responsibilities and accountabilities within the Company's structures for management of risks;

### Other Scope of Work

- (i) To consider major findings of any internal investigations and Management's response thereon;
- (ii) To review the draft circulars with respect to obtaining shareholders' mandate on any Recurrent Related Party Transactions of a Revenue or Trading Nature, before submission to the Board of Directors; and
- (iii) To consider any other topics, as defined by the Board.

The ARC's Terms of Reference can be found on the Company's website [www.dutchlady.com.my](http://www.dutchlady.com.my)

## AUDIT & RISK COMMITTEE REPORT

### C MEETINGS AND MINUTES

The ARC shall meet at least 4 times a year and the quorum for any meeting shall be 2 members, consisting of Independent Directors. The Managing Director, Finance Director and the Internal Auditor will be invited to attend all meetings of the ARC. There shall be at least 2 meetings a year with External Auditors including 2 meetings without the members of Management. External Auditors will be invited to attend additional meetings when appropriate and they may request a meeting with the ARC if they consider it necessary. Other Board members may attend meetings upon the invitation of the ARC.

The Company Secretary shall be the Secretary of the ARC and as a reporting procedure, the minutes of each ARC meeting shall be circulated to all members of the Board.

A total of 4 meetings were held during the financial year 2021. The membership status and attendance record of each of the members are as follows:-

Members	Attendance
<b>Tengku Nurul Azian binti Tengku Shahrizan<sup>(1)</sup></b> (Chairperson, Independent Non-Executive Director)	4/4
<b>Ms. Saw Chooi Lee<sup>(2)</sup></b> (Member, Senior Independent Non-Executive Director)	2/2
<b>Mr. Darren Kong Kam Seong<sup>(3)</sup></b> (Member, Independent Non-Executive Director)	3/3
<b>Dato' Dr. Rosini binti Alias</b> (Member, Non-Independent Non-Executive Director)	4/4
<b>Mr. Jean Serge Krol</b> (Member, Non-Independent Non-Executive Director)	4/4
Former Members	Attendance
<b>Dato' Zainal Abidin bin Putih<sup>(4)</sup></b> (Member, Senior Independent Non-Executive Director)	2/2
<b>Datin Seri Sunita Mei-Lin Rajakumar<sup>(5)</sup></b> (Chairperson, Independent Non-Executive Director)	3/3

#### Notes:

- <sup>(1)</sup> Redesignated as Chairperson of the ARC on 25 May 2021  
<sup>(2)</sup> Appointed as Member of the ARC on 25 May 2021  
<sup>(3)</sup> Appointed as Member of the ARC on 14 April 2021

- <sup>(4)</sup> Retired as Member of the ARC on 25 May 2021  
<sup>(5)</sup> Resigned as Chairperson of the ARC on 25 May 2021 and as Member of the ARC on 27 September 2021

## AUDIT & RISK COMMITTEE REPORT

### D SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR

A summary of the key activities carried out by the ARC during the financial year is listed below:

(a) Financial Reporting and compliance

The Company's quarterly and annual financial statements as well as announcements made to Bursa Securities were reviewed by the ARC before submission to the Board for its subsequent approval. In doing so, the ARC deliberated and focused on changes in major accounting policies and practices as well as any adjustments and/or issues affecting audit related matters to ensure compliance with Main Market Listing Requirements, the approved Malaysian Financial Reporting Standards, International Financial Reporting Standards, the requirements of the Companies Act and other relevant legal and regulatory requirements with regards to the quarterly and year-end financial statements.

As part of their accounting oversight duties, the ARC also reviews the External Auditors' annual and interim audit reports, together with accompanying Management responses.

(b) Assessing Independence, Suitability, Objectivity and Cost Effectiveness of the External Auditors

The ARC carried out an annual review of the independence, suitability, objectivity and cost effectiveness of the External Auditors before approving their remuneration and recommending their re-appointment to the shareholders. The factors considered include the competency, and the adequacy of experience and resources of the firm and professional staff assigned to perform the audit.

As part of the annual audit exercise, the ARC obtained assurance from the External Auditors confirming that they are and have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements. Following the annual assessment review and the assurance obtained, the ARC remains confident of the External Auditor's independence and suitability.

(c) Risk management and internal controls

The ARC took note of the Company's risk management and the control environment guidelines as implemented using the RFC Internal Control Framework and the Enterprise Risk Management programme.

The ARC also received Risk Management progress reports from Management quarterly whereby the ARC took note of the mitigating controls and action plans taken to mitigate the identified business risks.

(d) Going Concern assessment

The ARC reviewed the going concern basis for preparing the Company's financial statements, including the assumptions underlying the going concern statement and the period of assessment.

(e) External audit

Throughout the financial year, the ARC had three meetings with External Auditors and two meetings with them without the presence of Management. The ARC is pleased to report that there was no significant matter of disagreement that arose between the External Auditors and Management.

To reinforce the independence and objectivity of the External Auditors, the ARC reviewed all non-audit services performed by the External Auditors.

During the financial year, the fees incurred in respect of non-audit related matters amounted to RM100,000 as follows:

(i) Non-audit fees of RM20,000 is in respect of the review of Statement of Risk Management & Internal Control; and

(ii) Non-audit fees of RM80,000 is for the preparation of the Pro Forma Consolidated Financial Information ("Pro Forma Statement") as set out in the Guidance Note for Issuers of Pro Forma Financial Information as issued by the Malaysian Institute of Accountants in relation to the transaction for the sale of the Company's land ("Land Disposal").

## AUDIT & RISK COMMITTEE REPORT

The non-audit fees paid to the External Auditors in FY2021 is higher than usual and higher compared to the audit fees as the External Auditors were required to prepare the Pro Forma Statement in FY2021. This was necessary as the Land Disposal is subject to the approval of the Company's shareholders at a general meeting and therefore a Circular to Shareholders in accordance with Appendix 10B of the Main Market Listing Requirements ("MMLR") had to be prepared. As the Land Disposal was a Very Substantial Transaction within meaning of paragraph 10.02 of the MMLR, the Circular to Shareholders was required to include a pro forma consolidated statement of financial position together with the notes and the auditors' letter showing effects before and after the transaction based on the Company's published or announced audited financial statements for the latest financial period ended. In the circumstances, the Company incurred non-audit fees of RM80,000 for the preparation of the Pro Forma Statement.

