



FrieslandCampina
nourishing by nature



Nourishing Our Nation

Integrated
Annual Report
2024



OVER 60 YEARS OF NOURISHING OUR NATION

Nation building is a collective responsibility that spans across generations. This is in line with our purpose of 'Nourishing Our Nation' since our inception in 1963. As an early Malaysian brand and a leading dairy manufacturer, we have grown in tandem with the country's development whilst embracing her values, people and progress. We have rediscovered and transformed our business over the years to address the nutritional needs of all Malaysians. Our focus remains on positively contributing to the wellbeing of the rakyat of Malaysia. Through the decades, we have continued Nourishing Our Planet and People in Every Stage of Life.

Today, we take pride in who we are and everything that we represent, both, as a business and as a corporate citizen of Malaysia. Our ways of working are aligned with the national MADANI values.

keMampanan (Sustainability)

At the core of our purpose is our social agenda to address the triple burden of malnutrition amongst Malaysians, while also managing our environmental impact

kesejAhteraan (Prosperity)

In Nourishing Our Nation, we are shaping a healthy, productive human capital that is critical for prosperity and prosperous communities

Daya cipta (Innovation)

We remain committed to improving the nutritional value of our products, while also catering to the varied nutritional needs of Malaysians of all ages

hormAt (Respect)

We are respectful of our ecosystem, people, stakeholders and the rule of business while continuing to establish credibility and good governance

keyakiNan (Trust)

We trust in the ability and potential of our people as well as our business to continually provide access to safe, quality, Halal, affordable and healthy nutrition

Ihsan (Compassion)

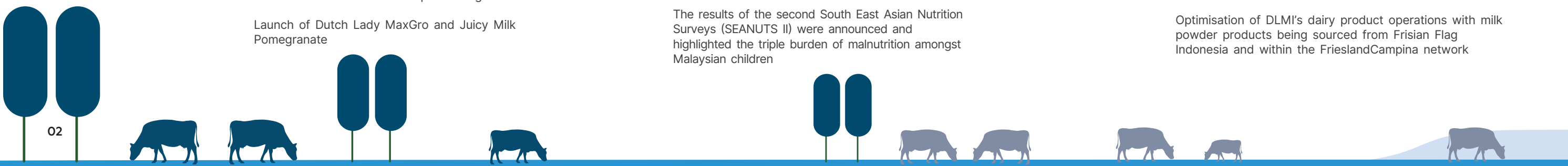
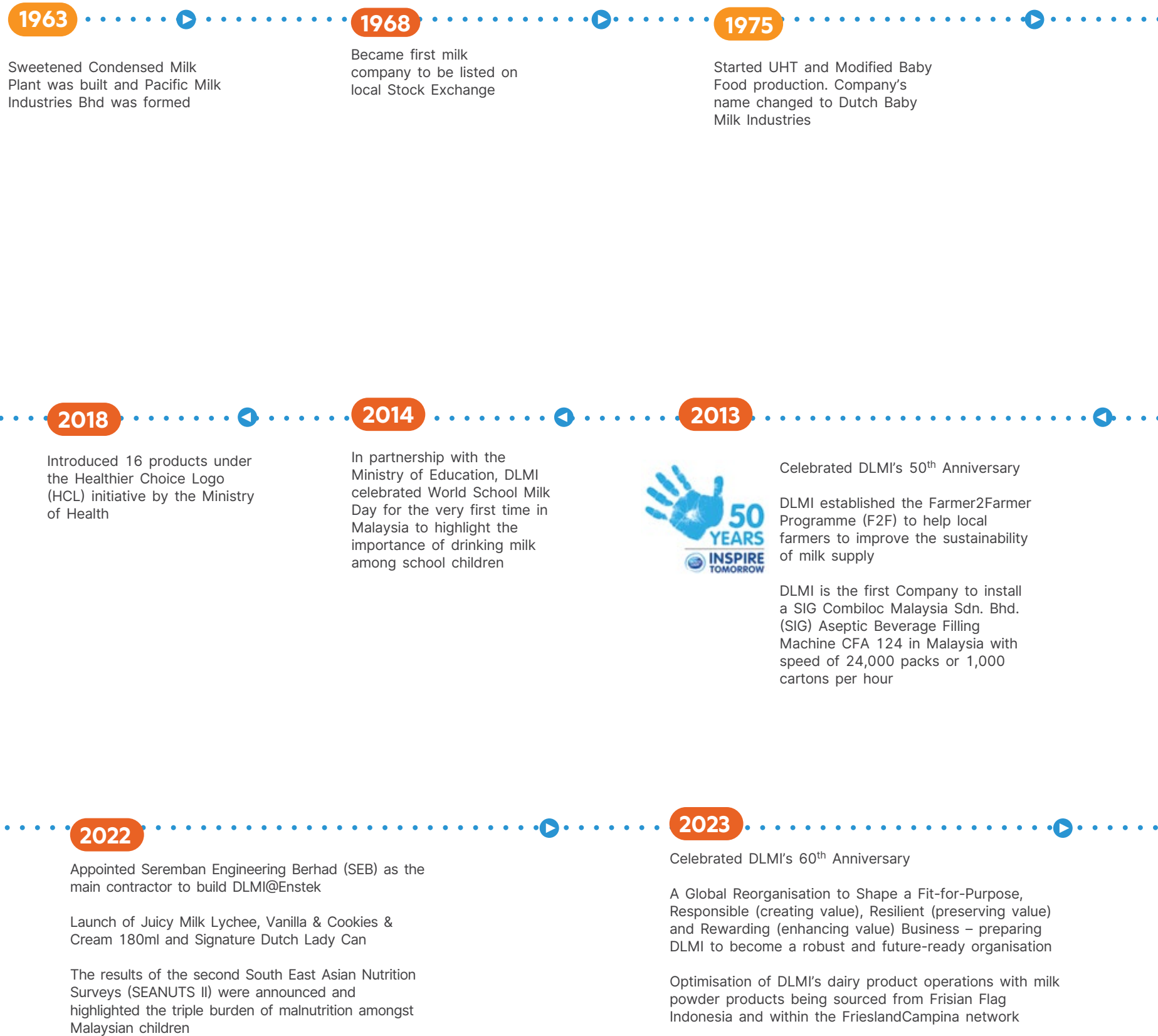
We believe in inclusive ways of working, where our people can participate and contribute to their personal and professional journey of growth with us





KEY MILESTONES

Today, we are more committed than ever as we build our legacy at Bandar Enstek – a new state-of-the-art IR4.0 enabled, Halal manufacturing facility. In 2024, we completed our full transition to DLMI@Enstek and are well positioned to cater to the growing nutritional needs of Malaysians. Our 60 years of trust and commitment has given us a solid platform to foster better innovative efficiencies, boost intergenerational equity to better cultivate a brand synonymous with Malaysia’s health and prosperity.



From 1963

1983

Dutch Lady Milk Industries Berhad (DLMI) partnered with the Ministry of Education for the inaugural School Milk Programme

1984

Dutch Baby brand name changed to Dutch Lady



1986

Entered pasteurised milk market segmentation

2008

Began production of 0% Fat Drink Yoghurt and Ready To Eat Yoghurt

DLMI established the Dairy Development Programme (DDP) to improve productivity and ensure the sustainability of the dairy industry



2012

Launch of Dutch Lady Chocolate Drink

2011



DLMI relaunched its Growing Up Milk with 5xDHA

DLMI joined FrieslandCampina to celebrate World Milk Day to recognise the importance of milk as part of a healthy and balanced diet

2010

FrieslandCampina initiated the Southeast Asia Nutrition Survey (SEANUTS) to gain insight into the nutritional status and dietary intake of children between the ages of 6 months to 12 years in 4 countries including Malaysia

2009

Introduction of DLMI logo



2024

DLMI@PJ farewell – Our first manufacturing facility, established in 1966, where we produced our maiden product, sweetened condensed milk.

Inauguration of Dutch Lady Milk Industries Berhad's RM540 million manufacturing facility in Bandar Enstek (DLMI@Enstek), which is integrated with Industry 4.0 technology.



to 2024



Delivering Goodness, Spreading Happiness



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62nd

ANNUAL GENERAL MEETING



Friday,
23 May 2025



10:00 a.m.



ABOUT THIS REPORT

OUR PURPOSE

At Dutch Lady Milk Industries Berhad (DLMI), we strive to fulfil our purpose of **Nourishing Our Planet and People in Every Stage of Life**. All our efforts are focused on channelling the right combination of resources to deliver quality, affordable and healthy nutrition to the people of Malaysia. In Nourishing Our Nation, we are positively contributing to the wellbeing of Malaysians, making them stronger to overcome the triple burden of malnutrition. In the long-term, we aim to create a positive impact on Nutrition, Planet and People via our business model, strategy and purpose.

INTEGRATED THINKING

In setting the right context for our stakeholders on our performance, we strive to promote a better understanding of the interactions and inter-relationships between various aspects of business and performance. From economic and political landscape to extraneous factors such as climate change, malnutrition, and aging population; from international affairs and foreign exchange fluctuations to local market dynamics; from diversity of people to fight for talent and succession planning; from learning and development to growth; from near-term returns to long-term resilience – there is merit in analysing the interdependencies among these and factors that could potentially have financial and non-financial implications.

The insights therefrom help us identify and focus on our material matters. The material matters included and discussed in this Integrated Report are determined based on our stakeholders' expectations, real and potential risks associated with both internal and external factors of our business, and most importantly, the strategic direction set by the Board of Directors in fulfilling our purpose.

INTEGRATED REPORTING PROCESS

Reporting Frameworks

We are on a journey to align our Integrated Report with the following local and international statutory and reporting frameworks:

- ∞ International Integrated Reporting <IR> Framework*
- ∞ Bursa Malaysia Main Market Listing Requirements (MMLR)
- ∞ Companies Act 2016
- ∞ Malaysian Code on Corporate Governance (MCCG) by Securities Commission Malaysia
- ∞ Malaysian Financial Reporting Standards (MFRS)
- ∞ Financial Services Act 2013
- ∞ Our immediate focus on the National Sustainability Reporting Framework (NSRF), with phased implementation in the first year based on the reliefs provided by NSRF, and full compliance by the reporting period FY2027. The NSRF is premised on IFRS S1 and S2 requirements, which also embeds key aspects of TCFD.

Please note that the structure and format of this report has been planned to support:

* Our 3-year journey (starting in 2022) to improve our quality of reporting and enhance our level of compliance with the <IR> Framework.

* Our 4-year journey (starting in 2023) to achieve alignment with the recommendations and reporting requirements of TCFD and IFRS S1 and S2.

NAVIGATION TOOLS











Our Key Capitals

-  Financial Strength
-  Talented People
-  Resilient Infrastructure
-  Strong Relationships
-  Intellectual Capital
-  Natural Capital







Key Risks

-  Market and External
-  People Performance and Productivity
-  Internal Policy
-  Fraud and Anti-Bribery
-  Regulatory and Legal
-  Supply Chain and Procurement
-  Product Technology and Innovation
-  Financial
-  Water, Waste and Emissions Management

Material Matters

-  Nutrition and Product Responsibility
-  Innovation and Technology
-  Responsible Supply Chain
-  Energy, Water, Waste and Emissions
-  Recovery and Circularity
-  Diversity and Inclusion
-  Employee Experience
-  Wellbeing and Growth
-  Farmers and Communities
-  Social and Economic Continuity

Our Stakeholders

-  Customers and Consumers
-  Regulators
-  Shareholders and Investors
-  Customers
-  Community/Farmers
-  Employees
-  Stakeholders
-  Suppliers
-  Customers and Business Partners

REPORTING INTEGRITY

The information in the Annual Report is presented by the respective functional teams with utmost care to maintain the integrity of the narratives to the best possible extent. The key sections of the report have been reviewed by our external auditor, PwC. In particular, the Statement on Risk Management and Internal Control ("SORMIC") for the financial year ended 31 December 2024 is reviewed by PwC for the purposes of expressing a conclusion whether the SORMIC is prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

The Audited Financial Statements, SORMIC and Audit and Risk Committee report are then reviewed and approved by the Audit and Risk Committee for recommendation to the Board of Directors. These reports, together with the other reports for inclusion in the Annual Report are then reviewed and approved by the Board of Directors.

The contents of this report have been reviewed by independent auditors and verification companies:

Activity	Review Body
Financial Statements	PwC
SORMIC	PwC

DLMI'S INTEGRATED ANNUAL REPORT 2024

Scope and Boundary

DLMI's Integrated Report 2024 covers our financial and non-financial performance for the period of 1 January 2024 to 31 December 2024, unless stated otherwise. This reporting boundary covers all our operations and activities in Malaysia. Our intention through this report is to provide our stakeholders a complete, fair and balanced assessment of our financial and non-financial performance; near-term to long-term strategic priorities, material matters, and key risks and opportunities – all of which catalyse our efforts to create value for our multiple stakeholders.

[Refer to pages 09-12 of this report.](#)

INTEGRATED ENTERPRISE RISKS

We take a holistic view of risks to consider our dependence and influence on various economic, environmental, social and governance EESG factors in our key operating market i.e. Malaysia. Guided by our global policies and local priorities, our approach is to focus on near-term risks, without losing visibility of long-term risks that are critical to shaping resilient business and growth plans. In keeping with this, our attempt has been to map our risk management approaches to various material matters and strategies included throughout this report.

[Refer to pages 54-55 of this report.](#)

FORWARD-LOOKING STATEMENTS

We may have included limited forward-looking statements related to our emerging focus areas, future priorities, strategies and growth opportunities. However, these may be challenged based on our emerging focus areas, evolving business and regulatory landscape, and factors that may be external to our business and beyond our direct control. The intent of any forward-looking statements included in this report is to apprise our stakeholders on our appetite and potential for meaningful growth. Hence, these should not be taken as conclusive or as statements reviewed by auditors.

STATEMENT FROM THE BOARD OF DIRECTORS OF DUTCH LADY MILK INDUSTRIES BERHAD

The Board of Directors take full accountability for the integrity of DLMI's maiden Integrated Report 2024. We acknowledge that attempts have been made to ensure this report addresses most critical material matters and fairly presents DLMI's performance for the year under review.

Datin Seri Sunita Mei-Lin Rajakumar

Chairperson of the Board (on behalf of the Board of Directors)

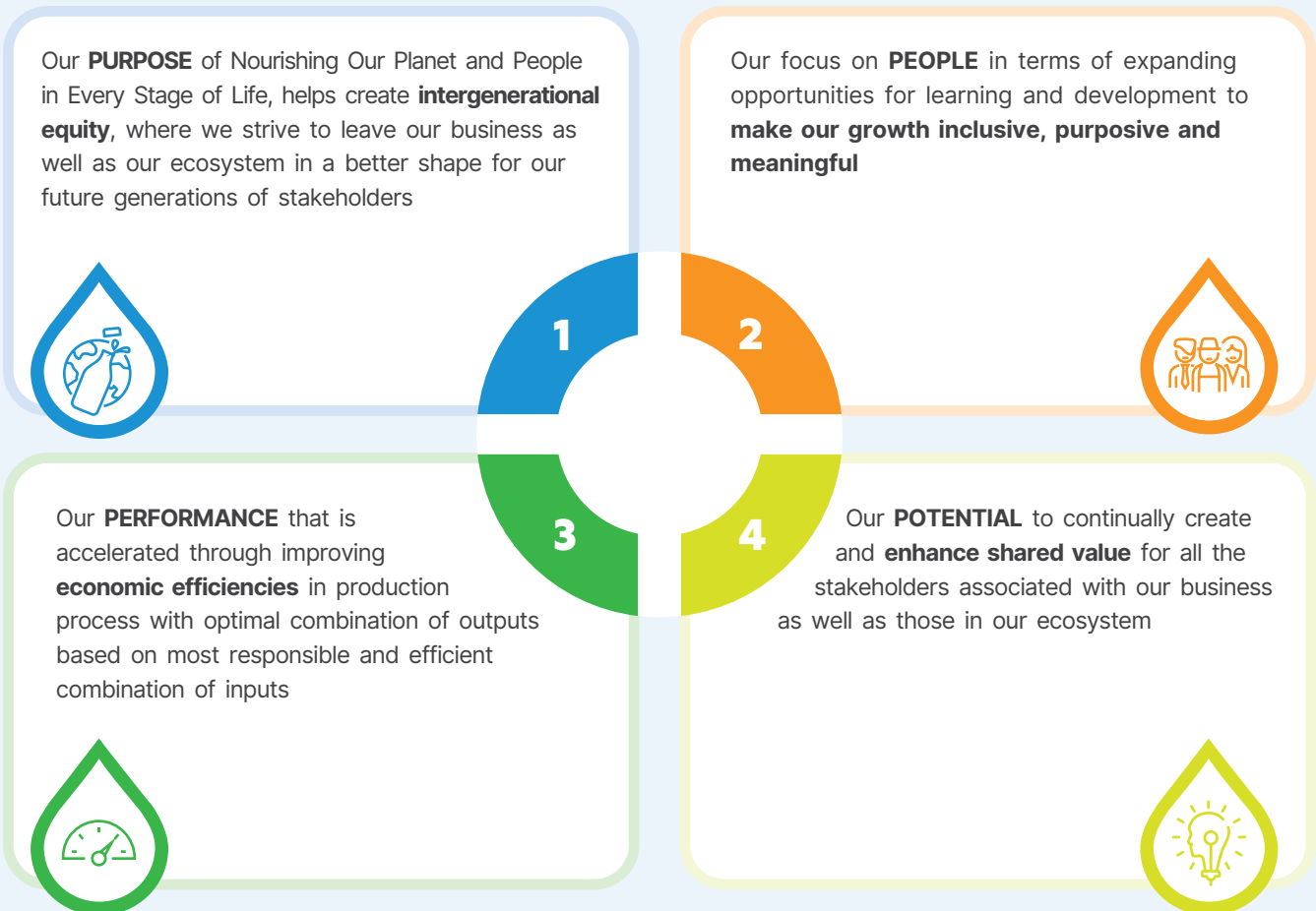
United Nations Sustainable Development Goals Adopted



**SUSTAINABLE
DEVELOPMENT
GOALS**

VALUE CREATION @ DLMI

At **DLMI**, our efforts are continually focused on improving efficiencies and creating intergenerational equity in a manner that delivers value to all our stakeholders. Our key strategic pillars which allow us to understand and catalyse value creation include the following.



