



DUTCH LADY MILK INDUSTRIES BERHAD
(5063-V)
BOARD CHARTER

1. INTRODUCTION

The Directors of Dutch Lady Milk Industries Berhad ("DLMI" or "the Company") regard Corporate Governance as important to the success of DLMI's business and is committed to applying the principles of good governance in all of its business dealings in respect of its shareholders and relevant stakeholders.

- The Board is the focal point of the Company's Corporate Governance system. It is ultimately accountable and responsible for the performance and affairs of the Company.
- All Board members are expected to act in a professional manner, thereby upholding the core values of integrity and enterprise with due regard to their fiduciary duties and responsibilities.
- All Board members are responsible to the Company for achieving a high level of good governance.
- This Board Charter shall constitute and form an integral part of each Director's duties and responsibilities.

2. OBJECTIVES

The objectives of this Board Charter are to ensure that all Board members acting on behalf of the Company are aware of their duties and responsibilities as Board members and the various legislations and regulations affecting their conduct and that the principles and practices of good Corporate Governance are applied in all their dealings in respect, and on behalf of, the Company. In pursuit of the ideals in this Board Charter, the intention is to exceed "minimum legal requirements" with due consideration to recognised standards of best practices locally and internationally.

3. DEFINITIONS

In this Board Charter, unless the context otherwise requires, the following

abbreviations shall have the meanings set forth opposite such expressions:-

Bursa Securities	:	Bursa Malaysia Securities Berhad
Companies Act	:	Companies Act 2016
Independent Director	:	A Director who does not participate in the management of the Company and who satisfies the criteria for "independence" as set out in the Listing Requirements
Listing Requirements	:	The Main Market Listing Requirements as issued by Bursa Securities
MCCG	:	Malaysian Code of Corporate Governance 2016
SC	:	Securities Commission

4. THE BOARD

4.1 Role

- 4.1.1 The Board is charged with leading and managing the Company in an effective and responsible manner. Each Director has a legal duty to act in the best interests of the Company. The Directors, collectively and individually, are aware of their responsibilities to shareholders and stakeholders for the manner in which the affairs of the Company are managed. The Board sets the Company's values and standards and ensures that its obligations to its shareholders and stakeholders are understood and met.
- 4.1.2 The Board understands that the responsibility for good Corporate Governance rests with them and therefore strives to follow the principles and best practices stated in the MCCG. The Board includes a narrative statement in its Company's Annual Report on the extent of compliance with the principles and best practices in Corporate Governance pursuant to Paragraph 15.25 of the Listing Requirements.
- 4.1.3 The Company complies with the various guidelines issued by Bursa Securities and SC relating to disclosure and internal audit functions.
- 4.1.4 The Board meets in person at least once every quarter to facilitate the discharge of their responsibilities. Members of the Management Team who are not Directors may be invited to attend and speak at meetings on matters relating to their sphere of responsibility.

4.1.5 Duties of the Board include establishing the corporate vision and mission, as well as the philosophy of the Company, setting the aims of the Management and monitoring performance of the Management.

4.1.6 The Board assumes the following specific duties:-

- a) Establishing and reviewing the strategic direction of the Company and to ensure that it supports long-term value creation and includes strategies on economic, environmental and social considerations, underpinning sustainability at all times;
- b) Overseeing and evaluating the conduct of the Company's business. The Board plays a supporting yet watchful role over the performance of the Management;
- c) Identifying principal risks and ensure that the risks are properly managed;
- d) Establishing a succession plan;
- e) Developing and implementing an investors relations programme or shareholders communication policy; and
- f) Reviewing the adequacy and integrity of the Company's internal control and management systems.

In carrying out its specific duties, the Board is also guided by the strategic direction, values and corporate goals of the Royal FrieslandCampina Group of Companies ("RFC Group").

4.1.7 The Board has established written procedures determining which issues require a decision of the full Board and which issues can be delegated to Board Committees or the Management.

4.1.8 The Board reserves full decision-making powers, after taking into consideration the policies, procedures and guidelines of the 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 projects;
- d) Authority levels;
- e) Treasury policies;
- f) Risk management policies; and

g) Key human resource issues.

4.1.9 The Board and individual Directors may seek advice from independent professionals, at the expense of the Company, on any matter connected with the discharge of their responsibilities.

4.2 Composition and Board Balance

4.2.1 The Board consists of qualified individuals with diverse experiences, backgrounds and perspectives. The composition and size of the Board is such that it facilitates the making of informed and critical decisions.