The ARC reviewed the financial statements to take note of changes to the approved accounting standards and new application on financial reporting disclosures under the Listing Requirements.

### (f) Internal Audit

During FY2021, the ARC had four meetings with the Internal Auditor. During the engagements, the ARC discussed the results arising from the Internal Audit findings and recommendations by the Internal Auditor on the controls environment and operational weaknesses, and verified that timely corrective actions were taken by Management.

### (g) Governance

The ARC reviewed the ARC Report and the Statement of Internal Control and Risk Management and recommended to the Board for inclusion in the 2020 Annual Report.

### (h) Other Matters

During the financial year, the ARC also carried out the following activities:

- reviewed the Company's dividend proposals
- considered the quantum, timing and cash flow of dividend payments, and recommended the same to the Board for approval
- reviewed the recurrent related party transactions, and any conflict of interest situations during the year
- reviewed the Circular on the Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature and recommended the same to the Board for shareholders' approval
- discussed with the External Auditors on Key Audit Matters and any issues arising from the audit (in the absence of the Management)
- reviewed the Circular to Shareholders for the Extraordinary General Meeting together with the Pro Forma Consolidated Financial Information as set out in the Guidance Note for Issuers of Pro Forma Financial Information as issued by the Malaysian Institute of Accountants in relation to the transaction for the Land Disposal

## E INTERNAL AUDIT FUNCTION

The ARC is supported by the Internal Audit function in discharging its duties and responsibilities. The Internal Audit function is an integral part of the assurance framework and its principal role is to undertake independent and systematic reviews of the Company's internal control system so as to provide objective assurance on the adequacy, integrity and effectiveness of the Company's overall governance, risk management and internal control processes.

The Internal Audit function is performed in-house and is led by the Head of Internal Audit who reports functionally to the ARC while administratively to the Finance Director. The Internal Auditors are empowered with strict accountability for confidentiality and safeguarding records and information, is authorised full, free, and unrestricted access to any and all of the Company's records, physical properties, to carrying out any internal audit or investigation engagement.

## AUDIT & RISK COMMITTEE REPORT

The Internal Audit function is independent from the activities of other operating departments and undertakes to review key processes of the Company and its relationships with third parties. It also carries out risk management activities under the Enterprise Risk Management programme developed by the RFC Group. The programme incorporates a process to facilitate risk identification, assessment, reporting as well as review and mitigation risks that affect the achievement of the Company's objectives and policies.

The Head of Internal Audit, Mr Inderjit Singh, is a holder of a Bachelor's Degree of Accounting (Honours) from Multimedia University (MMU). He is a member of the Institute of Internal Auditors Malaysia (IIA). The Head of Internal Audit has over 10 years of experience in various finance functions including internal audit. The Head of Internal Audit is currently supported by an Internal Control Specialist.

The activities of the Internal Audit function are carried out based on the Internal Audit Plan approved by the ARC. The ARC reviews the extent of the audit scope and coverage of the IA activities; and the adequacy and competency and the internal audit resources to support the completion of the plan. At the quarterly ARC meetings, the Head of Internal Audit reports to the ARC on the progress of Internal Audit activities and the resource requirements, including interim changes and the impact of resource limitations. The report to the ARC also covers significant risk and control issues, including fraud risks, governance issues and other matters that require the ARC's attention.

During the financial year, the Internal Auditors undertook the following activities:

- (a) Prepared the internal audit plan for the year, which is reviewed and approved annually by the ARC, and updated where necessary by the ARC;
- (b) Carried out all internal audit activities in accordance with the audit plan and adopts the Standards and Principles outlined in the International Professional Practices Framework (IPPF) of The Institute of Internal Auditors and best practices in COSO Framework;

- (c) Prepared the internal audit programme based on the internal audit plan, for each activity or process to be audited;
- (d) Maintained the Company's Internal Control Framework, including periodically reviewing controls, organising self-assessments and ensured effectiveness of the system;
- (e) Discussed with auditees, process owners and Management on the results of the audit for each activity or process, root cause analysis will be assessed prior any recommendations in order to mitigate the identified risk or control work flow improvements;
- (f) On a quarterly basis, reviewed the Enterprise Risk Assessment updates, which enables the Company to update key risks direction, identify emerging risks and to define an adequate and practical mitigation action plan where necessary;
- (g) Reported to the ARC on a quarterly basis, the results from the internal audit and governance issues identified together with Management Team's response and action plans; and
- (h) Followed up on all the action plans agreed from the previous internal audit reports to ensure that all matters arising are adequate addressed by the Management.

Costs amounting to RM417,243 were incurred in relation to the internal audit function for the financial year ended 31 December 2021.

Further details of the activities of the Internal Audit and Internal Control Department are set out in the Statement on Risk Management and Internal Control of this Annual Report.

### F ANNUAL REVIEW AND PERFORMANCE EVALUATION

An annual performance evaluation was carried out on the ARC in an effort to enhance and improve its processes of the control environment.

The ARC's responsibility is to monitor and review the practices and processes performed by Management and the External Auditors. It is not the ARC's duty or responsibility to conduct auditing or accounting reviews. The ARC members are not employees of the Company. Therefore, the ARC has

relied, without independent verification, on Management's representation that the financial statements have been prepared with integrity and objectivity, in conformity with approved accounting principles and standards generally accepted in Malaysia and on the representations of the External Auditors included in its reports on the Company's financial statements and internal control over financial reporting.

# STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

**The Board of Directors affirms its responsibility for maintaining a sound and effective system of risk management and internal control and outlines the nature of risk management procedures and internal control system within Dutch Lady Milk Industries Berhad for the year under review.**

## Responsibility and Accountability

The Board continues its commitment and responsibility towards effective risk management practices and system of internal controls which includes the adoption of appropriate Control Frameworks established by Royal FrieslandCampina N.V. ("RFC") and reviewing its effectiveness, adequacy and integrity. The Board is responsible for identifying the key internal and external business risks faced by the Company and for determining the course of actions to manage those risks. The Company continuously evaluates and manages risks and reviews the planned actions to safeguard shareholders' investments and the Company's assets.