In the short, medium and long-term, the critical decisions concerning our business and stakeholders are guided by both our Intent and the desired Impact. With the right intent, we can deliver impact that is meaningful to our stakeholders. Similarly, with clarity on the kind of impact we want to create, our intent will motivate the right kind of action.

MANAGING FOOTPRINT & HANDPRINT



Our **INTENT** is to address systemic breakdowns along our value chain and transition to a better, thriving business ecosystem.



Our **IMPACT** is measured in terms of the value we create for and share with both business and stakeholders.

STAKEHOLDER ENGAGEMENT AND MATERIAL MATTERS

Stakeholders' expectations and interests are always at the core of any value creation process. Mechanisms to effectively engaging stakeholders are necessary. What is more critical is our response mechanism, where we meaningfully address issues that are most material for our stakeholders as well as are in alignment with our business priorities.

In the spirit of this, we have reviewed the alignment of our stakeholder engagement process as well as materiality assessment with AA1000 Accountability Principles, mainly to establish:

A responsive framework that captures stakeholders' sentiments, builds trust and improves the climate of opinion, perceptions and relationships with our stakeholders

Effectiveness of our governance practices, allocation of resources and strategies towards improving overall organisational efficiencies

Accountability and relevance of decisions made by the organisation

A detailed assessment of the degree of alignment as well as our key areas of improvement are outlined on pages 60-108 under the Sustainability Statement.

Meanwhile, this is to confirm that there was no independent stakeholder engagement exercise undertaken in 2024. The stakeholder issues and concerns remained the same. We are currently in planning to undertake a full-fledged Stakeholder Engagement & Materiality Assessment in keeping with the Principles (Inclusivity, Materiality, Responsiveness and Impact) of AA1000. The idea is to also:

Engage with the Government, Shareholders, Industry Groups, NGOs & Community, Business Partners in addition to the stakeholders who were engaged during the last assessment as well as integrate the engagement process into governance, strategy and relevant decision-making processes across the organisation

Include means of addressing conflicts and dilemmas arising from conflicting expectations

Validate our responses to material issues with both internal and external stakeholders



STAKEHOLDER ENGAGEMENT AND MATERIAL MATTERS

In this report, we have attempted to change the format of the key findings from the materiality assessment in keeping with our aspiration to align with the criteria of AA1000.


CONSUMERS

MATERIAL TOPIC/S

- NPR** Nutrition and Product Responsibility

FREQUENCY OF ENGAGEMENT & PLATFORM

- ∞ Annual Focus Groups and Surveys
- ∞ Daily Interactions through Customer Service Desk

KEY STAKEHOLDERS' EXPECTATIONS

- ∞ Safety
- ∞ Quality
- ∞ Nutrition
- ∞ Accessibility
- ∞ Affordability

OUR APPROACH TO INCLUSIVITY

Making safe, healthy, accessible, and affordable 'Nutrition' core to our brand purpose of "Nourishing Our Nation"

OUR MATERIALITY CONSIDERATION/S

The high incidences of malnutrition, stunting and obesity in Malaysia and the region, requiring interventions that promise higher nutritional value

OUR PLANNED RESPONSIVENESS

Key brand communications and campaigns focus on nutrient-dense dairy that will support healthy development of both children and adults

EXPECTED/TARGETED IMPACT
 [Outcomes. Behaviour. Performance]

- ∞ Robust governance to register and address safety, quality, nutrition related concerns [a 24/7 Careline as well as through social media]
- ∞ Increased access to Nutrition through targeted programmes such as the School Milk Programme in partnership with the Government as well as other community milk distribution Initiatives
- ∞ Continuous consumer awareness on managing post-consumer waste, through printed information and guidance on all product packs
- ∞ Products produced in accordance with the Global Nutritional Standards
- ∞ Strong R&D to ensure products are fortified with the right amount of Nutrition and introduced to consumers at different price points and through multiple channels


CUSTOMERS & BUSINESS PARTNERS

MATERIAL TOPIC/S

- NPR** Nutrition and Product Responsibility
- RSC** Responsible Supply Chain

FREQUENCY OF ENGAGEMENT & PLATFORM

- ∞ Quarterly Customers/Distributors Top-to-Top Business Review
- ∞ Annual Distributors' Conference & Retailers Joint Business Plan or JBP

KEY STAKEHOLDERS' EXPECTATIONS

- ∞ Quality
- ∞ Price Pressure
- ∞ Differentiation
- ∞ Profitability

OUR APPROACH TO INCLUSIVITY

Deriving insights through collective deliberation and devising common strategies and mutually beneficial terms of engagement

OUR MATERIALITY CONSIDERATION/S

The distribution network is critical to meet the aspects of accessibility and affordability in addition to safety and quality for consumers

OUR PLANNED RESPONSIVENESS

Our ongoing commitment to fostering mutually beneficial partnerships and creating shared value strengthens loyalty and drives meaningful results

EXPECTED/TARGETED IMPACT
 [Outcomes. Behaviour. Performance]

- ∞ Collective action to manage inflationary pressures in favour of the consumers
- ∞ Optimal shelf space and physical availability for customers across our distributor network and channels
- ∞ Distributors' effectiveness and efficiency of controls and compliance, with laid down processes



EMPLOYEES

MATERIAL TOPIC/S

- D&I** Diversity and Inclusion **WG** Wellbeing and Growth **EE** Employee Experience

FREQUENCY OF ENGAGEMENT & PLATFORM

- ∞ Annual Employee Engagement Surveys
- ∞ Half-Yearly Pulse Surveys
- ∞ Bi-monthly Townhalls
- ∞ Monthly and Quarterly Management Check-Ins

KEY STAKEHOLDERS' EXPECTATIONS

- ∞ Vertical and horizontal growth opportunities
- ∞ Occupational Safety, Health and Wellbeing
- ∞ Elevating employee experience

OUR APPROACH TO INCLUSIVITY

Understanding workplace and team dynamics as well as their personal and professional aspirations, key elements of motivation and deterrent to learning and growth

OUR MATERIALITY CONSIDERATION/S

People are the champions of our business and growth and their diverse needs and expectations require us to look beyond policies and create an enabling and inclusive environment

OUR PLANNED RESPONSIVENESS

Continuous reinforcement of organisational purpose and aligning with individual roles and responsibility at workplace to create perfect alignment between employee-employer expectations

EXPECTED/TARGETED IMPACT

[Outcomes. Behaviour. Performance]

- ∞ Greater understanding and alignment with our Purpose
- ∞ Demonstration of organisational values and inclusive leadership at all levels
- ∞ Robust talent management process including career development and coaching skills
- ∞ SAFE workplace practices and positive OSH track record
- ∞ Focus on both organisational performance and individual growth
- ∞ Stewardship on D&I issues and agenda



SUPPLIERS

MATERIAL TOPIC/S

- RSC** Responsible Supply Chain

FREQUENCY OF ENGAGEMENT & PLATFORM

- ∞ Quarterly Customers/Distributors Top-to-Top Business Review
- ∞ Annual Distributors' Conference & Retailers Joint Business Plan or JBP

KEY STAKEHOLDERS' EXPECTATIONS

- ∞ Opportunities for Local Suppliers
- ∞ Fair Terms of Engagement and Payment

OUR APPROACH TO INCLUSIVITY

Prioritising local suppliers, and by being sensitive to the need for fair terms of engagement, transfer of price-benefits, and fair/ethical ways of working

OUR MATERIALITY CONSIDERATION/S

The distribution network is critical to meet the aspects of accessibility and affordability in addition to safety and quality for consumers

OUR PLANNED RESPONSIVENESS

Prioritise local suppliers where possible, design contracts that are transparent and keep a healthy channel of communications and grievance mechanisms

EXPECTED/TARGETED IMPACT

[Outcomes. Behaviour. Performance]

- ∞ Long-term relationships with suppliers and fair and transparent terms of contract
- ∞ Alignment of suppliers with our Golden and Silver Purchasing Rules, as well as Doing Honest Business Policy

STAKEHOLDER ENGAGEMENT AND MATERIAL MATTERS



MEDIA

MATERIAL TOPIC/S

NPR Nutrition and Product Responsibility

FREQUENCY OF ENGAGEMENT & PLATFORM

- ∞ Weekly and Monthly Media Engagement and Outreach

KEY STAKEHOLDERS' EXPECTATIONS

- ∞ Continuous and Reliable information pertaining to DLMI and the local dairy industry

OUR APPROACH TO INCLUSIVITY

Collaborating to produce content that will enhance public awareness about the importance of proper nutrition

OUR MATERIALITY CONSIDERATION/S

Nutritional status of Children in Malaysia and greater Asia is alarming and as a purposeful dairy company, it is our greater responsibility

OUR PLANNED RESPONSIVENESS

Continually seek media feedback and opportunities to become a credible source of information related to dairy and nutrition

EXPECTED/TARGETED IMPACT

[Outcomes. Behaviour. Performance]

- ∞ Channel value information to media regularly
- ∞ Drive greater awareness on the goodness of dairy and DLMI's role in nourishing Malaysians



REGULATORS & POLICYMAKERS

MATERIAL TOPIC/S

NPR Nutrition and Product Responsibility **FC** Farmers and Communities **SE** Social and Economic Continuity

FREQUENCY OF ENGAGEMENT & PLATFORM

- ∞ Annual Stakeholders Consultations
- ∞ Monthly and Quarterly Feedback and Advisory
- ∞ Annual Round Table Discussions
- ∞ Annual Consultation Sessions

KEY STAKEHOLDERS' EXPECTATIONS

- ∞ Food Safety, Quality and Nutrition
- ∞ Sustainable local dairy farms development
- ∞ Socio-economic wellbeing and welfare of local dairy farmers and its communities
- ∞ Good Governance
- ∞ Halal Assurance System and Management
- ∞ Fiscal policies to address Non-Communicable Diseases

OUR APPROACH TO INCLUSIVITY

Consultation with regulators and policymakers beyond compliance and areas where we can deliver value and support national agendas

OUR MATERIALITY CONSIDERATION/S

Nutrition being core to our brand promise, the enablers and beneficiaries (farmers and communities) are both critical to keep the business relevant and rewarding for all stakeholders

OUR PLANNED RESPONSIVENESS

Partner with the regulators and policymakers in addressing national priorities (in relation to nutrition and dairy value chain) and keep the dialogue ongoing for regular and strategic inputs into policies and programmes

EXPECTED/TARGETED IMPACT

[Outcomes. Behaviour. Performance]

- ∞ Undertake R&D to continuously improve product formulations to address nutritional needs and issues whilst ensuring compliance
- ∞ Introduce subsidised products and ensure a strong trade network for better reach
- ∞ Develop local dairy farmers through dairy farming knowledge and skills transfer
- ∞ Establish internal governance of Halal practices, policy and awareness in accordance with JAKIM and requirements from relevant authorities
- ∞ Skills and knowledge transfer to local dairy farmers on good dairy farming practices
- ∞ Provide platform for local dairy farmers to sell their raw fresh milk thus enable them to focus on upstream dairy farming business
- ∞ Operate based on the principles of good governance, with a strong emphasis on integrity, anti-corruption, and business resilience
- ∞ Drive greater awareness on the goodness of milk through advocacy and sharing of key information, evidence and best practices
- ∞ Purchase raw fresh milk from local dairy farms
- ∞ Compliance to fiscal policy, new food regulations, amendments, legislations and guidelines



OUR INTEGRATED APPROACH TO VALUE CREATION

Our business is dedicated to delivering the essential nutrition that Malaysia and its people need. To effectively continue Nourishing Our Nation, we must evaluate our position, capacity, and ability to adapt to global market trends, socio-political changes, evolving consumer needs and stakeholder expectations. This requires aligning our strategies, resources across various capitals, risk management approaches, operational methods and ways of working.

What is essential in the process is to take an integrated approach or strike a perfect balance between our purpose, people, performance and potential. With a clear purpose and doing right by our people, we build the right foundation to catalyse performance. With the right level of performance, we are able to support our aspirations, helping both people and the business to optimise and reach their full potential. This in turn contributes to shaping a more Responsible (creating value), Resilient (preserving value), Rewarding (enhancing value) Business.

For 2024, the mapped material matters, the impact indicators and capitals to our 4P Strategy Framework remain unchanged. We have also included various indicators mandated under Bursa Malaysia's Common Sustainability Material Matters (Refer to pages 09-12 for the full list). We will strive to improve our integrated approach by establishing the most relevant measures of both performance and value creation. Ultimately, our objective is to ensure consistency and comparability across reporting years.

This report includes our progress on Year-Over-Year basis against the set targets, the mandatory Bursa's Common Material Matters and additional indicators that support the progress.

The table below establishes the relationships between our 4P Strategy Framework and the impact indicators that contribute to DLMI's financial and non-financial performance. Our approach is to track and report on a comprehensive set of impact indicators, but focus on specific targets that are important for both business and stakeholders.

OUR INTEGRATED APPROACH TO VALUE CREATION



Purpose

Impact Indicators We Track

- ∞ Global Nutritional Standards (GNS)
- ∞ HCL
- ∞ Halal
- ∞ Product Safety
- ∞ Complaints towards DLMI products, promotional material and activities
- ∞ Access to nutrition (e.g. household penetration)

Sustainability Focus Areas

- ∞ Better Nutrition

Ambition 2030

95% of Product Volume Sold Meets Global Nutritional Standards

Stakeholders Who Care



Capitals Affected



Material Matters



Impact Indicators We Track

- ∞ Total energy consumption
- ∞ Total volume of water used
- ∞ Scope 1 emissions in tonnes of CO₂e
- ∞ Scope 2 emissions in tonnes of CO₂e
- ∞ Scope 3 emissions in tonnes of CO₂e (only business travel and commuting)
- ∞ Total waste generated, and a breakdown of the following: total waste diverted from disposal
- ∞ Total waste generated, and a breakdown of the following: total waste directed to disposal

Sustainability Focus Areas

- ∞ Better Climate

Ambition 2030

30% Reduction in Energy Intensity and Water Intensity vs. 2022 baseline

Stakeholders Who Care



Capitals Affected



Material Matters



Impact Indicators We Track

- ∞ % Packaging Materials Designed for Recycling or Reuse vs Target

Sustainability Focus Areas

- ∞ Better Packaging

Ambition 2030

95% of all Packaging Material Designed for Recycling or Reuse

Stakeholders Who Care



Capitals Affected



Material Matters



Impact Indicators We Track

- ∞ Total number of school children and farmers (beneficiaries) benefited from our investment in communities
- ∞ Total amount invested in the community (including farmers capacity building)
- ∞ Volume of Fresh Raw Milk Purchased from Local Farmers

Sustainability Focus Areas

- ∞ Better Society

Ambition 2030

1 million Children Nurtured to Fight Malnutrition and 100% of Our Farmers Nurtured for Better Livelihoods

Stakeholders Who Care



Capitals Affected



Material Matters





People

Impact Indicators We Track

- ∞ % representation of women on Board and Senior Management Team
- ∞ % of employees by gender and age group, for each employee category
- ∞ % of directors by gender and age group
- ∞ Number of substantiated complaints concerning human rights violations

Sustainability Focus Area

- ∞ Better People

Ambition 2030

A People-Positive and Fit-for-Purpose Workplace

Stakeholders Who Care



Capitals Affected



Material Matters



Impact Indicators We Track

- ∞ Total number of employee turnover by employee category
- ∞ Employee engagement score
- ∞ Internal Fulfilment Rate at Hay Grade 18 and above
- ∞ Illness rate/Voluntary attrition rate
- ∞ Customer Experience/Employee Experience Net Promoter Score
- ∞ Data quality
- ∞ SLA performance

Sustainability Focus Area

- ∞ Better People

Ambition 2030

A People-Positive and Fit-for-Purpose Workplace

Stakeholders Who Care



Capitals Affected



Material Matters



Impact Indicators We Track

- ∞ Talent bench strength (H20+)
- ∞ Average training hours per employee
- ∞ Work-related fatalities and TRFR

Sustainability Focus Area

- ∞ Better People

Ambition 2030

A People-Positive and Fit-for-Purpose Workplace

Stakeholders Who Care



Capitals Affected



Material Matters



OUR INTEGRATED APPROACH TO VALUE CREATION



Performance

Impact Indicators We Track

- ∞ Direct Economic Value Generated and Distributed
- ∞ % of employees who have received training on anti-corruption by employee category
- ∞ % of operations assessed for corruption-related risks
- ∞ Confirmed incidents of corruption and action taken
- ∞ Number of substantiated complaints concerning breaches of customer privacy and losses of customer data

Sustainability Focus Area

- ∞ Better Governance

Ambition 2030

AA1000 Accountability Principles' Alignment

Stakeholders Who Care

SI

ST

Capitals Affected



Material Matters

SE



Potential

Impact Indicators We Track

- ∞ Proportion of spending on local suppliers
- ∞ Supplier Engagement Index
- ∞ Quality Performance
- ∞ Number of work-related fatalities
- ∞ Lost time incident rate
- ∞ Volume of Milk Purchased Locally
- ∞ Agricultural Raw Materials Responsibly Sourced

Sustainability Focus Area

- ∞ Better Sourcing

Ambition 2030

Top Quartile Scores on Suppliers' EESG Due Diligence & Engagement Index

100% Self Sufficiency Level for Fresh Domestic Milk

Stakeholders Who Care

SU

CB

Capitals Affected



Material Matters

RSC

HOW WE DEFINE CAPITALS

We recognise the importance of understanding the different forms of capitals that serve as inputs to deliver our business and people outcomes. In keeping with the principles of the <IR> Framework, we define the six capitals that are strategic and anchor our financial and non-financial value creation process.