4.2.2 To ensure a balanced view at all board deliberations, Non-Executive Directors form a majority in the Board composition.

4.2.3 At any one time, at least two (2) or one third, whichever is higher, of the Board members must be Independent Directors. The Board should at all times make best endeavors to have at least 30% women Directors on the Board.

4.2.4 Profiles of the Board members are included in the Annual Report of the Company.

4.2.5 The Managing Director ("MD") and the Executive Director(s) are the "Executive" Directors on the Board. The views of the Management Team are represented at meetings of the Board by the Executive Directors and invited senior executives.

4.2.6 The Independent Directors shall provide independent judgment, experience and objectivity without being subordinated to operational considerations.

4.2.7 The Independent Directors shall help to ensure that the interests of all shareholders, and not only the interest of a particular fraction or group, are indeed taken into account by the Board and that the relevant issues are subjected to objective and impartial consideration by the Board.

4.2.8 The views of the Independent Directors should carry significant weight in the Board's decision-making process.

4.2.9 If, on any matter discussed at a Board meeting, any Director holds views contrary to those of any of the other Directors, the Board minutes will clearly reflect this.

4.2.10 The tenure of an Independent Director shall not exceed a cumulative term of nine (9) years. Upon completion of the nine

(9) years, an Independent Director may continue to serve on the Board subject to his re-designation as a Non-Independent Director.

However, if the Board, following the recommendation of the Nominating & Remuneration Committee, agrees that a particular Director's independence is not impeded by the mere fact that he has served the Company in excess of the nine (9) cumulative years, the Board shall provide justification and seek the approval of the shareholders of the Company to retain the independent status of such a Director.

- 4.2.11 If the Board wishes to continue to retain the Independent Director after the Independent Director has served twelve (12) years as an Independent Director, the Board should seek the approval of the shareholders of the Company through a two-tier voting process as recommended by the MCCG.

4.3 Appointments

- 4.3.1 In identifying candidates for appointment of Directors, the Board may utilise independent sources in addition to considering recommendations from existing Board members, the Management Team or major shareholders. The appointment of a new Director is a matter for consideration and decision by the full Board upon the appropriate recommendation from the Nominating & Remuneration Committee.
- 4.3.2 New Directors are expected to have such expertise so as to qualify them to make a positive contribution to the Board performance of its duties and to give sufficient time and attention to the affairs of the Company.
- 4.3.3 The Company Secretary has the responsibility of ensuring that relevant procedures relating the appointments of new Directors are properly executed.
- 4.3.4 Upon the appointment of a new Director, the Company Secretary advises the Director of his/her principal duties and responsibilities and explains the restrictions to which he or she is subject to in relation to price-sensitive information and dealings in the Company's securities. Thereafter, all Directors are provided with appropriate briefings on the Company's affairs

and regular updates on Corporate Governance, Listing Requirements, Companies Act and other relevant regulations.

- 4.3.5 The Company has adopted an induction programme for newly appointed Directors. The induction programme aims at communicating to the newly appointed Directors, the Company's vision and mission, its philosophy and nature of business, current issues within the Company, the corporate strategy and the expectations of the Company concerning input from Directors. The Company Secretary is primarily responsible for the induction programme.
- 4.3.6 The Company shall continually provide updates to the Board on new developments pertaining to the laws and regulations and changing commercial risks which may affect the Board and/or the Company.
- 4.3.7 In addition to the Mandatory Accreditation Programme ("MAP") as required by Bursa Securities, Board members are also encouraged to attend training programmes conducted by highly competent professionals and which are relevant to the Company's operations and business. The Board will assess the training needs of the Directors and disclose in the Annual Report the trainings attended by the Directors.
- 4.3.8 The directorships held by any Board member at any one time shall comply with the provisions of the Bursa Securities Listing Requirements.
- 4.3.9 Executive Directors are not permitted to take on non-executive directorships in another public listed company, unless such company is part of the RFC Group.
- 4.3.10 Non-Executive Directors may serve on the boards of other public companies so long as these commitments do not materially interfere and are compatible with their ability to fulfil their duties as a member of the Board. Directors must advise the Chair in writing in advance of accepting an invitation to serve on the board of another public company.

4.4 Re-election

- 4.4.1 One third of all the Directors shall retire by rotation at each AGM and may offer themselves for re-election during that AGM.