The Board has received assurance from the Managing Director and the Finance Director that the Company's risk management and internal control system is adequate and operating effectively, in all material aspects.

The Board maintains full control over strategic, financial, organisational and compliance matters and has put in place an organisational structure with formal lines of responsibility and delegation of authority. The Board and the Audit & Risk Committee have delegated to Management the implementation of system of risk management and internal controls within an established governance framework throughout the Company.

## Risk Management Framework

The Company aims for transparency in identifying, evaluating and mitigating risks by adopting the Enterprise Risk Management ("ERM") programme that was developed and issued by RFC based on internationally recognised COSO framework. This framework describes the management's risk appetite, structure, responsibilities, processes and governance reporting procedures. It has been developed to provide a reasonable degree of certainty that strategic objectives are achieved by creating focus, integrating control measures into the Company's activities, ensuring compliance with applicable laws and regulations, and by safeguarding the reliability of financial and non-financial reporting and the related explanatory notes.

Integration of the Enterprise Risk Management ("ERA") practices throughout the organisation enables the Company to accelerate its growth and enhance its performance. This success is built upon by timely identifying, evaluating and effectively mitigating risks that could prevent the organisation from realising its strategic objectives.

In order to facilitate an effective risk management process, a governance process has also been established. The **Three Lines Models** is developed to ensure a structured approach is used and clear roles and responsibility is defined between the different roles.



# STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

The Company's risk management programme is led by the Managing Director and supported by a Risk Management Committee comprising of the Management Team and Business Leaders from all functional units of the Company. In providing assurance to the Board of Directors on the Company's adequacy and effectiveness of risk management, the Risk Management Committee carried out continuous reviews and updates of the status of risk mitigation actions and identified emerging risks.

The ERM framework focuses on the Company's core business operations and it allows the Company to:

- Establish clear functional responsibilities and accountabilities within the Company's structures for management of risks;
- Enhance and improve corporate governance with a clear, concise and comprehensive structure for the Company;
- Promote an effective risk awareness where risk management is an integral aspect of the Company's business plan and project portfolio; and
- Ensure appropriate skills and resources are applied to risk management.

## The Enterprise Risk Management ("ERM") Process

The ERM process involves a systematic application of the risk management methodology to facilitate risk identification, assessment, reporting as well as monitoring and review as described below:

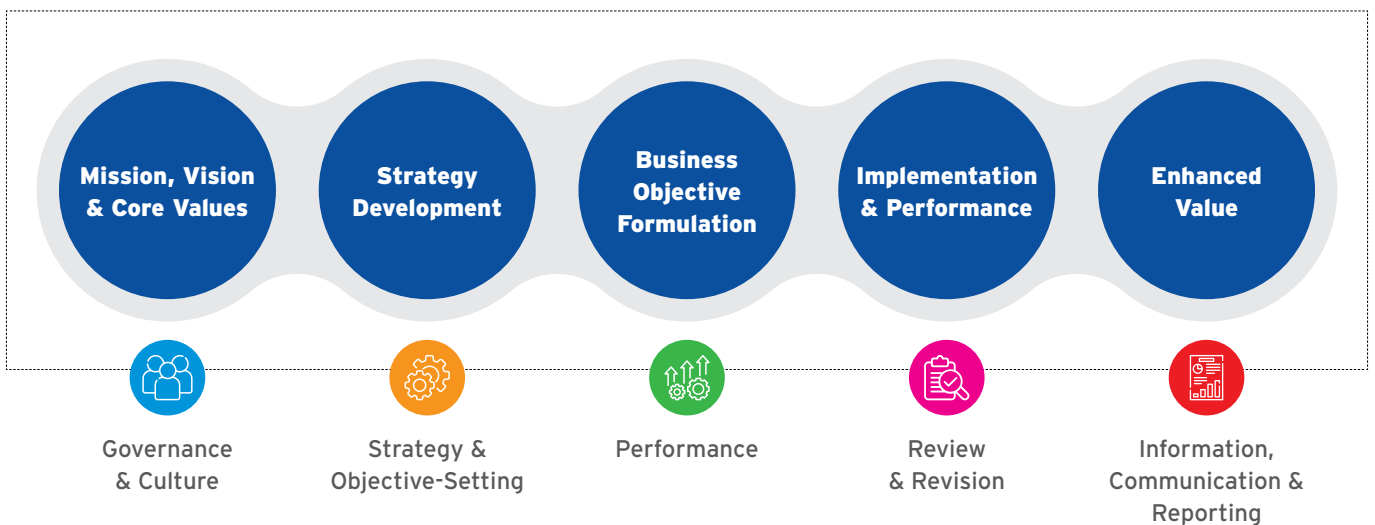
### Risk Identification & Assessment

The ERM process begins with the business strategies and objectives setting which is aligned to the Company's vision and mission. Subsequently, risks arising from the business strategies and objectives to be pursued are identified.

The risks identified are assessed as part of the Risk Assessment Criteria and categorised based on the level of probability and likelihood to reflect the risk appetite approved by the Board.

The outcome of the risk assessment process at respective functional levels will then be consolidated at the Company level. Deliberations and discussions are held with the Management Team and Business Leaders. This exercise is facilitated by the Internal Audit (IA) Team and is fully embedded as a key activity of the Risk Management Committee (RMC).

## ENTERPRISE RISK MANAGEMENT





## STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

### Risk Reporting & Review

Risk appetite sets out the nature and extent of risks that the Company is willing to accept or retain in pursuit of its goals and objectives.

The Company's general risk appetite depends on the risk categories, is set out in the table below.

### Risk Category and Risk Appetite



#### Strategic

The Company is prepared to take a certain degree of calculated risks relating to the realisation of its performance objectives and long-term goals.



#### Operational (including external risk)

The Company attempts to minimise the impact of unforeseen disruption on its operating activities.



#### Financial

The Company has a conservative and sound framework of financial policies and procedures to prevent risks that could have a significant impact on the financial results and material misstatements in its financial statements reporting.



#### Compliance

The Company applies a zero tolerance policy.