Financial Strength

Funds that are available for use in the production of goods or the provision of services and investment in other capitals toward future growth. These are raised through business and operations, through debt, equity, and investments.



Resilient Infrastructure

Our physical infrastructure that allows seamless production of goods or the provision of services, including our factory, office building, equipment and infrastructure.



Strong Relationships

Our existing and potential relationships with critical stakeholders and the trust we share with them. These are multiple stakeholders that include employees, consumers, business partners, suppliers, regulators, policymakers, local communities and others with and for whom we drive our purpose of Nourishing Our Planet and People in Every Stage of Life.



Natural Capital

Our dependency on natural resources such as water, biodiversity, and ecosystem health to deliver our products while creating a symbiotic relationship between business and nature, preserving and conserving environmental integrity.



Talented People

Our more than 460 strong workforce in Malaysia and nearly 21,000 global talents from FrieslandCampina network, who form the backbone of our business, our performance as well as our potential to achieve and do more. With a performance-driven culture, anchored by values such as agility, accountability, and appreciation, our focus is to respect and grow our people's competencies, capabilities, experience as well as their motivation. Our aspiration is to be among the 'Best Places to Work' in Malaysia.



Intellectual Capital

Our continuous emphasis on research and development (R&D) and product formulations, supported by over 150 years of global dairy expertise from FrieslandCampina and credible systems, help us to future-proof our market position as well as assure our stakeholders of relevant and value creating solutions.

OUR VALUE CREATION BUSINESS MODEL

OUR CAPITALS ...

... ENABLE VALUE-ADDING

ACTIVITIES

INPUT



FINANCIAL STRENGTH

Strong balance sheet with invested capital and total asset value of RM1,073.7 million, equity of RM501.9 million and market capitalisation of RM1.9 billion



RESILIENT INFRASTRUCTURE

13-hectare of state-of-the-art, IR4.0-compliant manufacturing facility DLMi@Enstek



TALENTED PEOPLE

>460 workforce in Malaysia and >20,000 talent with FrieslandCampina Group in 29 Countries (branches)



STRONG RELATIONSHIPS

4.7 million* households annually and >500 local suppliers in Malaysia

**Kantar World Panel Malaysia – Household Panel, MAT 2023*



INTELLECTUAL CAPITAL

Bringing to market trademarked brands and winning recipes with high nutritional value and championing issues such as dairy development and Diversity & Inclusion (D&I) through established knowledge and skills transfer platforms



NATURAL CAPITAL

648,992 litres of water use and 53,023.93 MWh of energy use

**Production Facilities DLMi@PJ and DLMi@Enstek*

Material Matters

- NPR** Nutrition and Product Responsibility
- I&T** Innovation and Technology
- RSC** Responsible Supply Chain
- EW** Energy, Water, Waste and Emissions
- RC** Recovery and Circularity
- EE** Employee Experience
- D&I** Diversity and Inclusion
- WG** Wellbeing and Growth
- FC** Farmers and Communities
- SE** Social and Economic Continuity

EESG Risks Integrated into DLMi's Risk Management Framework

- ∞ Market and External
- ∞ Supply Chain and Procurement
- ∞ Product Technology and Innovation
- ∞ Financial
- ∞ Water, Waste and Emissions Management
- ∞ People Performance and Productivity
- ∞ Internal Policy
- ∞ Fraud and Anti-Bribery
- ∞ Regulatory and Legal



THAT CREATE . . .

. . . VALUE FOR OUR STAKEHOLDERS.

OUR STAKEHOLDER PROPOSITIONS

CUSTOMER VALUE PROPOSITION

Fulfil nutritional needs and expectations, contributing to a healthy and thriving society

EMPLOYEE VALUE PROPOSITION

Catalyse people growth, welfare and wellbeing through principles of diversity and inclusion

SUPPLIER VALUE PROPOSITION

Establish a symbolic relationship to support mutual aspirations and growth

INVESTOR VALUE PROPOSITION

Build a sustainable business with strong resilience, positive returns, and shared responsibility

SOCIETY VALUE PROPOSITION

Share knowledge, skills and solutions that will help farmers and communities lead thriving lives

ACCOUNTABILITY

OUR INTERNAL CONTROLS GOVERNANCE AND LEADERSHIP

- ∞ **Focus:** Review operational effectiveness and strategic relevance of internal controls and risk management mechanisms
- ∞ **Accountability:** Board of Directors, Management team
- ∞ **Controls:** Internal and external audits

KPIs AND SCORECARDS

- ∞ **Focus:** Ensure adequate measures to identify, monitor, measure, and report short to medium to long term business and people priorities and outcomes
- ∞ **Accountability:** Board of Directors, Managing Director, Management team
- ∞ **Controls:** Internal business reviews

CORE VALUES

- ∞ **Focus:** Promote our values where “we act with respect, we aim higher and we succeed together”
- ∞ **Accountability:** Functional teams
- ∞ **Controls:** Organisational health index and people engagement

KEY POLICIES

- ∞ **Focus:** Embrace COMPASS – our guide to operating in alignment with core values and business objectives, with integrity and for efficiencies beyond compliance
- ∞ **Accountability:** Functional teams
- ∞ **Controls:** Internal reviews and people engagement

IMPACT

OUR FOCUS AREAS 2024



Better Nutrition

Refer to pages 80-83 of this report



Better Sourcing

Refer to pages 84-85 of this report



Better Climate

Refer to pages 86-88 of this report



Better Packaging

Refer to pages 90-91 of this report



Better People

Refer to pages 92-99 of this report



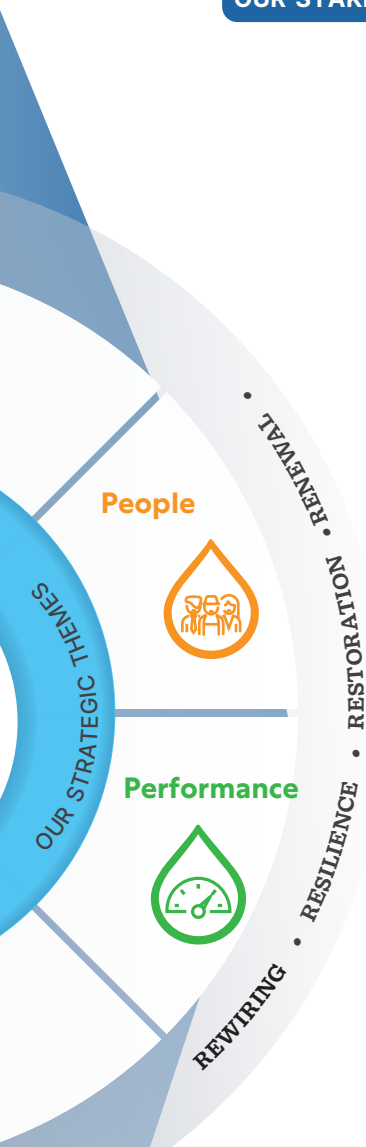
Better Society

Refer to pages 100-103 of this report



Better Governance

Refer to pages 104-108 of this report



OVERVIEW OF DLMI

Established in 1963, Dutch Lady Milk Industries Berhad (DLMI) is the subsidiary of FrieslandCampina, one of the world's largest dairy cooperatives. Together with member dairy farmers, FrieslandCampina manages the entire value chain: from grass to glass. DLMI is a multinational company with a strong local advantage, constantly evolving to strengthen our position as the leading dairy and nutrition company in Malaysia.

LOCAL LEADERSHIP

60 YEARS

of established credibility and consumer mindshare in Malaysia

>50 YEARS

of implementation of Halal Compliance System

RM1.4 billion
in revenue

#1

Leading dairy company in Malaysia by Market Value (Nielsen Retail Audit Dec 2024)

2024 Top Employer in Malaysia

Career Development category

KANTAR Brand Footprint 2024

∞ Most Chosen Brand in Dairy
∞ Top Rising Brand in Dairy
(Modern Trade: Growing-Up Milk segment)

4.7 million
Malaysian households

18.1 million
estimated annual consumers

OUR PURPOSE

Nourishing Our Planet and People in Every Stage of Life

As Malaysia's leading dairy company, we are committed to **Nourishing Our Nation** with trusted, sustainable and Halal dairy nutrition for now and generations to come. We continue to **support the national health agenda**, whilst striving to improve the nutritional status of Malaysians.



54.3 million

litres of fresh milk sourced from local farms from 2010-2024

93.1% consumer dairy products

packaging recyclable – all materials

228 million

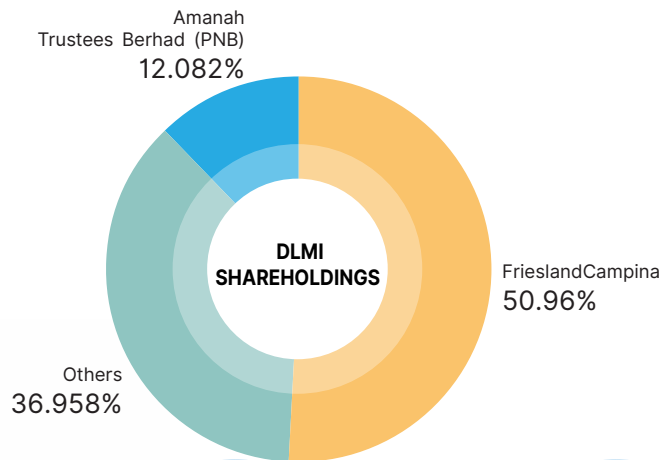
packs distributed under the School Milk Programme since 2011

Partnering with **>400**
Local Farms, **>500** Local
Suppliers and **7** vendor farms
in 2024

>460

(Full Time Employees Malaysia)

CORPORATE STRUCTURE AND DLMI SHAREHOLDINGS



100%

FrieslandCampina
International
Holding B.V.

100%

FrieslandCampina
DLMI Malaysia
Holding B.V.

50.96%

Dutch Lady Milk
Industries Berhad



OUR PRESENCE



Headquarters

**Dutch Lady Milk
Industries Berhad**
(196301000165/5063-V)
Level 5, Quill 9,
112 Jalan Prof. Khoo Kay Kim,
46300 Petaling Jaya,
Selangor Darul Ehsan.

Established in
1963



Factory

DLMI@Enstek
PT 1585,
Persiaran Teknologi 6,
Taman Teknologi 2,
@ Bandar Enstek,
71760 Nilai,
Negeri Sembilan Darul Khusus.

DLMI BRANDS IN MALAYSIA



Liquid milk
DLMI 42.1%

Formula & toddler nutrition
DLMI 24.9%

Market Value Share 2024 as per
Nielsen Retail Audit December 2024

PERFORMANCE HIGHLIGHTS



Better Nutrition

84.70%*

Consumer Dairy Volume Sold
in Compliance with Global
Nutritional Standards (GNS)*

83%*

Products with
Healthier Choice
Logo

* Malaysia Only | Total
Consumer Dairy

100%*

Halal
Certified
Products

* Total DLMI (MY, SG & Brunei) |
In Scope: CD, MIFT, Friso, & FCP



Better Sourcing

100%

Responsibly Sourced/
RSPO-Certified Palm Oil

100%

Responsibly
Sourced Cocoa

100%

FSC/PEFC Certified Paper
for all Product Packaging

RM479.9 million

in Annual Spends on Local Suppliers

90%

of top-spend suppliers completed
the EESG Due Diligence

54.3 million*

litres of milk sourced from
local farms

* 2010-2024



Better Climate*

1.63

Energy Intensity
(GJ/tonne)

0.197

Carbon Intensity
(tCO₂ emissions/
Tonne)

51,001.53 MW

Total energy consumption

Scope 1

6,139.0

emissions in tonnes of CO₂e

Scope 2

16,080.5

emissions in
tonnes of CO₂e

Scope 3

1,778.48

emissions in tonnes of CO₂e
(only business travel and commuting)

5.75

Water
Intensity
(m³/tonne)

648.992 ML

Total volume of water
used

ZERO

Waste to Landfill

* Boundary Defined: Double Operations: Production
Facilities DLMI@PJ and DLMI@Enstek



Better Packaging

Consumer Dairy Products

93.1%*

Packaging Recyclable
– All Materials

72.2%*

Packaging Recyclable
– Plastics

Specialised Nutrition Products

66.2%*

Packaging Recyclable
– All Materials

12.1%*

Packaging Recyclable
– Plastics

* Includes primary, secondary and tertiary packaging.

PERFORMANCE HIGHLIGHTS

**Better People**

75% of Board Positions and 50% of Executive Positions (Top Management) held by Women

74%
Score on Engagement Index vs 74 External Benchmark

30.78
Average training hours per employee

0.20
Lost Time Incidence Rate (LTIR)

74
Employee Growth Score vs 73 Glint External Benchmark

7.25%
Voluntary Attrition Rate vs 12.8% Mercer Industry Average

37 Days
Average time to fill (Closed Positions only) vs 90 days industry benchmark

ZERO
Number of work-related Fatalities

3% of employees that are contractors or temporary staff

219 employees trained on health and safety standards

**Better Society**

RM457,784.82
contributed to local communities, benefitting **37,644** children and B40 community members

4.7 million
students benefitted from distribution of

228 million
packs under School Milk Programme since 2011



* Based on global safety standards, our Lost Time Incident (LTI) indicator term is now called Total Recordable Frequency Rate (TRFR). This scope of this metric encompasses accidents, restricted work cases and incidents that require medical attention. Reporting is conducted only for direct employees and supervised contractors.



Better Governance

100% of Directors, **95%** of Senior Managers, **93%** of Managers/ Professionals, **97%** of Executives/ Para-Professionals and **100%** of Union members have completed training on Anti-Bribery and Corruption which took into consideration the provisions of the Malaysian Anti-Corruption Commission Act 2009

Operations assessed for corruption-related risks **every two years***

* Last assessment done in FY2023 and next one is due in FY2025.

ZERO confirmed incidents of corruption recorded for the year

ZERO substantiated complaints concerning breaches of customer privacy and losses of customer data recorded for the year

Integrated our plan to align with **National Sustainability Reporting Framework (NSRF)** as part of **'Better Governance' Roadmap**

Strengthened the Board Charter to include enhanced sustainability related obligations

Relaunched Compass programme and delivered Compass Workshops for senior managers

Updated DLMI Sustainability Policy and Sustainability Grievance Mechanisms



Financial Highlights 2024

Revenue

RM1,445.1 million

2023: RM1,442.8 million

Net Profit

RM96.6 million

2023: RM72.4 million

Operating Profit

RM131.4 million

2023: RM100.0 million

Market Value Share

27.5%

(NielsenIQ)

2023: 28.2%

AWARDS AND RECOGNITION



CORPORATE AWARDS

2014

- ∞ Awarded Company of the Year 2014 by The Edge Billion Ringgit Club

2020

- ∞ Awarded Anugerah Rakan Industri 2020 by Universiti Kebangsaan Malaysia

2023

- ∞ Won 2024 Graduates' Choice Award in the FMCG Category

- ∞ Recognised by the Malaysian Dutch Business Council MISA 2024 in the Best Flexible Work Arrangements Programme Category
- ∞ Became the first-ever dairy company to be certified as the Top Employer in Malaysia

2024

- ∞ Recognised as a Top Employer 2024 in the Career Development category

BRAND/PRODUCT AWARDS

2019:

- ∞ Won Gold in Putra Brand Awards
- ∞ Won The Loyalty & Engagement Award 2019 for Friso Gold
- ∞ Clinched Malaysia Media Award 2019
- ∞ Won Putra Brand Award 2019 (Gold)
- ∞ Won Marketing Excellence Award Malaysia 2019

2020:

- ∞ Won The APPIES Award 2020
- ∞ Won Silver in Putra Brand Awards

2021:

- ∞ Won Silver in Putra Brand Awards
- ∞ Awarded Motherhood Choice 2021- Best Premium Cow's Milk Formula
- ∞ Won The Asian Parent Award 2021- Best Growing Up Formula Stage 3 Friso

2022:

- ∞ Won Gold in Putra Brand Awards
- ∞ Won KANTAR Brand Footprint 2022: Brand of the Decade & No. 1 Most Chosen Brand in the Dairy Category

2023:

- ∞ Won as No. 1 Most Chosen Brand in the Dairy Category at KANTAR Brand Footprint 2024
- ∞ Won Gold award in the Beverage-Dairy Category at Putra Brand Awards 2024

2024:

- ∞ **KANTAR BrandZ**
Bagged the Best Creative for Meaningful Difference (Morning Campaign: 2nd Runner-Up) at Kantar BrandZ
- ∞ **KANTAR Brand Footprint 2024:**
Won the title of No. 1 Most Chosen Brand in Dairy and Top Rising Brand in Dairy at KANTAR Brand Footprint 2024
- ∞ **Putra Brand Award 2024:**
Secured the Silver award in the Beverage-Dairy Category at Putra Brand Awards 2024



“

2024 was truly a turning point and a year of transition for DLMI with our new Halal manufacturing facility DLMI@ Enstek fully operational. We focused on achieving consistent performance – both in terms of our product volumes and process & people efficiencies by embracing IR4.0 principles. While the cost of doing business significantly rose in FY2024, we remained cautiously optimistic, with our prudent fiscal management, Board oversight and consistent achievement of our KPIs. What lies ahead is our growing commitment to navigate through the emerging risks and leveraging opportunities to continue fulfilling our purpose of Nourishing Our Planet and People in Every Stage of Life.