4.4.2 Directors who are appointed after an AGM shall retire at the next AGM and may offer themselves for re-election during that AGM.

4.5 Supply of Information

4.5.1 The Company aims to provide all Directors with timely and quality information and in a form and manner appropriate for them to discharge their duties effectively.

4.5.2 The Management is responsible for providing the Board with the required information in an appropriate and timely manner. The Chairman, assisted by the Company Secretary, assesses the type of information required to be provided to the Board. If the information provided by the Management is insufficient, the Board will make further enquiries where necessary to which the persons responsible will respond as fully and promptly as possible.

4.5.3 The Board shall meet at least four (4) times a year.

4.5.4 A full agenda and comprehensive Board papers shall be circulated to all Directors one (1) week before each Board meeting.

4.5.5 Amongst others, the Board papers shall include the following:-

- a) Quarterly financial report and report on the Company's cash and borrowing positions;
- b) Minutes of meetings of all Committees of the Board;
- c) A current overview of the business and operations of the Company.
- d) Reports on Related Party Transactions and Recurrent Related Party Transactions;
- e) Reports from the Internal and External Auditors; and
- f) Annual operational and capital expenditure budgets.

4.5.6 Full Board minutes of each Board meeting are kept by the Company Secretary and are available for inspection by any Director during office hours.

4.6 Gender Diversity

4.6.1 The Board acknowledges the importance of gender diversity and recognises the benefits that it can bring. The Nominating & Remuneration Committee considers diversity generally when

making appointments to the Board, taking into account relevant skills, experience, knowledge, personality and gender.

The Board should at all times make best endeavors to have at least 30% women Directors on the Board. The Company's prime responsibility, however, is the strength of the Board and the overriding aim in any new appointments must always be to select the best candidate available.

4.7 Code of Conduct and Whistle-blowing

4.7.1 The Board has adopted the Royal FrieslandCampina Code of Conduct ("Compass") and whistle-blowing ("Speak-Up") policies, which are applicable to directors, officers and employees of the Company.

4.8 Board Charter Review

4.8.1 The Board shall review and assess the adequacy of its Board Charter from time to time, as required, to ensure compliance with any rules and regulations promulgated by any regulatory body and approve any modifications to this Board Charter as considered advisable.

5. CHAIRMAN, MANAGING DIRECTOR AND SENIOR INDEPENDENT DIRECTOR

The Company aims to ensure a balance of power and authority between the Non-Executive Chairman and the Managing Director with a clear division of responsibility between the running of the Board and the Company's business respectively. The positions of Non-Executive Chairman and Managing Director are separated and clearly defined.

5.1 Chairman

5.1.1 The Chairman is responsible for leadership of the Board in ensuring the effectiveness of all aspects of its role. The Chairman is responsible for:-

- a) Leading the Board in setting the values and standards of the Company;
- b) Maintaining a relationship of trust and respect between the Executive and Non-Executive Directors;

- c) Ensuring the provision of accurate, timely and clear information to Directors;
 - d) Ensuring effective communication with shareholders and relevant stakeholders;
 - e) Arranging regular evaluation of the performance of the Board, its Committees and individual Directors; and
 - f) Facilitating the effective contribution of Non-Executive Directors and ensuring constructive relations be maintained between Executive and Non-Executive Directors.
- 5.1.2 The Chairman, in consultation with the Managing Director and the Company Secretary, sets the agenda for the Board Meetings and ensures that all relevant issues are on the agenda.
- 5.1.3 The Chairman is responsible for managing the business of the Board to ensure that, amongst others:-
- a) All Directors are properly briefed on issues arising at Board meetings; including follow up actions;
 - b) Sufficient time is allowed for the discussion of complex or contentious issues and, where appropriate, arranging for informal meetings beforehand to enable thorough preparation for the Board discussion; and
 - c) The issues discussed are forward looking and concentrates on strategy and value creation
- 5.1.4 The Chairman ensures that every Board resolution is put to vote to ensure the will of the majority prevails.
- 5.1.5 The Chairman ensures that Executive Directors look beyond their executive functions and accept their full share of responsibilities on governance compliance
- 5.1.6 The Chairman will have no casting vote if two (2) Directors form a quorum, or if there are only two (2) Directors competent to vote on the question at issue.