On a quarterly basis, the risk profiles are updated by the Management Team and Business Leaders. The updated risk profiles are then tabulated into a heat map, which set out the priority and focus for risk mitigation strategies based on risk ratings at net levels. The net risk level is determined after taken into consideration the effectiveness of existing controls and risk mitigation plans.

The finalised risk profiles and heat maps are identified and promptly brought to the attention of the ARC.

### Internal Control Structure and Processes

The system of internal controls is designed to safeguard the assets of the Company, to ensure the maintenance of proper accounting records and to provide reliable financial and non-financial information for use within the business and for publication. However, these controls provide only reasonable and not absolute assurance against material error, misstatement, loss or breach of set regulations.

The principal features of the Company's internal control structure are summarised as follows:

- **Board Committees**

The functions and responsibilities of the various committees of the Board of Directors are defined in the terms of reference. These include the Audit & Risk Committee, the Nomination Committee and the Remuneration Committee.

- **Organisational Structure and Responsibility Levels**

The Company has an organisational structure with formal lines of responsibility and authorisation procedures within which senior management operates and is accountable for.

- **Authority Levels, Acquisitions and Disposals**

There are authorisation procedures and delegated authority levels for major tenders, major capital expenditure projects, acquisitions and disposal of businesses and other significant transactions.

Investment decisions are delegated to Management in accordance with authority limits. Appraisal and monitoring procedures are applied to all major investment decisions, and at times using external consultants for advisory services.

Board of Directors' approval is required for key treasury matters including equity and loan financing, material acquisitions and disposals of assets not in the ordinary course of business, investment in capital projects, cheque signatories and the opening of bank accounts.

On top of this, the FrieslandCampina Corporate Manual includes the procedures and guidelines in which responsibilities and authorisations are stipulated and are applicable for the day to day management of the Company.

## STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

### • Procedure and Control Environment

In addition to internal controls, the Directors have ensured that health and safety regulations, environmental controls and economic risks have been considered, and relevant laws and regulations complied with. The quality of the Company's products is of paramount. Quality Assurance, Quality Control and meeting customers' requirements are prime considerations, and these are achieved by the Company being FSSC 22000 certified. Ultimately, the aim of the Company is to deliver safe food to consumers, whilst demonstrating compliance with the prevailing laws and regulations.

In addition, strong emphasis is also given to food safety with Good Manufacturing Practices and Hazard Analysis and Critical Control Point ("HACCP") System that cover all plants.

The Company has in place the ISO 14001 Environment Management System, a systematic management approach to the environmental concerns of the Company, and ISO 45001, the Occupational Health and Safety Assessment Series for the protection of employees from hazards and the mitigation of work-related injuries and health-related issues.

In 2021, the Company has embarked upon ONE Audit which is a FrieslandCampina's internal maturity assessment conducted on the quality system for Food Safety and Quality Management System and Safety Health and Environment Management System within FrieslandCampina. In addition, a review is also conducted to ensure a proper maintenance system and organisational structure is in place. ONE audit is carried out by the global team every two years once to ensure that products produced by the Company and the way in which they are being produced meet the necessary high standards on food safety, quality, labour safety and environment.

The Company has formal guidelines on safety, health and environment which apply to all employees and third-party contractors.

The integrity and competence of personnel are continuously assessed through the Performance Management System, talent assessment programme, management organisation development and Hay Reward Management System.

### • Standards of Business Ethics

Employees are contractually bound to observe prescribed standards of business ethics when conducting themselves at work and in their relationship with external parties, such as customers and suppliers.

In this regard, the RFC Company's code for good business conduct, Compass, plays an important role in the management of compliance risk. This code of conduct and its underlying guidelines (which include the Speak-Up Procedure, Fair Competition guidelines and Doing Honest Business, amongst others forms the basis of the honest, respectful and transparent business conduct of the Company's employees and third parties with whom the Company transacts with. Compliance with this code of conduct and the guidelines is cascaded to all employees by means of a comprehensive communication and training programmes, with designated local trusted representatives, set in place.

The Compass is supported globally by RFC Corporate Headquarters with an established Integrity Committee and a reporting platform (SpeakUp) that is available to employees 24 hours a day, seven days a week so they can, in confidence, express their concerns regarding a suspected infringement of the code or a guideline. The Company has also established a procedure whereby certain Speak Up Reports which are of a financial or fraudulent nature will be escalated to the Company's Audit & Risk Committee.

In line with this, the Company has an Employee Handbook that guides the Company's employees in their day-to-day conduct. Employees are expected to conduct themselves with integrity and objectivity and not be placed in a position of conflict of interest. In 2021, trainings, briefings, and communication were conducted for employees and stakeholders in regards to Section 17A of the Malaysian Anti-Corruption Commission (MACC) Act 2009. This update is done to strengthen the Company's internal processes and practices to ensure that it has adequate procedures in place to prevent persons associated with the Company from corrupt conduct.

Suppliers are also bound by the "RFC Business Practices for Suppliers" to ensure honest conduct of business is being practiced within the Company's business operations.

## STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

- **Formalised Strategic Planning and Operating Plan Processes**

The Strategic Planning process is led by RFC Company and is focusing on long term strategic direction of the Company, prioritising future investments and resources.

The Company performs business planning and budgeting process each year, to establish plans and targets against which performance is monitored on a monthly basis by Management.

The Company formulated a Sales & Operations Planning process to align product demand and supply together with financial resources in order to provide the Company with defined business strategies and priorities. In addition, the process also aims to continuously improve business performance, especially on the improvement in customer service levels, forecasting accuracy and inventory turnover management.

- **Reporting and Review**

The Company's Management Team monitors the monthly reporting and reviews the financial results and forecasts for the business against the operating plans and annual budgets. The results are communicated to employees at the Company's town hall sessions. A separate monthly financial report is also disseminated to the Management Team members, with periodical meetings organised with core business managers.

The Managing Director reports on a quarterly basis to the Audit & Risk Committee and the Board of Directors on significant changes in the business and external environment in which the Company operates.

On behalf of the Management Team, the Managing Director and the Finance Director sign-off on a bi-annual Management Statement to the Business Group. By signing off on the Management Statement, it demonstrates the management's accountability over financial and non-financial reporting disclosures, adequacy of the Internal Control Framework (ICF), responsibility for proper Segregation of Duty ("SOD") and ensuring full and transparent disclosure is made on any fraud and non-compliance with laws and regulations.