”



**DATIN SERI SUNITA MEI-LIN
RAJAKUMAR**
Chairperson

CHAIRPERSON'S PERSPECTIVE

Dear Shareholders & Stakeholders,

At Dutch Lady Milk Industries Berhad (DLMI), we remain focused on Nourishing Our Nation by delivering products with high nutritional value, while continuing our efforts to produce nutrition in balance with the planet. This report gives an accurate and fair account of our key focus areas and progress made in the year ending 31 December 2024, supported with audited financial statements as well as non-financial indicators of performance.

CONSISTENTLY ROBUST MANAGEMENT PLANS

2024 witnessed aspects that were beyond our control – from global turmoil and disrupted supply chains due to global geopolitical tensions to intensifying effects of climate change on business and trade; from growing political divides and instability to market and foreign exchange volatility. Against these, the local policy and regulatory landscape continued to evolve, with new pressures and potential increase in cost of doing business in the long run. Consumer lifestyles and behaviour remained unpredictable, where choices are driven by factors such as health and affordability.

Against this backdrop, DLMI successfully completed its final year of transition, marking the significant shift from DLMI@PJ to DLMI@Enstek. This move is not only historically significant, reflecting our commitment to responsible growth and adapting to changing industry demands, but also strategically relevant for the future, positioning DLMI to thrive in a dynamic and evolving landscape. While we witnessed the move of our operations and the iconic pair of cow statues, named Daisy and Maya to DLMI@Enstek, we joined our loyal workforce and stakeholders in bidding farewell to DLMI@PJ, which in the words of the Member of Parliament for Petaling Jaya, Yang Berhormat Lee Chean Chung, have been a 'centrepiece of the community for more than six decades, symbolising economic opportunity, hard work, dedication, and resilience'.

CHAIRPERSON'S PERSPECTIVE

Despite this massive planned transition, DLMI worked to deliver performance that has been consistent with the previous year. I acknowledge that the steady and consistent performance in 2024 can be attributed to our preparedness to chart new growth responsibly while we accelerate our efforts and achieve full potential of DLMI@Enstek in the years to come.

The country's call to action on sustainability reinforces the need for businesses to accelerate integration of EESG principles in driving more responsible growth. At DLMI, we are dedicated to producing nutritious, healthy products while maintaining a balance with the planet. We are committed to enhancing the efficiency of our supply chain in the near to mid-term, and optimising our value chain over the long-term. This commitment is integral to our goal of achieving Net Climate Neutral dairy by 2050, as we work towards a sustainable future for both our business and the environment.

Besides our seven sustainability roadmaps, our role-based objectives and KPIs mapped to the top management are designed to deliver both economic performance and EESG agenda.

CONTINUED EMPHASIS ON GOOD GOVERNANCE AND BOARD LEADERSHIP

During the year, the Board carefully considered a wide range of risks and opportunities, including but not limited to: efforts to strengthen internal controls, emerging risks and corresponding mitigation actions, sustainability KPIs and DLMI's preparedness to meet evolving standards and disclosure requirements. Additionally, the Board focused on capability building, particularly for members to better understand sector-specific influences and performance drivers, as well as exploring new ways of working and improving financial management.

Overall, the Board Effectiveness scores remained high and reflect that the Board has foundational good practices in place, with the highest scores achieved in the areas relating to Board Discussions and Time Commitment. This outcome positively assures that the Board members have robust discussions with one another, have open communication with Management, and commits sufficient time to the Company.

The Board directs and oversees the business and affairs of the Company by periodically reviewing and approving its overall strategies. The Board also oversees the Company's core values and adopts proper standards to ensure that the Company operates with integrity and in compliance with relevant rules and regulations. The Directors are collectively responsible for steering long-term sustainable value for the Company's business. The Board holds fiduciary responsibility for the financial and organisational health of the Company. A pivotal responsibility of the Board is to ensure that it balances the interests of the Board and its various shareholders as well as stakeholders.

ALWAYS BALANCING SHAREHOLDER AND STAKEHOLDER VALUE

Balancing shareholders' expectations and stakeholders' interests is the new order of business and leadership. Such an approach delivers responsible and meaningful growth. To achieve this, continuous engagement is essential to understand stakeholders' expectations and develop responsive strategies that drive performance in key areas, creating shared value for all.

Shareholders: For FY2024, we saw a modest increase in revenue at 0.2% and RM1,445.1 million, an uptrend from RM1,442.8 million in 2023. DLMI also generated an adjusted operating profit of RM170.4 million (excluding accelerated depreciation and one-offs) reinforcing the strength of its business and management fundamentals. For the year ended 31 December 2024, a total of RM32 million was disbursed as standard interim dividends to shareholders, representing a 33.1% distribution of the Company's net profit attributable to shareholders.

Employees: DLMI's People and Culture team underwent a huge transformation with a long-term ambition to emerge as a leading, global HR function that brings excellent and high value services to business, enabled by digital and efficient processes. It makes me proud to share that in making this transition, our Malaysian talent assumed regional and global roles with FrieslandCampina, with enhanced KPIs for locally deployed talent. This reinforces the strength of our home-grown capabilities in steering cross-market strategies and solutions. For the second consecutive year, we were recognised as a Top Employer in Malaysia, with a top quartile score, which reinforces our continued focus to invest in people development and strengthen our resource capability to fuel new responsible growth.

Consumers: We understand the increasing cost of living, affecting consumer choices, their lifestyles and even dietary choices. In keeping with consumer priorities of health and affordability, our business strategies are geared towards improving nutritional value, accessibility and affordability of our products. This keeps our consumer loyalty intact year on year, with robust domestic demand. In 2024, once again, I am pleased that DLMI has been selected as the Most Chosen Brand as well as the Top Rising Brand in the Dairy Category (Kantar Brand Footprint 2024).

Suppliers: During the year, we moved to the next level of implementation with our suppliers on sustainability. For one, for all new suppliers, we assigned 20% weightage in the procurement criteria for EESG performance. We also organised an in-depth engagement session for our existing top-spend suppliers to orientate them on our current sustainability approach and strategies; as well as the areas where we would like to collaborate with suppliers to improve their understanding in EESG principles. We are committed to continue our conversations and positively secure support in shaping a sustainable value chain in the long-term.

Industry: We actively participate in purpose-led coalitions such as the Malaysian Recycling Alliance Berhad (MAREA), CEO Action Network (CAN), 30% Club and the Federation of the Malaysian Manufacturers among others. We endeavour to facilitate meaningful discussions, transfer knowledge and skills, drive insights and recommend policies and programmes for real impact. I am proud to share that our Managing Director assumed the Chair of MAREA in 2024, with a mission to catalyse the country's first Extended Producer Responsibility initiative, its institutionalisation as well as ambition to shape a circular economy. Meanwhile, we also laid the framework and foundation for the release of Malaysia's first DEI Implementation DL for CEO Action Network, which is essential to understand and implement DEI principles in localised and cultural context.

We are also actively engaged with leading industry associations, such as the Federation of Malaysian Manufacturers (FMM), the Malaysian International Chamber of Commerce and Industry (MICCI), and the Malaysian Dutch Business Council (MDBC). Through these platforms, we actively champion initiatives that promote better nutrition, sound regulatory practices and evidence-based policy formulation. Our advocacy extends to nutrition policy, food regulations, and policies such as the Healthier Choice Logo, sugar tax and regulations on responsible advertising to children – both of which are designed with strong, research-backed evidence to ensure they support not only public health outcome but also the long-term sustainability of businesses. By fostering collaboration with Malaysian regulators, we aim to strike a balance between compliance with necessary regulations and an environment conducive for business growth to uphold the credibility of the industry.

We support measures that stimulate innovation, productivity, and positive economic growth. Beyond just policy advocacy, we work closely with stakeholders to address technical and regulatory standards, operational challenges, continually striving to streamline processes that enhance the ease of doing business in Malaysia. Our active involvement with these organisations highlights our commitment to creating a dynamic, efficient, and sustainable business ecosystem – one where businesses thrive in harmony with responsible regulations.

Government: In “Nourishing Our Nation,” we actively support national endeavours to stimulate dairy development and broaden access to nutrition. In pursuit of this mission, DLMI forged a strategic partnership with the Ministry of Education to provide our nutritious milk products to primary schools across Selangor, Kuala Lumpur, and Putrajaya through the School Milk Programme. As part of the programme, DLMI implemented an innovative Corporate Social Responsibility (CSR) initiative in 2024 called the Program Murid Angkat Dutch Lady, offering targeted educational support to 20 underprivileged secondary students residing in Putrajaya preparing for Sijil Pelajaran Malaysia (SPM) examinations. This pioneering initiative marks a distinctive and exclusive contribution by DLMI, reinforcing our unwavering commitment to nourishing both

the minds and bodies of future generations. Additionally, through a Memorandum of Collaboration (MoC) with the Department of Veterinary Services (DVS), we address and advocate for sectoral issues while fostering the growth of farms, farmers, and other ecosystem stakeholders. The scope of MoC includes the exchanging and sharing of resources, facilities, data, knowledge, and skills to further mutual interest and agenda; and increasing knowledge and skills of local dairy farmers through a flagship programme. In 2024, through our collaboration with DVS, 120 farmers participated in specialised training covering topics such as animal welfare, dairy cattle feed management, raw milk hygiene and quality, and overall dairy farm sustainability.

2025 OUTLOOK AND ACKNOWLEDGEMENTS

The global uncertainty and volatile markets will continue to create challenges such as inflationary pressures, increased cost of business, and overall, less than optimal performance. However, positive domestic demand, stable exports, and growing investor confidence in local markets will create a favourable environment for planning and delivering growth. For DLMI, these trends would mean an optimistically cautious approach to planning and delivering our growth with the new manufacturing facility DLMI@Enstek. We will also hedge our risks where possible through internal efficiency improvement measures and timely interventions with business recovery and performance acceleration strategies.

As I conclude, I express my appreciation to the esteemed members of the Board for their insightful business expertise, which played a crucial role in steering us through the challenges of the year and achieving positive financial results. Through our collective efforts as a unified team, I am confident in DLMI's ability to progress and elevate performance in both, business and sustainability.

MANAGING DIRECTOR'S REPORT

A HISTORIC MILESTONE & MASSIVE TRANSITION TOWARDS RESPONSIBLE GROWTH

2024 was history in the making for Dutch Lady Milk Industries Berhad. One notable milestone was bidding farewell to our iconic DLMI@PJ manufacturing facility, established in 1966 to produce our first product, sweetened condensed milk. Over the years, we continued to innovate with evolving nutritional and consumer needs such as liquid milk and powdered children's formula. DLMI@PJ held great significance for many. For consumers, it was a trusted source of dairy for their families. For our employees, suppliers and customers, it was a hub of collaboration and growth. For passers-by, it stood as a distinct landmark in Petaling Jaya, featuring the iconic Daisy and Maya cow figurines and the Dutch windmill replica. Beyond these, DLMI@PJ's most enduring contribution was the realisation of our purpose: to build a healthier nation by Nourishing Our Planet and People in Every Stage of Life.

Secondly, the year marked our complete relocation to our 13-hectare DLMI@Enstek manufacturing facility, which is three times larger in land size and twice as large in capacity as our previous DLMI@PJ facility. This transition, a well-orchestrated plan over the past five years, culminated in 2024 with the critical milestone of moving to our Halal IR4.0-enabled production centre. This move will accelerate our strategy to scale operations and innovations, reinforcing our position as Malaysia's leading dairy brand.

Our transformation over six decades in Malaysia has been recognised by our many partners and stakeholders, who trusted us and supported us in our commitment to Nourishing Our Nation.



The Yang Di-Pertuan Besar of Negeri Sembilan, Tuanku Muhriz Tuanku Munawir (centre), was joined by (from left) FrieslandCampina Chief Executive Officer Jan Derck van Karnebeek, Dutch Lady Milk Industries Bhd (DLMI) Managing Director Ramjeet Kaur Virik, Senior State Executive Councillor YB Datuk Seri Jalaluddin bin Alias, and ambassador to the Kingdom of the Netherlands to Malaysia, H.E. Jacques Werner at the inauguration of DLMI@Enstek on 30 May, 2024. This symbolic date also marked the 61st Anniversary of DLMI's incorporation, originally known as Pacific Milk Industries (Malaya) Limited.



“

2024 was a historic milestone and a year of massive transition for DLMI as we fully moved to our new Halal manufacturing facility DLMI@ Enstek, with double the capacity and IR4.0 capabilities. The year signalled our strong commitment to Nourishing Our Nation with improved nutritional content, responsible business practices and meaningful growth, championed by our committed employees and supportive stakeholders. Despite the challenging operational environment and the planned transition, our focus on internal cost optimisation, fit-for-purpose organisation and governance, helped us deliver positive results in FY2024. As we move forward, we remain steadfast in our aspiration to produce healthy, Halal dairy nutrition in balance with the planet, continuing to drive our purpose of Nourishing Our Planet and People in Every Stage of Life.

”

RAMJEET KAUR VIRIK

Managing Director

MANAGING DIRECTOR'S REPORT

We are well-positioned to achieve our ambitions for 2030 and beyond, as we work to unlock the full potential of our new state-of-the-art, IR4.0-enabled manufacturing facility. DLMI@Enstek will play a crucial role in strengthening our commitment to: 1) Fostering long-term public-private partnerships to enhance Malaysia's dairy sector, particularly in raw milk production, and 2) Addressing the triple burden of malnutrition in Malaysia, especially among children under 12 years old. Our strategic investment in DLMI@Enstek exemplifies our dedication to driving profits with a purpose.

CHALLENGES THAT CONTINUE DUE TO EXTERNAL PRESSURES

We continued to experience volatility in both global and local markets, with fluctuating prices of dairy raw materials and foreign exchange rates. This has increased the cost of doing business in an already challenging operating environment, compounded by ever-evolving regulations and policies. Businesses locally and regionally continued to find opportunities to innovate their business models, strengthen governance, build resilience and future-proof people and product solutions.

At DLMI, our core strategy for managing external pressures is to prioritise prudence in managing our financial and resource investments. This approach ensures we achieve adequate cost savings, explore alternative revenue-boosting measures, and most importantly, maintain a motivated workforce.



Purpose

With our seven key focus areas and sustainability roadmaps, 2024 saw us focus much of our efforts on building our capabilities. Our differentiated approach integrates sustainability into every function of the business, reflecting our belief that sustainability is an essential part of our operations.

Throughout the year, we facilitated over 36 hours of engagement with the Board, Management, and Business Leadership Teams, covering topics such as Sustainability 101, Farm Sustainability, Sustainable Packaging, Sustainable Production, Inclusive Leadership, Unconscious Bias, Feedback Mechanisms and more. We also doubled our external engagements on sustainability and related topics to exchange best practices, foster new learning and accelerate progress on our roadmaps. Some of the key areas that were part of internal and external deliberations during the year included: Emerging standards such as IFRS S1 and S2, Approach to Scope 3 Inventory and Emissions Management, Diversity and Inclusion, Climate Risks and Opportunities as well as Scenario Building for Dairy Sector, From Climate Neutral to Net Zero, Extended Scope of Materiality Assessments, Internal Data Validations and External Assurance.

We continued to play a pivotal role in industry coalitions such as MAREA and CAN, where we demonstrated leadership in driving their respective agendas effectively. DLMI assumed the chair for MAREA and catalysed the launch of Malaysia's first DEI Guidelines in CAN. We will continue to actively participate and collaborate with our industry peers to shape future best practices and even policies to raise the bar on sustainability performance.

In line with our purpose of Nourishing Our Nation, DLMI has partnered with the Petaling Jaya Parliamentary Office to support a social enterprise project, the "Healthy Eating and Nutrition Programme for Children" (Program Pemakanan Sihat dan Nutrisi Kanak-Kanak). Supported by Allegra Technologies Sdn Bhd, the initiative aims to benefit 100 children aged one to six at PPR Block 5 and 6 in Desa Mentari Petaling Jaya by promoting healthy eating habits and supporting growth and nutrition. The programme will utilise artificial intelligence-powered vending machines to provide daily Dutch Lady milk, ensuring consistent access to essential nutrients and fostering better health outcomes. Initiatives like this reinforce our commitment to delivering accessible, affordable, safe, Halal and nutritious dairy to the nation.

For more information on how we are aligning our performance with our purpose, please refer to Sustainability Statement on pages 60-108 of this Integrated Annual Report.



People

2024 marked a significant transformation of our Human Resources function, essential for fostering collaboration across our diverse, agile and adaptive teams. The new HR Operating Model, effective from 1 April, 2024, is designed to enhance our processes and service delivery, transitioning to an integrated, digitalised, cross-border, and professionalised end-to-end model driven by business, regional and global expertise. Additionally, we have renamed the HR function to 'People and Culture' to better reflect the pivotal role HR plays at DLMI.

Amid this transition, we were assessed and rated in the Top Quartile of Top Employers in Malaysia – the original 2030 target that we achieved ahead in time. This recognition

is not an award, yet a validation of our best practices beyond just processes, controls and operations. We remain focused on driving continuous improvement in Wellbeing, Rewards, Recognition and the Employee Experience Journey.

Furthermore, in alignment with our global efforts, we introduced a renewed set of corporate values that define who we are and how we deliver on our purpose and performance. The continuous reinforcement of these values across all levels throughout the year helped strengthen individual roles and clarify our collective ambition.