5.2 Managing Director (“MD”)

- 5.2.1 The MD is the conduit between the Board and the Management in ensuring the success of the Company’s governance and management functions.
- 5.2.2 The MD has the executive responsibility for the day-to-day operation of the Company’s business.

- 5.2.3 The MD implements the policies, strategies and decisions adopted by the Board.
- 5.2.4 All Board authorities conferred on the Management is delegated through the MD and this will be considered as the MD's authority and accountability as far as the Board is concerned.

5.3 Senior Independent Director ("SID")

- 5.3.1 The Board may appoint a Senior Independent Director to whom shareholders' concerns can be conveyed if there are reasons that contact through the normal channels of the Chairman or the Managing Director have failed to resolve them.
- 5.3.2 The Senior Independent Director may act as an intermediary for other Directors where necessary.
- 5.3.3 The Senior Independent Director may be the Chairman of the Company.
- 5.3.4 The Senior Independent Director chairs the meetings in the event where the Chairman of Sub-Committees of the Board is unable to attend. In the event that the Senior Independent Director is the Chairman of the Sub-Committee, the members of the Sub-Committee shall elect another Independent Director to chair that meeting.

6. BOARD COMMITTEES

The Board appoints the following Board Committees with specific terms of reference:

- Audit Committee
- Nominating & Remuneration Committee

Independent and Non-Executive Directors play a leading role in these Committees. The Management and third parties are co-opted to the Committees as and when required. Details of the membership and a summary of the terms of reference of each Committee appointed by the Board are published in the Annual Report.

The Board has approved terms of reference for each established Board committee and shall approve terms of reference for any Board committee created in the future.

6.1 Audit Committee

- 6.1.1 The Audit Committee comprises at least three (3) members. All the Audit Committee members must be Non-Executive Directors with a majority of them being Independent Directors.
- 6.1.2 At least one (1) member of the Audit Committee 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.
- 6.1.3 No alternate Director can be appointed as a member of the Audit Committee.
- 6.1.4 The quorum for the Audit Committee shall be at least two (2) members present at the meeting.
- 6.1.5 The Company Secretary of the Company shall act as the Secretary of the Audit Committee.
- 6.1.6 A former key audit partner of the External Auditors shall be subject to a minimum two (2) year cooling-off period before being appointed as a member of the Audit Committee.
- 6.1.7 The Audit Committee will elect an Independent Director from amongst them as its Chairman who shall not be the Chairman of the Board.
- 6.1.8 The functions of the Audit Committee are:-
- a) To establish policies and procedures to assess, on an annual basis, the suitability, objectivity and independence of the External Auditor, to consider the appointment of the External Auditors and fix their audit fee, and any question of their resignation or dismissal and the reasons thereof;
 - b) To discuss with the External Auditors their audit plan, the nature and scope of audit, evaluation of the Company's systems of internal controls and audit report on the annual financial statements;
 - c) To review the quarterly and annual financial statements of the Company before submission to the Board of Directors, focusing particularly on:-
 - (i) Public announcement of the results and dividend payment;
 - (ii) Any changes in accounting policies and practices;
 - (iii) The going concern assumption;
 - (iv) Compliance with approved accounting standards;

- (v) Compliance with Bursa Securities and legal requirements; and
- (vi) Significant adjustments arising from the audit
- d) To provide advice on whether the financial statements taken as a whole provide a true and fair view of the Company's financial position and performance;
- e) To discuss issues and reservations arising from the interim and final audits, and any matters the External Auditors may wish to discuss, in the absence of Management, where necessary;
- f) To review the External Auditors' Management letter and Management's response thereon;
- g) To do the following, in relation to the Internal Audit Department;
 - (i) Review the adequacy of the scope, functions, competency, experience and resources of the Internal Audit Department, and that it has the necessary authority and independence to carry out its work; Review the internal audit plan and results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the Internal Audit Department by Management;
 - (ii) Review and appraise the performance of members of the Internal Audit Department;
 - (iii) Approve any appointment and termination of senior staff members of the Internal Audit Department, and
 - (iv) takes cognisance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning;
- h) To consider any related party transactions and conflict of interest situations that may arise within the Company;
- i) To consider major findings of any internal investigations and Management's response thereon;
- j) To review the risk management framework and controls;
- k) 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

- l) To consider any other topics, as defined by the Board.
- 6.1.9 The Audit Committee meets on a quarterly basis to carry out its functions. The Audit Committee is also responsible for recommending the person or persons to be nominated to act as the External Auditor and the remuneration and terms of engagement of the External Auditor.
- 6.1.10 The MD, Finance Director, Internal Audit Manager may attend the meetings at the invitation of the Audit Committee.
- 6.1.11 The Nominating & Remuneration Committee will review the performance of the Audit Committee annually to determine whether the Audit Committee and its members have carried out their duties in accordance with their terms of reference.