- **Financial Performance**

The preparation of quarterly and full-year financial results and the state of affairs, as published to shareholders, are reviewed by the Audit & Risk Committee and later approved by the Board.

- **Assurance Compliance**

The Board, Audit & Risk Committee and Management review the Internal Audit reports on a quarterly basis and monitor the status of implementation of corrective actions that are prepared by the Internal Audit team to address internal control weaknesses noted.

- **Internal Control Framework (ICF)**

The Company has adopted RFC's Internal Control Framework (ICF) compliance programme that emphasises on internal controls over financial reporting where assessment is performed on key controls surrounding the financial reporting process based on materiality level; and focusing on transparency, accountability and safeguarding of assets in its review.

The ICF comprises prescribed control measures that are evaluated by means of regular internal assessments for which if shortcomings are discovered, improvement measures are set in place and regularly tracked. The assessments are performed by competent assessors and the outcome of the assessments are tested by qualified independent testing reviewers. The Internal Audit (IA) team discusses non-compliance areas, if any, and control deficiencies with relevant business owners to ensure remediation action plan is undertaken. Completed action plans are then retested to ensure adequate remediation is in place. Unremediated deficiencies and controls requiring improvement are regularly reported and updated to the Audit & Risk Committee during their quarterly meetings.

- **Update on Developments**

Quarterly reporting is made to the Board on legal, accounting, and sustainability developments where applicable. Briefings are also conducted to keep employees informed of changes to legislation or local by-laws that are expected to affect the Company's operations or the way the Company conducts its business, where relevant.

In 2021, the Company has also taken the opportunity to update key policies and procedures relating to functions of the business: - Sales, Finance & HR. The policies and procedures are reviewed and updated by the business owners in agreement with the relevant management team members. Furthermore, the Company has also developed a SharePoint site, all approved policies and procedures would be published here, and all employees have been given access to the site.

## STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

### Internal Audit Function

The Internal Audit function is performed in-house with its primary function to provide an independent and objective assessment on the adequacy and effectiveness of the governance, risk management and internal control processes established by the Management and the Board. The Internal Audit function has an independent reporting line to the ARC and its performance is reviewed by the ARC annually. It focuses on key areas of the business and operations risk based on the audit plan approved annually by the Audit & Risk Committee. The audit plan is developed based on the risk profiles identified in accordance with the Company's Risk Management Framework and in consultation with the Management Team. Internal audit reports are presented on a quarterly basis to the Audit & Risk Committee.

#### • Summary of Work Performed by Internal Audit

During FY2021, the Internal Audit function completed the audit assignments as approved by the Audit & Risk Committee. The audit assignments were inclusive of investigative audits as requested by the management and the support rendered to the RFC Central Internal Audit ("CIA") team on their audits on selected Capital Expenditure projects.

The Internal Audit team highlights, to the Audit & Risk Committee and Management, areas for improvement and follows-up on the progress of implementation of the agreed actions arising from the internal audit report. The Management is responsible in ensuring all agreed action plans are address within the required timeframe.

The Audit & Risk Committee in turn reviews the effectiveness of the system of internal controls in operation and reports the results thereon to the Board.

### Adequacy and effectiveness of Risk Management and Internal Control System

The Directors have reviewed the effectiveness, adequacy and integrity of the system of risk management and internal controls in operation during the financial year through the monitoring process set out above.

There were no material losses incurred during the current financial year as a result of weaknesses in internal control. Management continues to take measures to strengthen the control environment.

Taking into account the limitations that are inevitably inherent in any risk management and internal control system, and the possibilities for improving the system, the Company's risk management and internal control systems provide a reasonable degree of assurance that:

- The Board will be informed quarterly of the degree to which the Company's strategic, operational, financial and compliance objectives are being achieved;
- The internal and external financial reporting do not contain any material misstatement and that the risk management and internal control systems functioned effectively during 2021; and
- The Company has complied with the relevant legislation and regulations.

This Statement is prepared in accordance with the Statement on Risk Management and Internal Control - Guidelines for Directors of Listed Issuers (Guidelines) with an effective date of 31 December 2012, in line with the Paragraph 15.26(b) of the Bursa Malaysia Listing Requirements and Principle B of the Malaysian Code of Corporate Governance 2017 as issued by the Securities Commission Malaysia.

### The Review of the Statement by External Auditors

As required by Paragraph 15.23 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements, the external auditors have reviewed this Statement on Risk Management and Internal Control. Their limited assurance review was performed in accordance with Audit and Assurance Practice Guide ("AAPG") 3, issued by the Malaysian Institute of Accountants ("MIA").

AAPG 3 does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Company.



# STRONG ME, STRONGER US



**PACKED WITH PROTEIN  
AND EVEN MORE CALCIUM\***

\*Increase in value of Calcium is only applicable to Dutch lady UHT Full Cream and milk powder variants of plain, honey flavoured and chocolate flavoured.



# SUSTAINABILITY REPORT

**Sustainability and responsibility remain a key pillar of our business strategy. As a leading dairy company, we are committed to demonstrate responsible corporate conduct across all aspects of our operations.**

This Sustainability Report was prepared in accordance with the guidelines set out in the Main Market Listing Requirements relating to Sustainability Statement in Annual Report of Listed Issuers ("Guidelines") issued by Bursa Malaysia Securities Berhad and covers the Company's business operations in Malaysia for the financial year ended 31 December 2021.



# SUSTAINABILITY REPORT

## CORPORATE RESPONSIBILITY STRATEGY: DAIRY WITH A PURPOSE

Dutch Lady Milk Industries Berhad (DLMI) mission is to create shared value to all our stakeholders through our strategic initiatives, in line with that of our parent company, Royal FrieslandCampina N.V. ("RFC"). Based on RFC's global theme of Nourishing A Better Planet, we leverage our Dutch dairy heritage and unique global milk chain in a sustainable way. As one of the leading dairy players in Malaysia, we are committed to demonstrate responsible corporate conduct across all aspects of our operations.