Why we exist,
our purpose:

**Nourishing Our
Nation**

Who we are,
our values:



What we want to achieve,
our ambition:

**No 1 Nutrition Brand and a
Leading Dairy Company in
Malaysia**

What we deliver on our
purpose and ambition:

**DOING
DAIRY
RIGHT**

**&
Make Life Happen!**

For more information on how we are committed to people and people development, please refer to Better People section of our Sustainability Statement on pages 92-99 of this Integrated Annual Report.



Performance PRODUCTS & COMPETITION

Nutrition: The nutritional status of Malaysians is concerning, with shifting consumer preferences and lifestyles making it harder to achieve optimal nutrition through conscious dietary choices. In response, we activated a plan to strengthen our Nutrition Story both internally and externally. This reinforces the importance of a nutritious diet, with dairy as a nutrition-dense food, remaining central to our brand and consumer value propositions.



MANAGING DIRECTOR'S REPORT

During the year, we also engaged with disadvantaged and underserved communities to raise awareness on nutritional intake as well as to distribute Dutch Lady products for improved health.



We also initiated efforts to identify and collaborate with our value chain partners, including retailers and the government for undertaking joint nutrition programmes, targeting schools and the public in general. These initiatives are vital to educate Malaysians on how to read and interpret product labels, understand nutritional content and incorporate dairy into their daily diets.



Category: We maintain that category performance is key to driving our mission of Nourishing Our Nation, where the priority is to deliver nutritional content to Malaysians and contributing to shaping a healthy future. In terms of product performance, in 2024, we continued to lead the market both in terms of penetration, volume and revenue growth. The KANTAR Brand Footprint 2024 acknowledged Dutch Lady as the Most Chosen Brand #1 Dairy and Top Rising Brand #1 Dairy, which reinforces the trust placed in us by consumers, business partners and employees.





Performance FINANCIAL

Revenue: Despite a major transition, DLMI maintained strong performance, with revenue reaching RM1,445.1 million, marking a modest increase of 0.2% compared to the previous year. The performance can be attributed to continued trust of consumers and the sustained demand for our products. This consistent performance reinforces our strong fundamentals and more importantly, the brand equity among Malaysian households that we have earned over 60 years of dairy excellence.

Capital Spending: Overall, our capital expenditures recorded a significant investment in the new manufacturing facility and accompanying distribution centre. The total committed investment of RM600 million, including almost RM57 million for land acquisition, underscores DLMI's commitment to improved operational efficiencies, sustainability and responsible growth.

Our new manufacturing facility, DLMI@Enstek, became fully operational in 2024. As some assets had not yet been transferred, the company applied accelerated depreciation on these assets (until Q2 2024), consistent with previous years.

In addition, costs to facilitate the transition such as costs for double operations, product validation and qualification training of staff, temporary outsourcing costs and built up of stocks were incurred. The total costs of accelerated depreciation and one-offs in 2024 were RM39.0 million, which was significantly lower than in 2023.

Overall, our operating profit margins rose to 9.1% in 2024, compared to 6.9% in 2023, while adjusted operating margins (excluding accelerated depreciation and one-off costs) increased from 11.0% to 11.8%. Net profit margins improved from 5.0% to 6.7%, reflecting DLMI's commitment to consistent profitability.

For more information on how we are creating value for our shareholders, please refer to Financial Director's Analysis as well as Notes To The Financial Statements on pages 40-47 and 178-211 of this Integrated Annual Report.

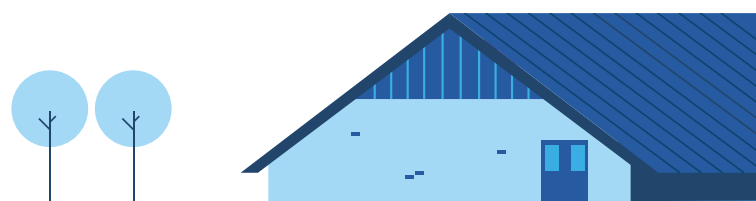


Potential

DLMI@Enstek is a reality, operating today with all production lines fully functional.

This new factory has double the capacity compared to our previous operations at DLMI@PJ, enabling us to unlock our growth potential with new products and formats. Besides the additional capacity, the new factory and its design further drives an improvement in our quality levels as well as efficiencies on the back of new equipment, new processes and IR4.0 technology. We are committed to utilising state-of-the-art IR4.0 technologies to efficiently manage plant operations and provide real-time data and insights to enhance factory efficiencies. We believe our planned technology interventions will deliver cost benefits and propel our sustainability targets, as we aspire to achieve a 30% reduction in carbon and water intensity by 2030 against our 2022 baseline.

The Company has also invested in an upgraded distributor management system which enables further insights and increased efficiency in our downstream value chain. In addition, we will continue to invest in R&D activities to constantly improve product formulations and meet both, the nutritional needs and expectations of our consumers and customers.



MANAGING DIRECTOR'S REPORT

Balancing Economic and EESG Performance

2024 marked the beginning of a new journey. With strong fundamentals, renewed energy and values, a clear focus on sustainability, and the support of committed partners and employees, we remain strong as a leading player in the market.

Our underlying commitment is to produce healthy nutrition in balance with the planet. During the year, we undertook a preliminary assessment of our key priorities as a business. A key finding was that almost 50% of our strategies focus on delivering clear social benefits. For example, DLMI's mainstream products focus on nutrition and affordability as key value propositions. Similarly, our channel strategies are also skewed towards accessibility and affordability. These directly help address the triple burden of malnutrition in the country.

We also assessed the role-based KPIs of our top management, where we established a similar balanced focus on economic performance and EESG agenda. We take pride in the fact that sustainability is integrated into our business, creating value for shareholders and stakeholders, including the

environment and community. For more details, please refer to pages 60-108 of this report.

Our priorities next year will be to:

- ∞ Continue to drive our purpose of Nourishing Our Nation and to turn around the alarming nutritional status of our Malaysian children through our nutritious Halal dairy products
- ∞ Accelerate production capacity at our new Halal manufacturing facility DLMI@Enstek and expand its scope of delivery even as a regional hub
- ∞ Improve operational efficiencies, cost optimisation and product stewardship to achieve higher revenue targets
- ∞ Chart-out medium to long-term plans to capture new opportunities and new markets by building our local sourcing potential
- ∞ Build capabilities and capacity for implementation of our sustainability roadmaps and improve governance for business integration

ACKNOWLEDGMENTS

I take this opportunity to specially extend our sincere appreciation to Tan Poh Lian, who assumed a new regional role after successfully fulfilling more than 8 years of strong leadership with Supply Chain and Procurement in Malaysia. Her contributions to DLMI have been significant and invaluable. I welcome Katina Nurani, our Company Secretary and Head of Legal to the Management Team, who will continue to provide her guidance in steering strategic conversations and new ideas for collaboration as well as mutual growth.

Last but not the least, I thank all our stakeholders including our employees and frontliners, our suppliers and partners, our consumers and customers, as well as members of the Board and Management for believing in our purpose as well as our potential to consistently deliver positive performance.

With over 60 years of dairy excellence in Malaysia, we must continue to drive our Purpose, especially with the alarming nutritional status of Malaysians, increasing volatility of external environment, and ever-changing consumer behaviour. We want to continue winning as we remain guided by our purpose, Nourishing Our Planet and People in Every Stage of Life. This means evolving as an organisation to become future-ready.

Hidupkan Semangat Ramadanmu dengan Dutch Lady

Lengkapkan Sahur
dengan Susu
Bernutrisi.

**EDISI
TERHAD**



FINANCE

DIRECTOR'S

ANALYSIS

ANALYSIS OF PERFORMANCE

The year 2024 was a truly remarkable year for Dutch Lady Milk Industries Berhad (DLMI) and in many ways a year of transition. The company said goodbye to our manufacturing facility in Petaling Jaya, which has been at the heart of our operations for more than 60 years. At the same time we inaugurated our new state-of-the-art IR4.0 facility in Bandar Enstek, which opens new horizons with an outlook of doubling our production capacity. Whereas the Malaysian economy showed positive growth figures, consumer spending patterns remained cautious. In addition the external factors remained unpredictable, with ongoing global geopolitical tensions, changes in policies and volatility in both raw material pricing and exchange rates.

Topline Revenue: Key Drivers, Challenges, & Measures

In 2024 DLMI's revenue showed a modest increase in at 0.2% to RM1,445.1 million from RM1442.8 million in 2023. Revenue performance remained strong in our core portfolio of liquid milk and IFT products as well as our professional range.

In the third quarter of 2024, the company successfully completed the planned transition from the Petaling Jaya factory to the new facility in Bandar Enstek. This planned transition temporarily affected the availability of products for sales to our customers. This had no impact on the availability of our core range of products for consumers in stores. As part of the transition DLMI also strategically discontinued the production and distribution of some of our non-core Dutch Lady range of products.

DLMI's strategic expansion is a pivotal move that not only facilitates DLMI's continued growth, but it also creates new opportunities to solidify our position as the leader in the Malaysian Dairy Industry with innovations aligned to changing consumer preferences, such as the Dutch Lady "Sip & Seal" packs which were launched in the second half of 2024. This and other product innovations added to the strong revenue performance in our core portfolio.

During the year, pricing strategies were carefully calibrated to balance two critical objectives, to maintain product affordability for consumers and to safeguard the company's underlying profit margins. Price adjustments were limited to a small portion of the portfolio. Additionally, we continued with our revenue growth management initiatives. I am happy to share that our market share remained robust, confirming DLMI's position as the leading dairy manufacturer in Malaysia.

“

The year of transition coincided with a challenging operating landscape, with geo-political tensions, fluctuating exchange rates, inflation and evolving regulations. Continuing focus on improving access to nutrition, prioritising our core business, prudent financial management and cost optimisation kept DLMI on track in its financial performance. Whilst we finalised our new IR4.0 enabled manufacturing facility DLMI@Enstek in 2024, we focused on strengthening the fundamentals, realising operational efficiencies and staying agile to effectively respond to various changes. Overall, we delivered a solid financial performance, with consistent profit growth versus previous years, and a promising plan for reinvestments towards meeting our 2030 ambition.

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KAI DE KLERK
Finance Director

FINANCE DIRECTOR'S ANALYSIS

Profits: Metrics, Margins and Strategic Investments

Gross profit margin improved significantly from 29.7% in 2023 to 33.8% in 2024, with absolute gross profit increasing 13.9% to RM487.9 million. Compared to 2023, dairy raw material cost softened somewhat favourably, impacting our gross profits, yet trended upwards during the year. Profit margin improvement is also attributable to revenue growth management initiatives implemented over the past years. These gains enabled us to reinvest in our core brands, Dutch Lady and Friso, with increased advertising and promotional spending to raise consumer awareness on importance of nutrition as well as to strengthen our brand equity.

Inflationary pressures on energy, labour and other raw materials continued. However the company has focused on reducing operational costs in its manufacturing and logistics operations as well as other overheads. The Malaysian Ringgit remained volatile, with record lows against the USD in the first half, subsequently improving performance in the second half of 2024. This volatility had some negative effects on profitability through revaluation of hedge instruments.

The transition to the manufacturing facility in Enstek was finalised successfully. As some assets were not transferred, the company applied accelerated depreciation on these assets (until Q2 2024) in line with previous years. In addition, costs to facilitate the transition such as costs for double operations, product validation and qualification training of staff, temporary outsourcing costs and built up of stocks were incurred. The total costs of accelerated depreciation and one-offs in 2024 were 39.0 million, which was significantly lower than in 2023 (RM59.1 million).

Overall, our operating profit margins rose to 9.1% in 2024, compared to 6.9% in 2023, while adjusted operating margins (excluding accelerated depreciation and one-off costs) increased from 11.0% to 11.8%. Net profit margins improved from 5.0% to 6.7%, reflecting DLMi's commitment to consistent profitability.

Cost Structure: Management and Optimisation

In 2024, DLMi's cost structure was influenced by several key factors. Dairy raw materials, a major cost component, saw mixed trends. While the pricing of skimmed milk powder (SMP) remained relatively stable compared to previous years' volatility, milk fat prices increased significantly due to higher demand and limited supply.

This was further compounded by the depreciation of the Malaysian Ringgit (MYR) against the US Dollar in the first half of the year, which intensified input cost pressures. Labour costs also rose, impacting both production expenses and general administrative overheads. Additionally, the increase in the Sales and Service Tax (SST) from 6% to 8%, along with the expanded scope of taxable services, contributed to elevated input costs.

To address these challenges, we implemented several cost optimisation and efficiency initiatives. The company followed through on the restructuring announced in 2023, aimed at creating a fit-for-purpose organisation and lowering the cost base over the long term. Operating costs were addressed through a dedicated project initiated to lower production and logistics expenses. These measures yielded positive outcomes in 2024. Operations of DLMi@Enstek are being further streamlined with the integration of state-of-the-art IR4.0 technology, and a continued focus on operational efficiency.

These concerted efforts, combined with disciplined financial management, have not only strengthened DLMi's operational resilience but also ensured that its products remain accessible and affordable to Malaysian households.

Foreign Exchange: Trends & Impact

The Malaysian Ringgit (MYR) experienced significant volatility against the USD in 2024, which posed challenges to the company's financial performance. The first half of the year saw the Ringgit depreciate from approximately 4.6 to a low of 4.8 against the USD. However, the third quarter brought a sharp reversal as US rate cuts and positive Malaysian economic momentum drove a 14% appreciation, with the MYR peaking near 4.1. By year-end, the Ringgit stabilised around 4.5 following geopolitical and economic developments, including the US presidential elections and shifting monetary policy expectations.

This volatility particularly impacted DLMi's Q3 and Q4 results. Mark-to-market effects of financial instruments used for hedging weighed on profitability in Q3 but were largely offset by robust hedge performance in Q4. On balance, the average MYR exchange rate in 2024 was slightly weaker than in the prior year, marginally dampening overall results. However, the long-term volatility of the MYR remains a structural challenge, necessitating a gradual recovery of the increased cost base through revenue growth management and continued efficiency improvements.

RM487.9
million
Gross profit
2023: RM428.4 million

ANALYSIS OF STATEMENT OF FINANCIAL POSITION

Balance Sheet and Working Capital: Planned & Strategic Investments

DLMI's asset base experienced significant growth in 2024, driven by strategic investments in its new manufacturing facility DLMI@Enstek. This state-of-the-art IR4.0-enabled facility, inaugurated in May 2024, enhanced production capacity and replaced the decommissioned DLMI@PJ. Consequently, property, plant and equipment (PPE) rose from RM503.2 million in 2023 to RM620.1 million in 2024, reflecting our long-term commitment to operational excellence. Additions in intangible assets underscore ongoing investments in technological upgrades to support the facility.

DLMI primarily financed its multi-year "Big Blue" project (commissioning of DLMI@Enstek) through internally generated cash. This was supplemented by an intercompany debt facility of USD35.0 million ensuring we have the necessary financial resources to complete the transition to the new manufacturing facility and the remaining construction of the Distribution Centre. In 2024, USD15.6 million (RM70.2 million) was drawn down on this facility, where the remaining balance is maintained for future cash requirements.

In 2024, we also commenced the construction of a new Distribution Centre (DC), adjacent to DLMI@Enstek, which is expected to be completed by the first half of 2025. This integration of production and distribution capabilities is expected to improve logistical efficiency significantly.

Overall, our capital expenditures in the new manufacturing facility and accompanying distribution centre underscore DLMI's commitment to improved operational efficiencies, sustainability and responsible growth.

Working capital management remained a focus area for DLMI. Inventory balances decreased by RM4.3 million, from RM241.1 million in 2023 to RM236.8 million in 2024, reflecting the stabilisation of stock levels following the facility transition. This reduction was driven by decreases in finished goods inventory, partially offset by an increase in raw material stocks. Trade and other receivables increased by RM28.3 million due to customer payment cycle timing. Trade and other payables increased from RM482.1 million in 2023 to RM488.2 million in 2024, reflecting higher procurement of raw materials, trade bonus accruals and extended payment terms on capital expenditures.

Cash and cash equivalents declined from RM66.2 million in 2023 to RM47.8 million in 2024, reflecting substantial investments in the new facility. This was partially offset by debt financing secured through the FrieslandCampina group.

In addition, the balance sheet shows a RM10.4 million increase in derivative financial assets. This position is a reflection of the forward contracts at lower than spot rates as the MYR depreciated against the USD in Q4 after a strong Q3 performance.

Provisions for restructuring costs decreased significantly from RM12.9 million to RM1.9 million, as we concluded severance payments related to the earlier announced closure of powder and other lines at the old manufacturing facility in Petaling Jaya and an organisational restructuring to lower overhead costs and implement a fit-for-purpose organisation.

▲ 7.1%
RM170.4
 million
Adjusted Operating Profit
 2023: RM159.1 million

▲ 31.4%
RM131.4
 million
Operating Profit
 2023: RM100.0 million

FINANCE DIRECTOR'S ANALYSIS

Cash Flow: Effective Revenue Management Initiatives

Operating cash flow remained robust at RM84.8 million, reflecting DLMI's profitable performance. Cash invested toward the new manufacturing facility at Bandar Enstek amounted to RM132.4 million, marking a reduction from RM202.3 million in 2023 as construction nears completion. Some final payments related to the construction of the manufacturing facility will become due in 2025, and the company will continue investments to finish construction of the new distribution centre.

Debt financing of RM73.5 million supported the year's cash flow requirements. Net of dividends paid, cash generated from financing activities was RM28.9 million compared to a cash outflow of RM44.6 million in 2023.

The company's cash balance reduced by RM18.4 million, a smaller reduction than the RM38.8 million decrease in the previous year, leaving a year-end cash balance of RM47.8 million.

Shareholder Equity: Consistent Value and Returns

Shareholder equity remained stable, with retained earnings contributing to positive growth. No share buybacks, issuances or other equity-impacting activities occurred during the reporting period.