6.2 Nominating & Remuneration Committee

- 6.2.1 The Nominating & Remuneration Committee comprises wholly of Non-Executive Directors and a majority of the Committee members are Independent Directors.
- 6.2.2 The Nominating & Remuneration Committee Members shall elect among them its Chairman who shall be an Independent Director or the Senior Independent Director.
- 6.2.3 The quorum for the Nominating & Remuneration Committee shall be at least two (2) members present at the meeting.
- 6.2.4 The Company Secretary of the Company shall act as the Secretary of the Nominating & Remuneration Committee.
- 6.2.5 The Chairman of the Nominating & Remuneration Committee shall: (i) lead the succession planning and appointment of Board members, including the future Chairman and the MD; (ii) lead the annual review of the effectiveness of the Board; and (iv) ensure that the performance of each individual Director is assessed by external consultants on a periodic basis.
- 6.2.6 The Nominating & Remuneration Committee's primary responsibilities include:-
 - a) Leading the process for Board appointments and making recommendations to the Board.
 - b) Assessing the effectiveness of the Board as a whole, the Committees of the Board and the individual Directors on an ongoing basis.

- c) Annually reviewing the required skills and core competencies of Non-Executive Directors, including familiarisation with the Company's operations.

6.2.7 Duties

The Nominating & Remuneration Committee will:-

- a) Be responsible for identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise.
- b) Evaluate the balance of skills, knowledge and experience on the Board and, in light of this evaluation, prepare a description of the role and capabilities required for a particular appointment of Director.
- c) Review the time required from a Non-Executive Director. The performance evaluation should be used to assess whether the Non-Executive Director is spending enough time to fulfil their duties.
- d) Consider candidates from a wide range of professions backgrounds and look beyond the "usual selection criteria".
- e) Give full consideration to succession planning in the course of its work, taking into account the challenges and opportunities facing the Company and what skills and expertise are needed on the Board in the future.
- f) Regularly review the structure, size and composition (including the skills, knowledge and experience) of the Board and make recommendations to the Board with regards to any changes.
- g) Regularly review and assess the independence of an Independent Director.
- h) Keep under review the leadership needs of the organisation, both executive and non-executive, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace.
- i) Ensure that on appointment to the Board, Non-Executive Directors receive a formal letter of appointment setting out clearly what is expected of them in terms of time commitment, Committee service and involvement outside Board meetings.

- j) Review the performance of the Audit Committee annually to determine whether the Audit Committee and its members have carried out their duties in accordance with their terms of reference.
- k) Study and periodically review and to implement policies and procedures governing the remuneration for Directors and senior management.
- l) Make recommendations to the Board on the remuneration and terms of employment for Directors and senior management.

6.2.8 The Nominating & Remuneration Committee will make the following recommendations to the Board:

- As regards plans for succession for Directors to maintain an appropriate balance of skills on the Board;
- As regards the re-appointment of any Non-Executive Director at the conclusion of their specified term of office;
- Concerning the re-election by shareholders of any Director under the retirement by rotation provisions in the Company's articles of association;
- Concerning any matters relating to the continuation in office of any Director at any time; and
- Concerning the appointment of any Director to executive or other office other than to the positions of Chairman and MD, the recommendation for which would be considered at a meeting of the Board.

6.2.9 In the event the Board appoints a new Chairman, the Nominating & Remuneration Committee will be guided by the following principles prior to making recommendations to the Board:-

- a) That the Chairman leads the appointment process.
- b) That a systematic evaluation be undertaken to identify the skills and expertise required for the role.
- c) That all short-listed candidates be considered with the possibility of obtaining external advice, if necessary.

7. REMUNERATION LEVEL OF DIRECTORS AND SENIOR MANAGEMENT

7.1 In determining the level of remuneration, the Nominating & Remuneration Committee will take into account all factors which it

deems necessary in order to attract, retain and motivate the Directors and senior management (Managing Director) 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 for the effective management and operations of the Company and should be in alignment with the business strategy and long-term objectives of the Company.