### Board Commitment & Reporting Framework

Our Board of Directors is mindful of the Company's responsibility towards sustainability issues and its role in our long-term strategic plans. The Board, in partnership with the Management and other stakeholders, remains steadfast towards ensuring that responsible corporate conduct is demonstrated and practised in DLMI's daily business activities across all aspects of DLMI's operations.



#### Board of Directors

- Provides strategic advice and input from an external perspective
- Ensures adherence with Bursa and other regulatory requirements



#### Management Team

- Monitors and acts on related risks and report on progress
- Responsible for sustainable business policies and practices
- Formulates sustainable strategies, policies and KPI goals
- Monitors, aligns and facilitates adherence to our sustainability policy
- Facilitates and supports operating divisions to meet sustainability goals
- Conducts sustainability awareness and engagement activities
- Quarterly sustainability performance reporting



#### Operating Divisions

- Day-to-day management of sustainability risks and issues
- Own and ensure compliance of relevant sustainability-related policies and practices
- Record all sustainability source data

### Sustainability Governance Framework

Sustainability is embedded within DLMI and is led from the top. Sustainability matters are managed by a team consisting of members from various departments within the company based on the Economic, Environmental and Social Framework and in line with DLMI's vision of nourishing Malaysians with trusted and sustainable dairy nutrition, for now and generations to come. We aspire to demonstrate our commitment to sustainability within the market we operate in, the environment, the surrounding community and in the workplace.

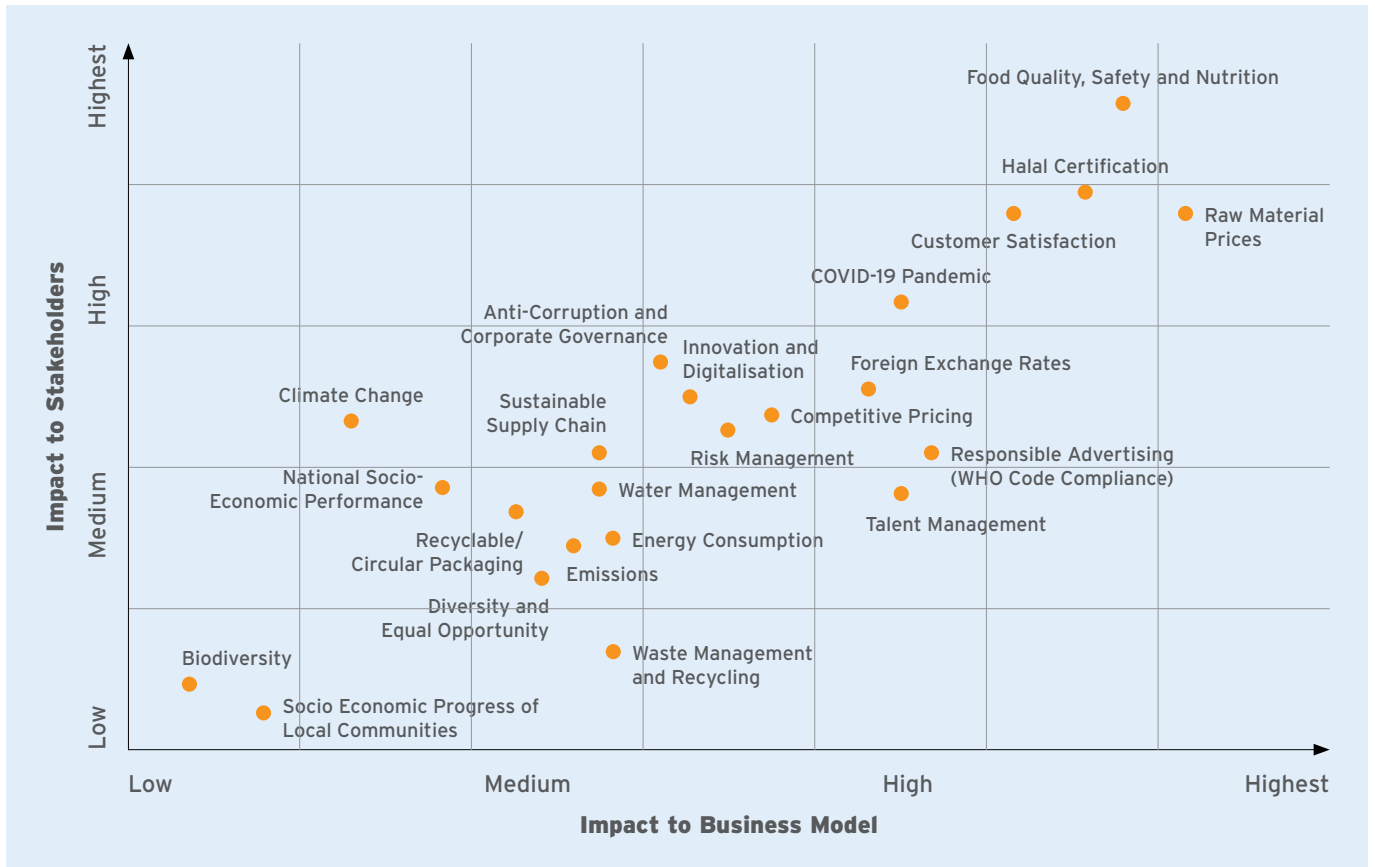
### Materiality Assessment

In order to achieve DLMI's sustainability objectives, a comprehensive risk materiality assessment was conducted internally. This was done through a series of workshops with various internal stakeholders where issues were identified by internal stakeholders and survey results from employees were considered.

Based on the risk materiality assessment, the top 5 principal risks were identified. A summary of the key risks and uncertainties as well the mitigation factors undertaken by DLMI to meet the challenges can be in found in the Statement of Risk Management and Internal Controls. The risks and the mitigation factors for 2021 were shared with the Board and quarterly updates have been provided to the Board on developments or outcomes of the steps taken.

# SUSTAINABILITY REPORT

## FY2021 Materiality Matrix



## Sustainability Development Goals

The United Nations has formulated 17 Sustainable Development Goals (“SDG”) related to responsible production and consumption, climate change, sustainable communities, health and well-being and efforts to fight poverty and starvation.