Consistent with previous years, the company paid dividends of RM32.0 million in 2024. This represents 33.1% of the company's net profit of RM96.6 million attributable to shareholders, with the remaining RM64.6 million retained and added to shareholder equity. The total dividend distributed comprised two standard interim payments of RM0.25 per share each. Return on equity improved significantly from 16.6% to 19.3% upon better operating results. Basic earnings per share recorded a substantial increase, climbing from 113.1 Sen in 2023 to 151.0 Sen in 2024. This surge of 33.5% underscores the company's strong commitment to delivering value to its shareholders.



33.1% of the company's net profit of RM96.6 million attributable to shareholders, with the remaining RM64.6 million retained and added to shareholder equity.



ANALYSIS OF KEY TRENDS & OUTLOOK

External Headwinds: Potential Increase in Cost of Doing Business

As we move into 2025, we remain positive on our growth plan, especially with DLMI@Enstek accelerating to achieve its full potential in the next two years. The regulatory landscape is fast evolving, creating new pressures and novel challenges. Some of these include:

- ∞ The increased cost of energy in the coming years as the subsidies continue to drop. Additionally, with the possible introduction of Carbon Tax on energy industry towards 2026, we may see a further increase in the prices of energy in Malaysia.
- ∞ Tax changes may impact costs to businesses. For instance, we may see a possible expansion of the scope and definition of services that were affected by an increase of Sales and Service tax in 2024 from 6% to 8%.
- ∞ The increase in excise duty rate for sugary drinks starting January 1, 2025 by 40 cents per litre, which in the immediate term is not expected to impact DLMI.
- ∞ The raise in minimum wage from 1,500 ringgit per month to 1,700 ringgit per month, effective from 1 February 2025, as well as mandatory EPF contributions for foreign labour may directly or indirectly impact our costs either from higher costs of labour or from higher costs of products and services procured by the company.
- ∞ The possible introduction of global minimum tax (GMT) on multinational companies might also have implications on the overall investment climate.
- ∞ The emerging sustainability reporting standards and requirements continue to impose new costs associated with capability building, systems and processes.

Amid these real or potential transition risks, DLMI will continuously assess the policy and regulatory landscape and specifically, their cost impacts on our business and stakeholders. In response, we will align our operations with the emerging standards and requirements, managing cost implications. We will also focus on cost optimisation and competitiveness, for which we have designed a fit-for-purpose organisation and have a global programme in place to realise savings in our operations and supply chains network.

Meanwhile, we are also monitoring the determinants of an imminent shift in governance of dairy sector, where we are constantly seeking opportunities to engage with the Government and policy makers to participate in shaping future regulations that address critical aspects such as food safety and food security.

Internal Strategies: Responsible Growth Management

On the business side, in 2024, we operationalised DLMI@Enstek that strengthens our commitment to Nourishing Our Nation for generations to come, especially with deployment of state-of-the-art IR4.0 technologies and processes. In 2025, we will continue this journey, with new opportunities boosted by innovations, responsible practices, and our future-ready workforce. Additionally, the construction of our Distribution Centre next to DLMI@Enstek is well underway and expected to finalise in the first half of 2025. This will further build our capacity and capability to potentially host a regional hub for supply of healthy and nutritious dairy.

However, in realising new opportunities, we need to keep a watch on the geopolitical tensions that affect the prices of raw materials, keeping the market highly volatile. In 2025, lower supply of dairy is expected to cause another upward trend in the costs of these commodities, potentially impacting the cost base of the company. At the same time, the MYR remains volatile amidst uncertainties on the global as well as domestic front.

While working to achieve our full potential, we are cautiously optimistic on the ever changing consumer needs, expectations and behaviour. Public perceptions about health, safety, environmentally friendly products, and affordability are constantly shifting, influencing consumer choices. This will continue to call for a steady investment in our brands and offerings to bring convenience and cost-effectiveness, while maintaining their high nutritional value. Our strategy will be to monitor consumer sentiments as well as industry trends and focus on core products that will help increase penetration, achieve volumes and deliver moderate growth in our topline. We will also need to adjust short-term approaches where necessary to ensure access to nutrition, optimise costs across the board to deliver affordability and ultimately, drive performance and preserve value for our shareholders and stakeholders.

In Conclusion: Continued Focus on Nourishing Our Nation

While the operating environment presents challenges, including economic uncertainty and input cost pressures, we remain committed to our growth trajectory towards 2030. By following through on our strategy, DLMI is well-positioned in 2025 to realise our potential and maintain our mission of Nourishing Our Nation. Looking ahead, DLMI is optimistic about unlocking new opportunities, driving innovation and solidifying its market leadership to achieve more milestones in the coming years.

315 Basis Point

33.8%
Gross Profit Margin

2023: 29.7%

250 Basis Point

11.8%
Adjusted Operating
Profit Margin

2023: 11.0%

272 Basis Point

9.1%
Operating Profit
Margin

2023: 6.9%

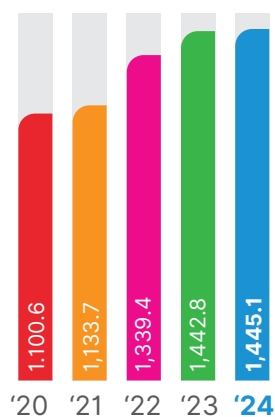
156 Basis Point

6.7%
Net Profit Margin

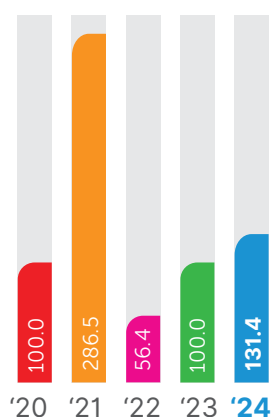
2023: 5.0%

5-YEAR FINANCIAL SUMMARY

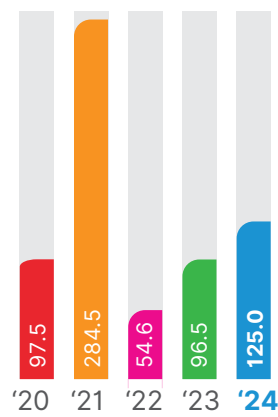
Revenue
(RM 'million)



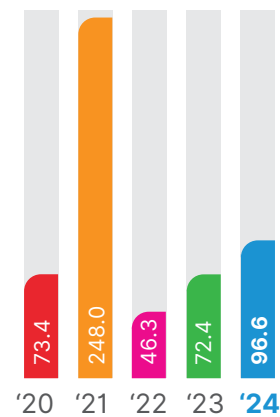
Operating profit
(RM 'million)



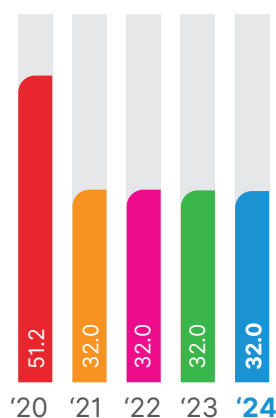
Profit before tax
(RM 'million)



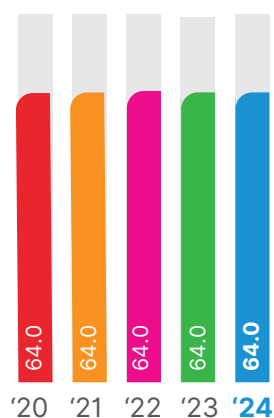
Net profit for the year
(RM 'million)



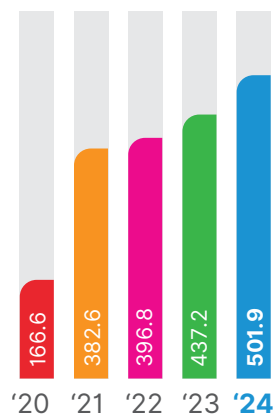
Net dividend paid
(RM 'million)



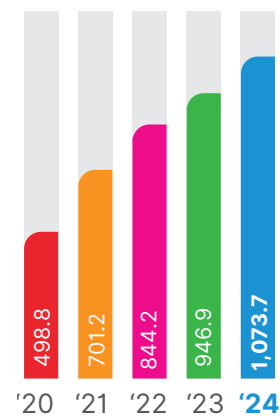
Paid-up share capital
(RM 'million)



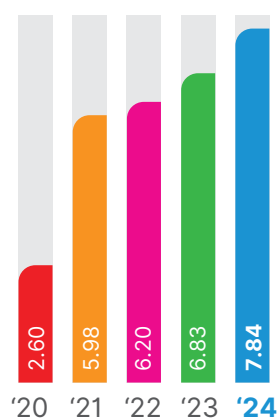
Shareholders fund
(RM 'million)



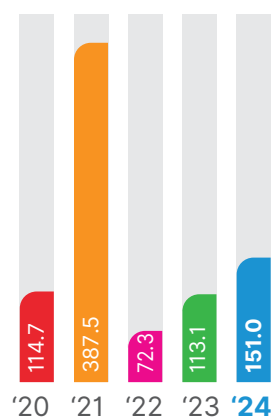
Total assets
(RM 'million)



**Net asset backing
per share (RM)**



**Earnings per share
(sen)**



VALUE ADDED STATEMENT AND VALUE DISTRIBUTED

VALUE ADDED STATEMENT

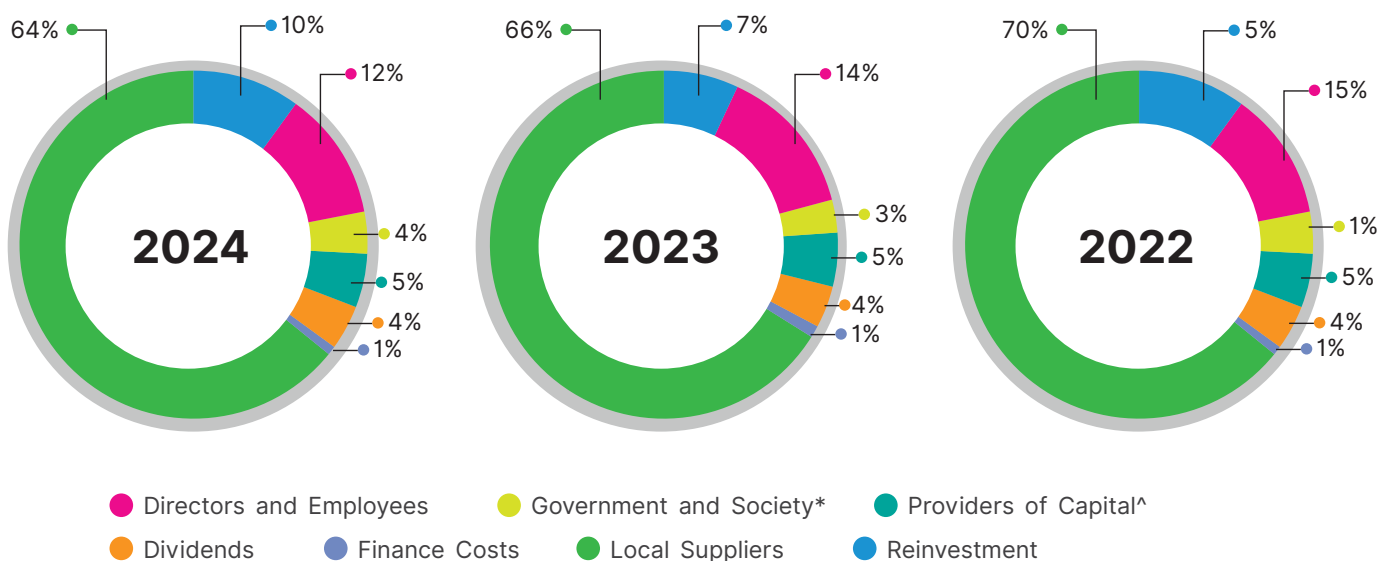
In RM Million	FY2024	FY2023	FY2022
Revenue*	1,445	1,443	1,339
Operating expenses excluding directors and employee expenses, depreciation & amortisation, spends on local suppliers and societal contributions*	(683)	(712)	(614)
Other operating income, other gains and losses and finance income	(2)	12	9
Total	760	743	734

VALUE DISTRIBUTED

In RM Million	FY2024	FY2023	FY2022
Directors and employees	99	106	114
Government and society*	30	26	10
Providers of capital^	39	37	36
Dividends	32	32	32
Finance costs	7	5	4
Local suppliers	509	518	539
Reinvestment	82	58	35
Total	760	743	734

^ Restated the numbers for FY2023

* Income Tax and CSR Contributions



ECONOMIC LANDSCAPE AND OUTLOOK

The year 2024 marked a transformative period for Dutch Lady Milk Industries Berhad (DLMIL), defined by a dynamic interplay of global challenges and domestic opportunities. Amidst geopolitical tensions and economic fluctuations, DLMIL demonstrated agility and foresight in navigating the evolving landscape. Shifting consumer behaviours, an increasing emphasis on health and sustainability, and a robust domestic economy presented avenues for growth and innovation. These factors underscored DLMIL's resilience and commitment to meeting the demand for high-quality, nutritious and affordable dairy products while aligning with broader sustainability goals – all of which serve as a foundation for strategic advancement in an ever-competitive market.

GLOBAL ECONOMIC CONDITIONS

In 2024, the global economy experienced moderate growth, reflecting uneven performance across regions. Advanced economies such as the United States and the European Union maintained stable expansion, supported by resilient consumer spending and moderate inflation. In contrast, emerging markets faced challenges from currency fluctuations, inflationary pressures and tighter financial conditions, driven by ongoing geopolitical tensions and supply chain disruptions.

The International Monetary Fund (IMF) reported that the global fight against high inflation is 'almost won,' with notable reductions in inflation rates observed recently. According to the IMF, worldwide inflation decreased from 6.7% in 2023 to 5.8% in 2024. In wealthy countries, inflation dropped from 4.6% in 2023 to 2.6% in 2024, aligning closer to central bank targets. Economic growth showed resilience, as both the United States and Europe experienced continued expansion despite earlier high borrowing costs.

Meanwhile, as geopolitical tensions escalated, the brand boycotts emerged as a notable consequence of conflicts and alliances. These boycotts, driven by public sentiment and political affiliations, disrupted consumer markets and impacted multinational corporations, including regions such as Malaysia.

DLMIL remained vigilant and continuously monitored the global trends and shifts, including the changing consumer perceptions, preferences, and behaviour. We planned and introduced interventions in the form of robust risk management strategies, stakeholder engagement, and product innovations, where possible. Besides, in recognising the uneven recovery across regions and the persistent pressures of inflation and currency volatility, we implemented consistent cost-management practices and leveraged our management strategies to mitigate financial risks.

We remained resilient to any kind of potential supply chain disruptions and ensuring a steady flow of raw materials. Simultaneously, we capitalised on the growing demand for functional and health-focused dairy products, particularly in emerging markets within Asia, by introducing fortified and affordable offerings tailored to meet diverse nutritional needs of Malaysians and their preferences. These measures not only safeguarded DLMIL's operational efficiency but also reinforced our market position amidst fluctuating economic conditions.

Global Dairy Industry Insights

The dairy industry globally entered a recovery phase in 2024. Major dairy-exporting regions, including Oceania, Europe and North America, saw milk supply growth stabilise after several years of disruptions caused by the COVID-19 pandemic and climate-related challenges. Demand for dairy products increased, particularly in Asia, where urbanisation and a growing middle class fuelled higher consumption of milk and milk-based products.

Rabobank reported that global milk production showed positive growth in the second half of 2024, with Oceania experiencing its largest seasonal peak in over a decade.¹ Trade volumes also improved, stabilising at 85 million tonnes.² This indicated robust demand in key markets such as China, India and Southeast Asia.



¹ <https://www.rabobank.com/knowledge/q011332988-global-dairy-quarterly-q4-2024-a-period-of-prosperity>

² <https://openknowledge.fao.org/items/3be6263e-6d0b-42ee-bce4-97663f2cd905>

MALAYSIAN ECONOMIC LANDSCAPE

The Malaysian economy remained resilient, driven by domestic consumption and a strong export sector. Malaysia's economy expanded by 5.3% year-on-year in the third quarter of 2024, supported by government initiatives to attract foreign investment and enhance industrial productivity. The economy benefitted from stable inflation, maintained at around 1.8%, and an accommodative monetary policy stance by Bank Negara Malaysia.

Key sectors such as manufacturing, agriculture and services demonstrated robust performance, while challenges such as a depreciating ringgit and rising costs of imports were mitigated through targeted fiscal policies. The government's emphasis on sustainability and green growth aligned with global trends, creating opportunities in renewable energy, eco-tourism and sustainable agriculture.

The Malaysian Dairy Industry in 2024

Malaysia's dairy industry continued to grow, reflecting rising demand for nutritious and value-added dairy products. The government's support for domestic dairy farming through initiatives such as the National Dairy Industry Development Plan aimed to reduce reliance on imports and achieve greater self-sufficiency in milk production.

Malaysian consumers increasingly prioritised health and wellness, driving a significant rise in demand for fortified milk and other dairy products enriched with vitamins, minerals and probiotics. This trend was reflective of a broader shift toward functional foods that support immunity and overall wellbeing.

Sustainability emerged as a critical focus for dairy companies, with many adopting practices to reduce carbon emissions and enhance supply chain transparency. Initiatives such as eco-friendly packaging, energy-efficient production processes and partnerships with local dairy farmers underscored the industry's commitment to environmental stewardship. These measures not only aligned with global sustainability goals but also resonated with eco-conscious consumers in Malaysia.

Innovation also played a pivotal role in shaping the industry, as companies introduced a range of functional and alternative products to cater to diverse dietary preferences. Collectively, these trends positioned the Malaysian dairy industry as a forward-thinking sector, poised for continued growth and resilience in a competitive global market.