- 7.2 Notwithstanding the above, the Nominating & Remuneration Committee will adopt the remuneration policies, proposals and recommendations from the holding company, Royal FrieslandCampina N.V., for its Executive Directors, which is applicable within the RFC Group of Companies.
- 7.3 No Director other than the Managing Director and Executive Directors shall have a service contract with the Company.
- 7.4 A formal review of Non-Executive Directors' remuneration may be undertaken annually. This review shall take into consideration the level of remuneration offered by listed companies of similar size, complexity and risk profile as the Company. The review of remuneration shall cover Directors' Fees, Committee and Meeting Allowances and other benefits normally extended to Non-Executive Directors.
- 7.5 The Remuneration Committee shall have access to professional advice on remuneration matters both within the Group and from external specialists in this field.
- 7.6 A detailed disclosure on named basis of the remuneration of individual Directors shall appear in the Company's Annual Report with the need for transparency and accountability in the setting of Directors' remuneration, having regard to the interest of all parties, the Company, the Directors and the shareholders. The remuneration of the members of the Management Team shall be disclosed on an aggregated basis.
- 7.7 Directors who are shareholders shall abstain from voting at general meetings to approve their own fees.

8. FINANCIAL REPORTING

8.1 Transparency

- 8.1.1 The Company aims to present a clear and balanced assessment of the Company's financial position and future prospects that

extends to the interim and price-sensitive information and other relevant reports submitted to Regulators.

8.1.2 The Directors ensure that the financial statements are prepared so as to give a true and fair view of the current financial status of the Company in accordance with the approved accounting standards.

8.1.3 The Company's practice is to announce to Bursa Securities its unaudited quarterly financial results within two (2) months after the end of each quarterly financial period.

8.1.4 The Auditors' Report shall contain a statement from the Auditors explaining their responsibility in forming an independent opinion, based on their audit, of the financial statements.

8.2 Company Auditors

8.2.1 The Board has established formal and transparent arrangements for considering how financial reporting and internal control principles will be applied and for maintaining an appropriate relationship with the Company Auditors through its Audit Committee.

8.2.2 The Audit Committee also keeps under review the scope and results of the audit and its cost effectiveness and the independence and objectivity of the Company Auditors. The Company ensures that the Company Auditors do not supply a substantial volume of non-audit services to the Company.

8.2.3 The Audit Committee will give strong consideration to the recommendation of the holding company, Royal FrieslandCampina NV, for the nomination of the Company's External Auditors, in order to ensure consistency within the RFC Group.

8.2.4 The appointment of the Company Auditors is subject to approval of shareholders at General Meetings. The Company Auditors have to retire during the AGM every year and be re-appointed by shareholders for the ensuing year.

8.3 Internal Controls and Risk Management

8.3.1 The Company has an Internal Audit Department, supported by the RFC Group's Corporate Internal Audit and Enterprise Risk Assessment Unit, which critically reviews all aspects of the

Company's activities and its internal controls. Comprehensive audits of the practices, procedures, expenditure and internal controls of all business and support units are undertaken on a regular basis. The Company's Internal Audit Manager has direct access to the Board through the Chairman of the Audit Committee.

8.3.2 The Board ensures the system of internal controls is reviewed on a regular and at least once annually, based on a three (3) year proposed audit plan.

8.3.3 The Audit Committee receives reports regarding the outcome of such reviews on a quarterly basis by the Internal Auditor.

9. GENERAL MEETINGS

9.1 Annual General Meeting (AGM)

9.1.1 The Company regards the AGM as an important event in the corporate calendar of which all Directors and key senior executives should attend.

9.1.2 The Company regards the AGM as the principal forum for dialogue with shareholders and aims to ensure that the AGM provides an important opportunity for effective communication with, and constructive feedback from, the Company's shareholders.

9.1.3 The Chairman encourages active participation by the shareholders during the AGM.

9.1.4 The Chairman, and where appropriate, the MD responds to shareholders' queries during the meeting. Where necessary, the Chairman will undertake to provide a written answer to any significant question that cannot be readily answered at the meeting.

9.2 Extraordinary General Meeting (EGM)

9.2.1 The Directors will consider requisitions by shareholders to convene an EGM or any other urgent matters requiring immediate attention of the Company.