# SUSTAINABILITY REPORT

Of these 17 goals, DLMI and our parent company, RFC, have identified seven SDGs that we contribute to. These are:

 <p><b>SDG 1: No poverty</b> End poverty in all its forms everywhere</p>	 <p><b>SDG 12: Responsible Consumption and Production</b> Ensure sustainable consumption and production patterns</p>
 <p><b>SDG 2: Zero hunger</b> End hunger, achieve food security and improve nutrition and promote sustainable agriculture</p>	 <p><b>SDG 13: Climate Action</b> Take urgent action to combat climate change and its impacts</p>
 <p><b>SDG 3: Good Health and Well-being</b> Ensure healthy lives and promote well-being for all at all ages</p>	 <p><b>SDG 15: Life on Land</b> Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification and halt and reverse land degradation and halt biodiversity loss</p>
 <p><b>SDG 8: Decent Work and Economic Growth</b> Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</p>	

These seven SDGs form the backbone of the RFC's sustainability principles. They also ensure DLMI's competitive advantage in the marketplace and in building a long-term product brand value. The following framework is implemented:

			
Focus Areas	Economic	Environmental	Social
<b>Strategic Goals</b>	To strengthen innovation and operational efficiency to ensure food safety and towards a more balanced resource -efficient management	To adopt best practice solutions through innovative quality processes	To act as catalysts for boosting community development and support systems for long-term talent pipeline
<b>Material Matters</b>	<ul style="list-style-type: none"> <li>• Right culture and shared values</li> <li>• Safety and health</li> <li>• Supply chain dynamics</li> <li>• Client-centric services</li> <li>• Value for shareholders</li> </ul>	<ul style="list-style-type: none"> <li>• Environmental protection</li> <li>• Material efficiency</li> <li>• Energy and water consumption management</li> <li>• Waste, noise and effluent management</li> </ul>	<ul style="list-style-type: none"> <li>• Equal employment and employee engagement</li> <li>• Talent development</li> <li>• Community services</li> </ul>

# SUSTAINABILITY REPORT

## DLMI Sustainability Roadmap: Reinforcing Our Sustainability Commitment for The Future

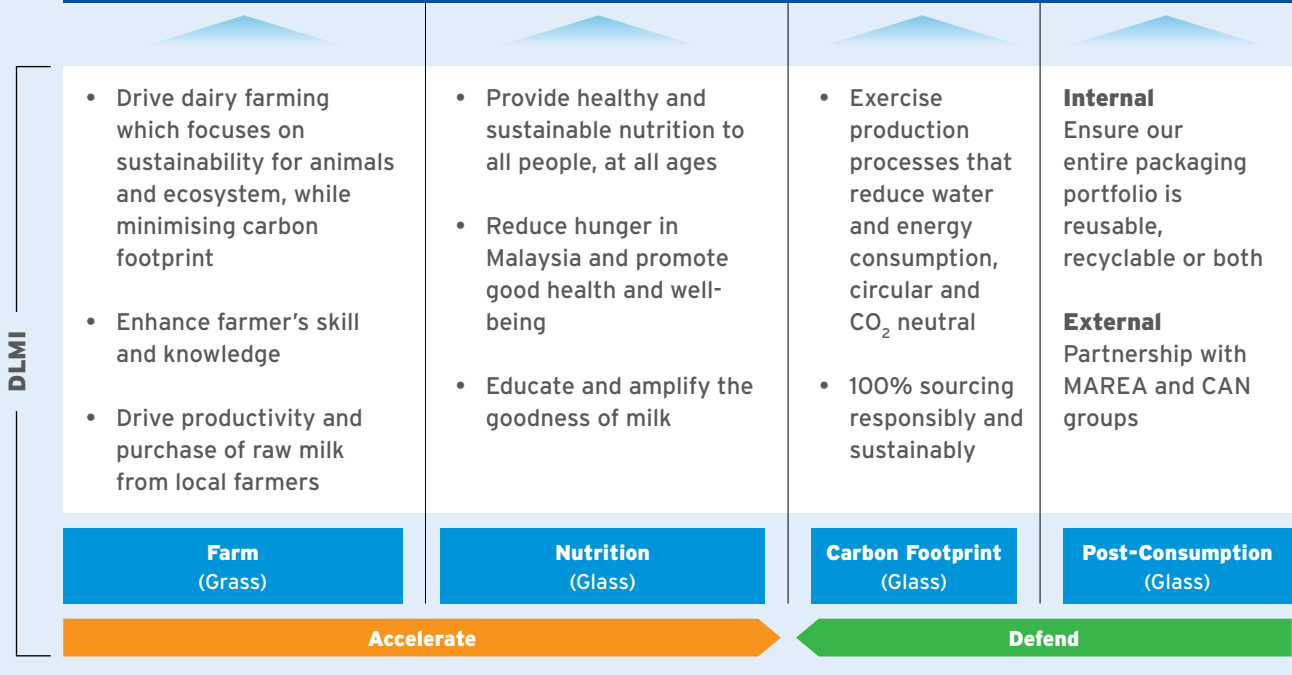
We worked tirelessly throughout 2021 to bring real meaning and action to our sustainability agenda, underpinned by a clear sustainability roadmap established at the end of 2020 to drive comprehensive initiatives across 4 focus areas that supports our Grass to Glass philosophy and RFC's 'Nourishing a Better Planet', which is aligned with 7 out the 17 UN Sustainable Development Goals.

### DLMI Sustainability Roadmap - Aligned to RFC's Sustainability agenda & UN's Sustainable Development Goals

FrieslandCampina's 'Nourishing A Better Planet' agenda is aligned with UN's Sustainable Development Goals (SDG), which is supported by the Malaysian Government.



**DLMI's Sustainability Roadmap is aligned with FrieslandCampina's 'Nourishing A Better Planet' agenda**

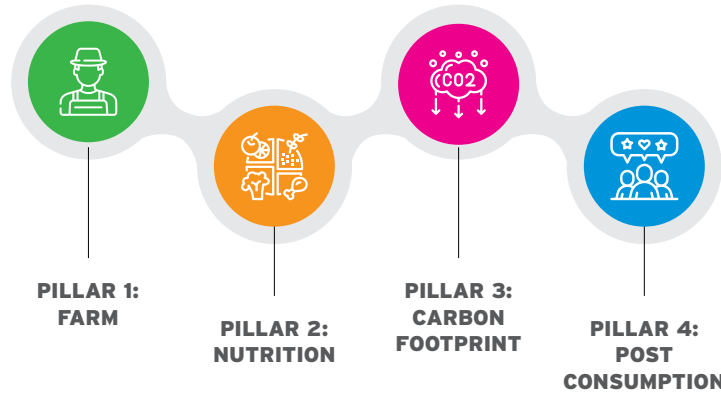


# SUSTAINABILITY REPORT

The sustainable actions and initiatives in 2021 focused on leading sustainable action at the farm, nourishing Malaysians with better and affordable nutrition and ensuring our business operations were in balance with nature via our carbon footprint and post-consumption.