Impact on DLMI

The evolving Malaysian dairy industry in 2024 presented DLMI with both opportunities and challenges that shaped our strategic direction. The growing consumer focus on health and wellness spurred us to innovate by offering functional dairy products enriched with probiotics, prebiotics, vitamins and minerals to cater to health-conscious demographics as well as to meet the nutritional needs of Malaysians.

Additionally, with the growing emphasis on sustainability, we remain committed to our interim goals of adopting biodegradable and recyclable packaging, while enhancing energy efficiency in our production processes. This approach resonates strongly with eco-conscious consumers.

In response to increased competition from local producers and imports, we have focused on continuously improving our operational efficiencies, expanding our capacity, and strengthening our brand proposition. This is complemented by targeted marketing strategies and strategic retailer collaborations to enhance our positioning in the market.



ECONOMIC LANDSCAPE AND OUTLOOK



FOREIGN EXCHANGE TRENDS

Fluctuations in foreign exchange rates during 2024 created a complex financial environment for DLMI, influencing its cost structures and pricing strategies. The dynamic currency market, shaped by global economic shifts and geopolitical developments, required us to adopt agile financial practices. By closely monitoring exchange rate trends and implementing effective mitigation strategies, we sought to stabilise operations while maintaining our competitive edge in the dairy industry.

During the year, Malaysian ringgit (MYR) exhibited notable fluctuations against major currencies, influenced by both domestic economic conditions and global financial trends.

The U.S. dollar appreciated by 4.0% over the four quarters through June 2024, influenced by various factors including inflation developments and monetary policy expectations.³ This appreciation had implications for global trade and emerging markets, affecting currency valuations and economic stability.⁴

The global foreign exchange market demonstrated significant growth, driven by advancements in technology, increasing international trade and the impact of major geopolitical events. The forex market, valued at approximately \$791.2 billion in 2023, is projected to reach \$1.4 trillion by 2030, reflecting a compound annual growth rate (CAGR) of 8.7% over the forecast period.⁵ This expansion is largely attributed to the rise of online forex trading platforms and digital currencies, which have enhanced accessibility and participation in forex trading.

Geopolitical dynamics played a pivotal role in shaping currency markets during the year. Events such as the ongoing Russia-Ukraine conflict and heightened tensions in the Middle East created uncertainties that affected global economic conditions, influencing growth rates, inflation trends, financial market stability and supply chain resilience.

³ <https://home.treasury.gov/system/files/136/November-2024-FX-Report.pdf>
⁴ <https://www.reuters.com/markets/currencies/intervention-halt-dollar-merely-gives-it-legs-mike-dolan-2024-12-20/>
⁵ <https://www.globenewswire.com/news-release/2024/10/30/2971915/28124/en/Foreign-Exchange-Strategic-Business-Report-2024-Global-Market-to-Reach-1-4-Trillion-by-2030-Driven-by-Rising-Popularity-of-Online-Forex-Trading-Platforms.html#:~:text=The%20global%20market%20for%20Foreign,you%20make%20informed%20business%20decisions.>

Additionally, shifts in trade policies from leading economies like the United States and China further contributed to currency volatility, impacting exchange rates and altering international trade dynamics. These factors combined to underscore the complex interplay between market growth and geopolitical risks in the global foreign exchange landscape.

Impact on DLMI

Fluctuations in exchange rates, driven by geopolitical tensions, have significantly impacted DLMI. These fluctuations have increased the cost of importing raw materials, leading to higher production expenses and narrower profit margins.

To mitigate the risks associated with foreign exchange volatility, we have implemented hedging strategies and diversified its supplier base. These measures aim to stabilise costs and ensure consistent product pricing while also maintaining affordability factor, helping the company maintain financial resilience in a challenging economic environment.⁶

SUPPLY CHAIN RESILIENCE

In 2024, global supply chains continued to face vulnerabilities, with disruptions arising from geopolitical tensions, climate-related events and lingering effects of the COVID-19 pandemic. These challenges compelled organisations to prioritise risk management and resilience strategies.

According to a McKinsey survey, only a small percentage of supply chain executives believe their boards have a comprehensive understanding of supply chain risks, highlighting a significant gap in awareness and the need for more robust risk assessment frameworks at the boardroom level. The same survey revealed that 77% of companies faced at least one major supply chain disruption in the past year, underscoring the prevalence of risks and the urgency for action.⁷

Governments also recognised the critical role of resilient supply chains in maintaining economic stability and national security. The U.S. government, for instance, established the White House Council on Supply Chain Resilience, aiming to bolster supply chain infrastructure and mitigate

risks associated with global trade dependencies.⁸ This initiative emphasised economic prosperity and security while indirectly influencing global trade dynamics, particularly in emerging markets. The strengthening of supply chains in major economies contributed to shifts in currency valuations, impacting global economic stability and growth patterns.

Organisations have also responded by diversifying supplier bases, investing in digital tools for real-time risk monitoring, and reshoring or near-shoring critical operations. The adoption of advanced technologies like artificial intelligence (AI) and blockchain for supply chain visibility has increased, with forecasts suggesting the global supply chain analytics market will grow at a compound annual growth rate (CAGR) of 17.1% during the forecast period (2024-2032) to reach \$33.45 billion by 2032.⁹

These strategies aim to reduce dependency on single suppliers or regions and to improve overall supply chain flexibility and resilience, preparing businesses to navigate an increasingly complex global environment.

Impact on DLMI

To strengthen our supply chain resilience, we are continuously looking at diversifying our supplier network, reducing over reliance on specific regions. We are also working to increase sourcing of fresh milk locally, reinforcing our commitment to supporting the domestic dairy industry and ensuring a stable supply chain. Towards this, over the years, we have been consistent in building on the success of our Dairy Development Programme (DDP) and increase our collaboration with local dairy farmers, providing them with training, resources and technology to enhance milk yield and quality.

⁶ https://www.dutchlady.com.my/wp-content/uploads/2024/04/DLMI-Annual-Report-2023_23-Apr24-1.pdf

⁷ <https://www.mckinsey.com/capabilities/operations/our-insights/supply-chain-risk-survey>

⁸ <https://www.whitehouse.gov/briefing-room/statements-releases/2024/06/14/executive-order-on-white-house-council-on-supply-chain-resilience/>

⁹ <https://www.fortunebusinessinsights.com/supply-chain-analytics-market-108632>

ECONOMIC LANDSCAPE AND OUTLOOK

KEY MARKET TRENDS

Consumer Dairy Preferences



Consumer preferences in 2024 reflected a growing demand for functional and specialised dairy products. Nutrition-rich and nutrition-balanced dairy items, immunity-supporting ingredients, with wellness benefits gained substantial traction.

In response, we strengthened our portfolio with fortified dairy products designed for health-conscious consumers, while enhancing our value proposition through larger pack sizes and convenient reclosable on-the-go packs called Dutch Lady Sip & Seal Packs to cater to evolving lifestyle needs.

Regulatory Landscape



While no major regulatory overhauls were highlighted for 2024, the dairy industry continued to navigate stringent food safety, labelling and environmental standards. We maintained our compliance with local and international regulations by investing in quality assurance systems and sustainable practices.

We enhanced transparency in product labelling, including clear nutritional information, to align with consumer expectations and regulatory mandates. Moreover, DLMI's commitment to sustainable business practices will continue to strengthen our proposition for conscious and discerning consumers.

Packaging Innovations



Sustainable packaging remained a focal point for the dairy industry in 2024 as consumers increasingly demanded environmentally friendly products. We took proactive steps to address this trend by adopting recyclable packaging materials across our product lines.

These innovations not only contribute to shaping a circular value chain but also resonated well with eco-conscious consumers, strengthening brand loyalty. By incorporating digital QR codes on packaging, we also enhanced customer engagement to encourage appropriate post-consumption behaviour especially to prepare used packages for recycling.

Self-Sufficiency in Milk Production by 2030



Malaysia's national objective to achieve 100% self-sufficiency in fresh milk production by 2030 has been a driving force for the local dairy industry. By 2024, the self-sufficiency level (SSL) reached 62%, reflecting significant progress toward this goal.¹⁰

DLMI played a pivotal role in this advancement through its Dairy Development Programme (DDP), which supports local dairy farmers with training, technology and resources to boost milk production.

We are dedicated to achieving this ambitious goal by making significant investments in critical areas. A key focus is our Farmer2Farmer initiative, which emphasises the adoption of sustainable farming practices. By supporting our farming partners in implementing environmentally friendly and resource-efficient methods, we strive to improve the sustainability of our milk production while aligning with both national and global sustainability goals.

Overall Impact on DLMI



The convergence of these market trends is well addressed as DLMI continues to adopt a forward-looking approach, balancing innovation with sustainability. By aligning its product offerings with consumer preferences, enhancing regulatory compliance, embracing sustainable packaging and supporting Malaysia's self-sufficiency goals, DLMI solidified its position as a market leader.

These efforts translated into increased consumer trust, expanded market share and improved resilience in a competitive and evolving industry landscape. Looking ahead, we remain well-positioned to leverage these trends for sustained growth and value creation.

¹⁰ <https://thesun.my/malaysia-news/malaysia-confident-of-achieving-50-beef-self-sufficiency-by-2030-mohamad-GC12450521>

OUTLOOK

The outlook for 2025 presents DLMI with significant opportunities to reinforce its market leadership while navigating external challenges. We plan to expand our product portfolio to address the growing consumer demand for functional and specialised dairy products. Nutrition will remain central to our offerings, catering to health-conscious and diverse consumer segments, helping them fight the growing concerns of malnutrition.

Sustainability will continue to be a cornerstone of DLMI's strategy in 2025. We will deepen our commitment to responsible practices through the adoption of renewable energy in our manufacturing processes and the expansion of our sustainable packaging initiatives. Our goal to achieve a higher percentage of recyclable packaging materials will be critical in meeting consumer expectations and aligning with global environmental standards. We also aim to further reduce our carbon footprint, with a focus on energy efficiency and water conservation at our production facilities.

We will play an instrumental role in advancing Malaysia's goal of achieving 100% self-sufficiency in fresh milk production by 2030. Building on the success of our Dairy Development Programme (DDP), we plan to increase our collaboration with local dairy farmers, providing them with training, resources and technology to enhance milk yield and quality. In short, we remain committed to supporting the domestic dairy industry and ensuring a stable supply chain.

To maintain efficiency and resilience in our operations, we will continue to invest in cutting-edge technologies. These will help us to streamline operations, reduce costs and respond more effectively to market dynamics. Additionally, automation through IR4.0 technology deployment in production processes is expected to further improve efficiency and product consistency.

We anticipate potential challenges in the form of economic uncertainties and evolving regulatory requirements. To mitigate these risks, we will maintain robust compliance frameworks and engage with policymakers to stay ahead of regulatory changes. Our focus on cost management and operational efficiency will also help offset potential pressures from inflation, forex volatility and global supply chain disruptions.

In the coming year, DLMI will continue to prioritise consumer engagement through digital platforms and innovative marketing strategies. We plan to leverage data-driven insights to personalise customer experiences and foster brand loyalty. Moreover, we aim to explore new market opportunities, particularly in regional export markets to drive revenue growth and enhance our global presence.

We are optimistic about achieving steady revenue growth in 2025, driven by strategic investments in innovation, sustainability and market expansion. We remain committed to delivering long-term value to our shareholders by maintaining financial discipline and pursuing initiatives that align with our strategic objectives.



KEY RISKS AND MITIGATION ACTION

At Dutch Lady Milk Industries Berhad (DLMI), our efforts are focussed on integrating enterprise risk management practices throughout our operating entity to accelerate growth and enhance performance. We work towards timely identification, ranking, and effective mitigation of risks that could impact not just our local operations in Malaysia but also the position and strategic objectives of our parent company, FrieslandCampina (FC). In doing so, we aspire to embed risk management in both mindset and behaviour, strengthen risk management capabilities and methods, and continuously improve risk mitigation. In the process, we unlock expertise/synergies to support (local) business and build resilience by keeping things simple and achieving the needed speed, focus, and pragmatism. The table below shares our overall approach to monitoring and managing enterprise-level risks that were most relevant in 2024.

	Internal Risks	Mitigation
	<p>Sourcing:</p> <p>Scarcity or price fluctuation of (non-dairy) raw materials, key ingredients, utilities, transportation and spare parts, threatening our ability to produce and deliver products at competitive prices on an ongoing basis or threatening our financial results. This includes scarcity caused by external threats to critical suppliers such as natural disasters, fire, explosion and terrorism.</p> <p>Operational disruption due to a dependency on a small/concentrated supply base with limited back up (own sites, systems, utilities, suppliers, etc.), causing inefficiencies, lack of speed, shortage of key raw materials, quality and/or increased cost levels.</p>	<p>A comprehensive supplier risk management system is in place, incorporating sustainability criteria and ethical standards into supplier selection and evaluations. Strategic partnerships are fostered with diverse and geographically dispersed suppliers to enhance supply chain resilience and reduce dependency on specific regions. Continuous monitoring and data analytics are applied to proactively identify and address potential disruptions, ensuring compliance with evolving regulations and sustainability goals.</p>
	<p>Competitors:</p> <p>Competitors or new entrants to the market, including those from adjacent categories (including non-dairy) being more agile delivering better value (speed to market, customised, nutritional plus pricing) propositions to our customers.</p>	<p>Our efforts are focused on capitalising on opportunities, with a clear focus on dedicated R&D efforts and forming strategic collaborations to stay innovative and responsive to changing consumer preferences. New product market combinations will further help balance our business portfolio.</p>

Internal Risks

Mitigation

Financial Risk

**Economic Situation:**

Deteriorating economic conditions (e.g. economic slowdown in emerging markets, recessions) **threatening purchasing power of consumers, business health of retailers/B2B counterparts.**

Exchange rate volatility is managed through proactive currency risk management strategies including hedging where necessary, allowing us to strike a favourable balance between input costs and product pricing.

Furthermore, our operational recovery plan effectively helps mitigate the rise in input costs, ensuring sustained resilience.

Strategic Risk

**Milk Supply:**

Negative impact on business results due to **milk price volatility or unpredictable quantities of milk delivered: Oversupply - not matched or substantiated by clear market demand** (e.g. excess milk supply resulting in sharp price fall or large investments in processing capacity not delivering adequate return on invested capital). Undersupply – existing factories running under capacity/asset base too large.

We closely monitor and regularly update various milk supply scenarios and their effects, using expert studies. By proactively adapting to new requirements, integrating local suppliers and building up a local supply base, we ensure the Supply Chain network utilisation is or can be adjusted in line with these developments.

Compliance Risk

**EESG Reporting:**

The **evolving regulatory landscape and emerging disclosure requirements** and stakeholder expectations present a heightened risk of noncompliance with EESG regulations or agreements. This risk includes the potential for inaccurate or incomplete reporting, which could lead to reputational damage, liabilities, penalties, sanctions, and obstacles to future business growth or financial losses for the organisation.

The implementation of a clear roadmap, along with a materiality exercise, facilitates effective identification of key priorities within the organisation. Additionally, a robust governance structure is in place, alongside capability building exercise to realign and reinforce the importance of EESG for both the organisation and its stakeholders.

OUR PRODUCTS AND WINNING BRANDS

2024 was a year of transition. We not only moved to our new manufacturing facility DLMI@Enstek, but accelerated our efforts in preparing for future growth responsibly. To strengthen our foundation and continue to win with our products in the years to come, our focus in 2024 was on core offerings that bring real value to consumers, both in terms of nutrition and affordability. We also took a strategic decision to discontinue a whole range of products – mainly sterilised milk and yogurt. Instead, we laid more emphasis on local fresh milk and introduced new formats like the new Dutch Lady on-the-go 300ml Sip & Seal Packs for the convenience of consumers. Similarly, we also promoted our fortified products with high and balanced nutritional value through relevant occasions and festive seasons.

Additionally, we have intensified our efforts in lifestyle education through campaigns like 'Make Breakfast Happen. Make Life Happen,' which continue to raise awareness about the importance of balancing modern diets with nutrition-rich dairy. These initiatives also address the alarming issues of malnutrition and stunting in Malaysia.

Overall, in 2024, our approaches and initiatives reinforced our commitment to 1) Nourishing Our Nation by fulfilling the nutritional needs of Malaysians 2) Designing for recycling by gradually eliminating plastic in packaging and making all packaging recyclable 3) Catalysing local sourcing and the fresh milk supply chain.



**Make
Breakfast Happen,
Make
Life Happen**

2024 PERFORMANCE IN PERSPECTIVE

Despite the challenges of market uncertainty and price movements in 2024, exasperated by the turmoil in the global markets due to the geo-political tensions, we continued to fulfil our mission of Nourishing Our Nation. Our efforts were focused on bringing value through tailored nutrition to cater across consumer lifestyles and life stages in innovative formats and/or flavours. We targeted our communication to encourage milk nutrition and consumption to raise awareness, drive responsible product choices, and address the issues of malnutrition in Malaysia.

Through our efforts and focus, we maintained our sales value (+0.1%) despite discontinuing sterilised milk and yogurt business in H2 2024. We maintained our leadership in the dairy market in Malaysia at 27.5% value share, and continue to be the No. 1 most chosen dairy brand in Malaysia, nourishing 4.7 million Malaysian households annually.

In 2024, DLM's dedicated Foodservice business, operating under FrieslandCampina Professional (FCP) Business Group, achieved impressive results despite facing significant challenges. The geopolitical conflicts and social tensions had an impact on our Quick Service Restaurant (QSR) volumes. Nevertheless, our unwavering commitment to the purpose of "nourishing the heroes of food" drove our success.

FCP is dedicated to providing an unparalleled experience to professional operators, with a strong focus on collaborating closely with chefs and baristas. This collaboration aims to deliver high-quality, convenient-to-use dairy products that inspire creativity and keep pace with the latest market trends. By maintaining this dedication, we enable professionals to concentrate on serving the finest food and beverages to their customers.