10. INVESTOR RELATIONS AND SHAREHOLDER COMMUNICATIONS

- 10.1 The Board acknowledges the need for shareholders to be informed of all material business matters affecting the Company and adopts an open and transparent policy in respect of its relationship with its shareholders and investors.
- 10.2 The Board ensures the timely release of financial results on a quarterly basis to provide shareholders with an overview of the Company's performance and operations in addition to the various announcements made during the year.
- 10.3 The Company conducts dialogues with financial analysts and fund managers from time to time as a means of effective communication that enables the Board and Management to convey information relating to the Company's performance, corporate strategy and other matters affecting shareholders' interests.
- 10.4 A press conference may be held after each General Meeting. If held, the Chairman or Managing Director will give a press release to advise the media of the resolutions passed, and sharing the Company's results, their prospects and outline any specific event for notation at the press conference. All press releases are vetted by the Finance Director and the Company Secretary to ensure the accuracy and appropriateness of the information.
- 10.5 The Company's website provides easy access to corporate and financial information pertaining to the Company and its activities and is continuously updated.

11. RELATIONSHIP WITH OTHER STAKEHOLDERS

In the course of pursuing the vision and mission of the Company, the Board recognises that no Company can exist by maximising shareholders value alone. In this regard, the needs and interests of other stakeholders are also taken into consideration.

11.1 Employees

- 11.1.1 The Board acknowledges that employees are invaluable resources of the Company and play a vital role in achieving the vision and mission of the Company.
- 11.1.2 The Company adopts comprehensive and documented policies and procedures with respect to the following:-

- a) Occupational safety and health with the objective of providing a safe and healthy working environment for all employees;
- b) Industrial relations with the objective of managing employees' welfare and well-being in the workplace; and
- c) Training, talent management and succession planning practices.

11.2 Environment

11.2.1 The Company adopts a comprehensive and documented policies and procedures as part of its commitment to protect the environment and contribute towards sustainable development by the following means:-

- a) Prevention of pollution, minimisation of waste creation and conservation of natural resources as reasonably practicable; and
- b) Being committed to continually assess and improve all aspects of the Company's environmental performance.

11.3 Social Responsibility

11.3.1 The Board acknowledges that the Company's Social Responsibility is a key pillar of the Company's business strategy. Social Responsibility is considered as an important enabler to ensure the sustainability of the Company's business growth.

11.3.2 The Company believes in leading responsibly and creating a shared value to all its stakeholders through its strategic Social Responsibility initiatives. The initiatives are designed to reach out to consumers, customers, employees and society through four main pillars; leading in providing healthy dairy nutrition, ensuring sustainability in environment and business operations, moving society forward by giving back and by being the leading employer in the dairy industry.

12. COMPANY SECRETARY

12.1 The Board appoints the Company Secretary, who plays an important advisory role fulfils the functions for which he/she has been appointed.

- 12.2 The Company Secretary is accountable to the Board through the Chairman of the Board and Committees on all governance and compliance matters.
- 12.3 The Company Secretary is a central source of information and advice to the Board and its Committees on issues relating to compliance with laws, rules, procedures and regulations affecting the Company.
- 12.4 The Company Secretary should advise Directors of their obligations to adhere to matters relating to:
- a) Disclosure of interest in securities;
 - b) Disclosure of any conflict of interest in a transaction involving the Company;
 - c) Prohibition on dealing in securities; and
 - d) Restrictions on disclosure of price-sensitive information.
- 12.5 The Company Secretary must keep abreast of, and inform, the Board of current governance best practices, changes in Listing Requirements and the relevant regulations.
- 12.6 The Board members have unlimited access to the professional advice and services of the Company Secretary.

13. APPLICATION

- 13.1 The principles set out in this Board Charter are:
- a) Kept under review and updated practices on Corporate Governance guidelines as are being issued by the relevant regulatory authorities.
 - b) Applied in practice having regard to their spirit and general principles; and
 - c) Summarised in the Annual Report as part of the Statement on Corporate Governance.
- 13.2 The Board endeavours to comply at all times with the principles and practices set out in this Board Charter.
- 13.3 Review of the Board Charter
- a) The Board will review this Board Charter and the terms of reference of the Board Committees periodically and will make any necessary or desirable amendments to ensure that they remain consistent with the Board and Company's objectives, current laws and best practices.
 - b) Any updates to the principles and practices set out in this Board Charter will be made available on the Company's website.

13.4 To the extent that there is any inconsistency between this Board Charter and the Company's Constitution, the Company's Constitution shall prevail.

Dated: 21 November 2019