We achieved commendable progress in 2021 across the 4 key areas, reflecting our commitment to the sustainability roadmap and the prominence and value we place on sustainability.

The following sections discuss the various efforts DLMI has undertaken in 2021 to meet the 4 pillars of our strategic roadmap.



## PILLAR 1: FARM

### Improving Dairy Self-Sufficiency

Our Dairy Development Programme (DDP) helps accelerate the development of local dairy farmers by raising milk quality and safety, increasing farm productivity and supporting farmers in selling their milk. In 2021 we provided continuous support to local dairy farmers in creating a market for their milk.

Our DDP also represents our proactive initiative in supporting the Government's plan to achieve 100% self-sufficiency in domestic milk production by 2025.

DLMI inked a memorandum of collaboration (MoC) with the Department of Veterinary Services Malaysia (DVS) in 2021 to implement sustainable dairy farming practices. The strategic partnership involves the participation of local dairy farmers in our DDP and Farmer2Farmer (F2F) Programme. These initiatives involve Dutch dairy farmers transferring their skills and knowledge to local dairy farmers to improve the quality and quantity of local raw milk. Since 2011, DDP has helped produce 37.9 million litres of local fresh milk.

Through our F2F initiative, milk production which we purchased from local dairy farmers increased by 88% from 2.5 million litres in 2011 to 4.72 million litres in 2021.



▲ Memorandum of Collaboration: DVS - DLMI

▲ KSTNMB Female farmer (Madam Vijaya)

## SUSTAINABILITY REPORT



**536**  
farmers trained  
(2013 - 2021)



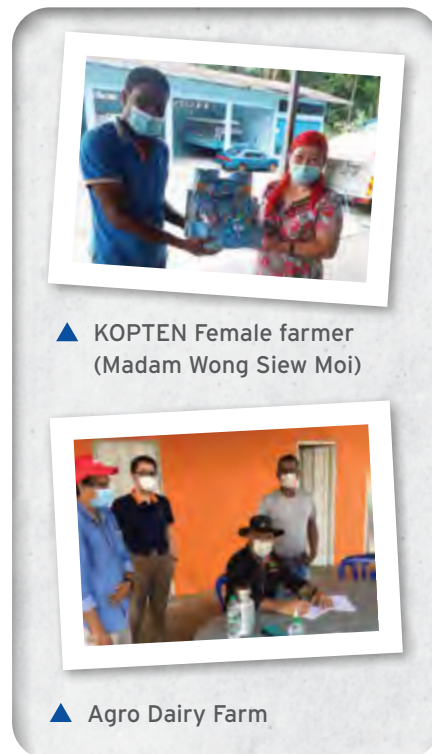
**37.9**  
million  
litres local  
fresh milk  
(2011 - 2021)

F2F continued to conduct virtual safety training for raw milk tanker drivers. 2021 also saw the introduction of F2F Video Blogs (Vlogs) in our training of local dairy farmers with a total of 70 Malaysian local dairy farmers trained virtually during the COVID-19 Pandemic.

As for our virtual Good Dairy Farming Practice Training sessions conducted, 144 farmers were trained in 2021 in the areas of milk hygiene and quality, safety, animal health and soft skills relevant to farmers.

We also celebrated International Women's Day on 8 March 2021 to recognise our women farmers.

We embarked on the F2F initiative in 2013 as part of our long-term commitment to increase the supply of local milk and empower farmers to build sustainable businesses and improve their livelihoods. To date, F2F has benefitted 536 farmers.



▲ KOPTEN Female farmer  
(Madam Wong Siew Moi)

▲ Agro Dairy Farm



### PILLAR 2: NUTRITION

#### Quality & Balanced Nutrition

The need for consistent and sustainable provision of quality nutrition to provide the right nutrients to our consumers grows in tandem with the continued growth of the world's population. As such, ensuring the availability of sufficient nutritious food to help combat undernourishment and a shortage of nutrients forms one of the four cornerstones of our parent company RFC's own CSR priorities.

On the local front, DLMI aims to continue our efforts in combating Malaysia's dual problems of malnutrition: undernutrition and overnutrition (obesity) and nutrient deficiency by ensuring our products are responsibly manufactured, of high quality, healthy and available in various choices and portion sizes.

We innovate to provide our consumers with more product offerings to attract more consumers to drink milk at all occasions. In addition, we educate our consumers on healthy eating, to have a strong start to the day with breakfast and the need to make lifestyle changes, emphasising the importance of being active with daily exercise.

#### DLMI Halal Toyyiban & Good Practices Commitment

All our locally produced and imported products are Halal-certified. We also ensure our products manufactured abroad obtain Halal Certification from the relevant Halal certification bodies and authorities recognised by Jabatan Kemajuan Islam Malaysia (JAKIM). As such, we remain committed to providing Halal products to our consumers by putting in place Halal systems that comply with JAKIM and Jabatan Agama Islam Selangor (JAIS) requirements. The requirements cover the highest standards of hygiene, quality and safety conditions from the purchasing of raw materials to the distribution of our products.

DLMI's Internal Halal Committee (IHC) was established in 2011 to ensure our collective responsibility towards ensuring our compliance with Halal Policy and Procedures is in alignment with JAKIM and JAIS' requirements. IHC is responsible for ensuring, developing, implementing, monitoring and controlling the effectiveness of our JAKIM Halal Assurance System (HAS) and compliance with the requirements of Malaysian Halal Certification. In 2021, DLMI's IHC comprised of 13 members from various fields and divisions within the company. Five of our IHC members are certified by the JAKIM Halal Professional Board (HPB) as Halal Executives.