OUR PRODUCTS & WINNING BRANDS

PRODUCT HIGHLIGHTS:

Dutch Lady Milk Industries Berhad (DLMI) strengthened its leadership position in the total infant and toddler nutrition (IFT) segment with 24.9% value share with both **Dutch Lady** and **Friso Gold**. Despite a declining category value of -0.9% vs. last year due to lower birthrate, Dutch Lady IFT sales value remained flat, while nourishing +1.2% more children in 2024. This is due to the multiple consumer activities both on-air and on-ground when Dutch Lady launched its 'Sepenuh Nutrisi, Sepenuh Potensi' campaign to encourage parents to care for nutrition for their children's progression in life. Additionally, Dutch Lady IFT introduced extra-large packs to provide greater value to consumer: Formulated milk powder for children, 1.8KG for Dutch Lady 123 and 456, and 1.2KG for Dutch Baby 0-12.

We continued our focus on **Dutch Lady MaxGro** to support the optimal growth of Malaysian children in our efforts to minimise the stunting issue faced in Malaysia. With our strong communication on the need for milk consumption as part of a balanced diet, and in promoting the benefits of milk nutrition, we continue to be a much-loved dairy brand by Malaysians – winning the Silver Award at the Putra Brand Awards 2024.

Friso Gold also increased its share to 16.4% (+0.9pp) within the declining premium IFT segment, through the new 'Give them the Guts to Explore' Campaign. This new campaign aims to strengthen our equity in gut protection focusing on Novas Signature Milk which contains small molecules & soft structure, addition of 2'-FL, and quality checked milk produced by our farms in the Netherlands to enable 'Good Digestion for Stronger Inside'. This year, we increased our activities in-store and on-ground with our Nutri Advisors and multiple expos/brand activations, integrated across mediums and channels to drive awareness and engagement of Friso Gold's upgraded formula and new campaign.

Dutch Lady maintained our leadership position within the liquid milk segment with a 42.1% value share with continuous UHT value growth at +3.3%, despite sterilised milk discontinuation in H2 2024 and increased competition. This growth is contributed by our focus on hero focused assortment within the right channels, coupled with impactful consumer-centric campaigns such as our Ramadan and Morning Campaigns.

Dutch Lady Professional and Debic brands experienced remarkable volume growth. This success can be largely attributed to our strategic emphasis on expanding market penetration, particularly among Bakery and Coffee & Tea operators. By concentrating our efforts on securing large key accounts and enhancing numeric coverage through our route-to-market partners, we have significantly widened our reach.



Moreover, our commitment to innovation and addressing the evolving needs of our customers led to the introduction of two new products: **Debic Cream Cheese** and **Debic Duo Whip**. These additions to our bakery portfolio not only diversify our offerings but also strengthen our position as the preferred dairy partner in the industry. This strategy helped mitigate some of the challenges posed by geopolitical conflicts on our QSR business.

Through strategic planning, innovation, and collaboration, we have navigated these challenges and continue to thrive, reinforcing our dedication to delivering excellence to our professional partners.

SUSTAINABILITY FOCUS:

FCP is leading the way amongst global B2B organisations with its sustainability commitment on making a positive impact on the planet and people. In alignment with our global ambition, FCP aims for net climate neutrality by 2050, with significant milestones along the way, such as reducing greenhouse gas emissions by over a third by 2030 and also being dedicated to achieving 100% circular packaging and ensuring that 95% of packaging is recyclable or reusable.

The Debic branded portfolio that FCP markets in Malaysia features a unique PET bottle design, made from 30% recycled PET and without a metal seal under the lid, resulting in a monolayer PET with better recyclability than conventional packaging formats.

FCP also collaborates on sustainability initiatives with some large global key accounts. For instance, our partnership with Mondelēz International focuses on reducing greenhouse gas emissions from milk supplied by FrieslandCampina's member dairy farmers by 14% by 2025 compared to 2019. This collaboration not only supports environmental goals but also promotes sustainable practices across the supply chain.

FCP's sustainability efforts were also acknowledged by McDonalds with the '2024 Global Sustainability Impact Award' at their annual suppliers' convention in Barcelona last year. This award recognised FCP for developing a successful and scalable programme that drives reduction of greenhouse gas emissions by incentivising dairy farmers to implement sustainability interventions on their farms.



FCP remains committed to leading the way in sustainable dairy solutions by demonstrating our unwavering commitment to a better future for all.



SUSTAINABILITY STATEMENT

ABOUT SUSTAINABILITY REPORT

Sustainability @ Dutch Lady Milk Industries Berhad ("DLMI") is about balancing between what's planet-critical and what's mission-critical for business and our stakeholders. Our Sustainability Report 2024 ("SR2024") shares more about this balancing act, our strive for continuous improvement, some of the challenges we face, and most importantly, how we are committed to fulfilling our purpose of Nourishing Our Planet and People in Every Stage of Life. The report clearly communicates our approach to addressing the material matters and our progress.



Our attempt this year has been to include both achievements and challenges while keeping the narratives concise and evidence-based. Considering clear interactions between business and sustainability KPIs, this report is best understood in the context of our Leadership Statements and information in the earlier section of this Integrated Report (pages 28-43).

Reporting Scope: Boundary and Principles

The reporting period of SR2024 is from 1 January 2024 to 31 December 2024 ("FY2024"), unless otherwise stated. We have included a dedicated section on Performance Record with 3-year historical data for most disclosures to highlight important trends and DLMI's year-on-year progress.

The scope of SR2024 includes business operations and manufacturing activities of DLMI as specified. Unless otherwise mentioned, SR2024 excludes all outsourced activities and/or operations of our parent company and its operating companies elsewhere in Asia and beyond.

DLMI's boundaries are defined based on the established materiality topics as well as sound reporting principles that preserve report content and quality. Data for SR2024 has been sourced, verified and validated internally by the respective data owners from the relevant business departments.

We are aware of certain data collection challenges persisting for some indicators, and we are continuously working internally to implement stronger data tracking and gathering mechanisms for enhanced reporting going forward. Where possible, we have applied the reporting principles of balance, comparability, clarity, completeness, reliability and accuracy. Our previous report was published in April 2024.

Reporting Standards: Compliance and Alignment

The SR2024 has taken into consideration various frameworks and guidelines in documenting DLMI's ambition and progress:

- ∞ Bursa Malaysia's Main Market Listing Requirements on Sustainability Reporting (Refer to pages 110-113 for the Index)
- ∞ FrieslandCampina's Reporting Guidelines
- ∞ The National Sustainability Reporting Framework
- ∞ United Nations Sustainability Development Goals ("UN SDGs")

Please note that the structure and format of this report has been planned to support:

- ∞ Our 3-year journey (starting in 2022) to improve our quality of reporting and enhance our level of compliance with the <IR> Framework.
- ∞ Our 4-year journey (starting in 2023) to achieve alignment with the recommendations and reporting requirements of TaskForce on Climate-Related Financial Disclosures ("TCFD") and IFRS S1 and S2.

- ∞ Our immediate focus on the National Sustainability Reporting Framework ("NSRF"), with phased implementation in the first year based on the reliefs provided by NSRF, and full compliance by the reporting period FY2027. The NSRF is premised on IFRS S1 and S2 requirements, which also embeds key aspects of TCFD.

Reporting Reliability: Internal Review & External Audit

Our Internal Audit department has conducted a review of our disclosures in SR2024 against Bursa Malaysia's common sustainability matters. Further to this, our external auditor, PwC, has assured the financial data presented in our Integrated Report 2024. PwC did not carry out assurance activities for SR2024. However, our Management Team and respective data owners have internally reviewed all non-financial data presented. By the next financial year, we plan to progressively move towards external assurance of our non-financial data in line with the requirements of the NSRF.

Restatements: Evolving Sustainability Approaches

Since the last reporting period for FY2023, the material matters remain unchanged (Refer to pages 09-12 of this report). Our seven focus areas or the roadmaps and their corresponding 2030 targets also remain unchanged except of Better People Roadmap Pillar (Refer to pages 92-99 of this report).

In 2024, we revisited our ambition for 'Better People' Roadmap, in alignment with our global HR transformation efforts as well as more refined priorities. Our 2030 ambition is now 'To shape a People-Positive and Fit-for-Purpose Workplace', which will be achieved by enabling our people to grow and perform; fostering a fit and empowering workplace, and creating a great employee experience. These are supported by eleven strategic HR key performance indicators (KPIs) and seven 2030 headline targets.

Feedback: Commitment to Continuous Improvement

SR2024 can be downloaded from our official website at <https://www.dutchlady.com.my/investors/>.

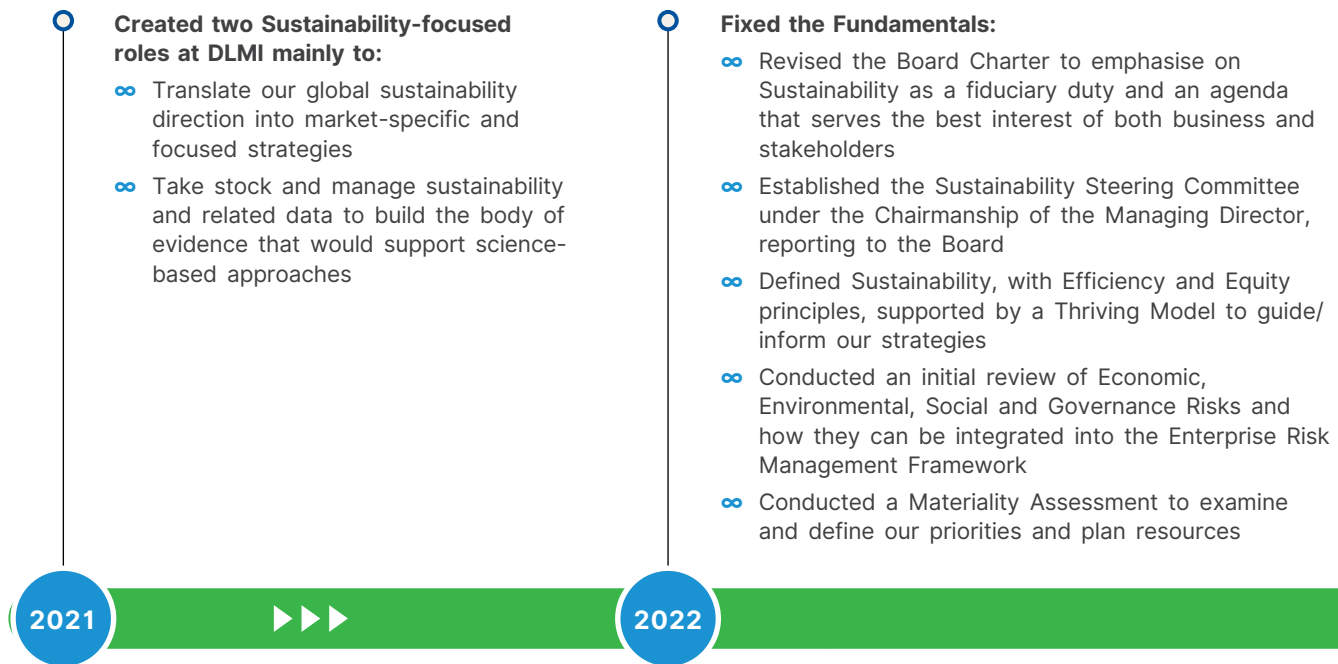
We value the input of our stakeholders and strive to address any concerns raised pertaining to our reporting. Kindly address feedback to our Investor Relations team at finance.dept@frieslandcampina.com. In addition, our sustainability team may be contacted at sustainabilityMY@frieslandcampina.com.

Ramjeet Kaur Virik

Chairperson, Sustainability Steering Committee

SUSTAINABILITY STATEMENT

OUR SUSTAINABILITY JOURNEY



HIGHLIGHTS 2024

Secured a **4-star rating on FTSE4GOOD**, which is above sector and industry average.

Recognised in the **Top Quartile of Top Employers in Malaysia**, with above benchmark performance in areas such as people strategy, wellbeing, purpose and values, ethics and integrity, DEI and sustainability.

Set the foundation and framework to support CAN's release of **Malaysia's first guidance on Diversity, Equity and Inclusion**.



Devised our Sustainability Roadmaps & Targets:

- ∞ Initiated Phase I of GHG/Carbon Inventory, mainly to understand the spread of emissions and impacts along the value chain
- ∞ Developed our first Sustainability Policy, anchored in No Harm principle, Materiality and Shared Value Creation
- ∞ Developed sustainability roadmaps for all mission-critical functions of the business – MAKE, Marketing, Sales, Human Resources, Procurement, Corporate Affairs, Finance, and Legal
- ∞ Secured approval from the Board of Directors on seven sustainability roadmaps – Better Nutrition, Better Packaging, Better Climate, Better Sourcing, Better People, Better Society and Better Governance
- ∞ Published our interim 2030 targets for each of the seven roadmaps

2023



2024

Strengthened our Implementation Approach:

- ∞ Updated the Board Charter to amend and strengthen the sustainability-related obligations of Board Members
- ∞ Assessed and mapped Sustainability KPIs to Top Management's Performance Scorecard
- ∞ Aligned material matters with FrieslandCampina's as well as set the plan to refresh material matters in 2025
- ∞ Revised the 2030 Ambition and strengthened the KPIs for Better People post the Global HR Reorganisation and Transformation exercise
- ∞ Accelerated capability building at critical levels to include Board of Directors, Management Team, and Business Leadership Team, with a targeted plan for 2025
- ∞ Kickstarted the process to strengthen sustainability data management and verification processes in preparation for external assurance
- ∞ Intensified our engagement with the industry as well as with coalitions such as the Malaysian Recycling Association (MAREA) and CEO Action Network (CAN), mainly to facilitate exchange of knowledge, skills and best practices



SUSTAINABILITY STATEMENT

SUSTAINABILITY AS INTEGRAL TO BUSINESS: BALANCING PROFITS AND POSITIVE IMPACT

RAMJEET KAUR VIRIK, CHAIRPERSON, SUSTAINABILITY STEERING COMMITTEE

Dear Stakeholders,

The science is undeniable. Climate predictions are a reality today. We are witnessing the escalating impacts of human-induced global heating. The risks of a system collapse are getting more real. The stranglehold of ‘unlimited’ economic growth seems more about the “harm” rather than “progress”. The global red-alert calls for urgent shared ambition and shared accountability to protect everything that is planet-critical. This is the reality.

As leaders and entrepreneurs, we exist in a different reality, where the significance of purpose-driven businesses is even more compelling. In an uncertain future, enterprises that address social issues or demonstrate environmental consciousness will undoubtedly be more resilient and relevant. Tomorrow’s organisations are those that will manage everything that is mission-critical to shape sustainable businesses, where profits are earned with responsibility towards people and the planet.

At DLMI, we recognise the climate emergency. We understand the non-negotiable need to act with urgency. We acknowledge the call for ambitious and agile goal setting. In the same breath, we also understand our critical role as a purpose-led organisation. We have a proven track record of over six decades in Nourishing our Nation. We are expected to remain steadfast in our mission to address the nutritional needs of the Rakyat of Malaysia. The balancing act for us is therefore to produce such nutrition in balance with nature.

In 2024, we made some calculated decisions on sustainability. These meant, increased focus on high-impact areas first i.e. Energy, Water and Waste Management. We examined both benefits and implications of solutions such as solar for alternative energy and recycling of waste packaging. In the process, we realised that while urgent climate action is required, we operate amid numerous systemic constraints and challenges, including evolving regulatory and policy frameworks. These did not dissuade us from planning our mitigation action plan for 2024 and beyond, but they certainly limited our options for viable and realistic solutions at scale and with impact.

For instance, we recognised the challenge of mapping our full Scope 3 value chain partners and suppliers. It still seems like a herculean task. However, our GHG assessment and inventory indicate that 75% of our impacts come from Scope 3. While we are committed to complete the due diligence that’s necessary to establish the scale and

complexity of the problem as well as the potential solutions, in 2024, we completed the initial stock taking exercise. We identified our top 80% spend suppliers and conducted basic due diligence. Based on the self-disclosures and unaudited findings while 68% of our top-spend suppliers have subscribed to EESG and Management Standards, only 58% of the suppliers have a formal policy on sustainability/ CSR and 55% of them publish a sustainability or CSR impact report. There is a lot we need to achieve with our supply chain partners. With this intent, during the year, we engaged these suppliers on our approach to sustainability as well as raise awareness on their role and support in managing both environmental and social impacts. In the coming years, our aim is to get a full picture of our impacts from global sourcing and how we can shape our future ESG interventions with support from our critical suppliers.

Meanwhile, our collaboration with MAREA took a new lease of life as I assumed the Chairmanship to continue our efforts to institutionalise the value of Extended Producer Responsibility. Dialogue with key actors in the waste value chain, including the Ministry of Housing and Local Government (KPKT) remained our priority to help shape future governance, systems, policies, and the operating environment that is critical for effective waste collection and management in the country. Its founding members successfully completed six pilot waste collection projects that realised total volume of 1,228.7MT as at 31 August 2024. The objectives of these pilots are to establish and recommend the best pricing models and waste collection mechanism that would work for both the industry and Malaysia.



Similarly, we remain active with the CEO Action Network (CAN), which remains an evolving coalition of leaders with a purpose and committed to support business and industry on their sustainability journey. In 2024, we were more active with the Diversity, Equity and Inclusion (DEI) workstream. We continued to share our experience and efforts in 'Managing Unconscious Bias', 'Promoting Women in Leadership and Women in Manufacturing' and most importantly, 'Driving Inclusive Leadership for Organisational Culture and Development'. As at 31 December 2024, which marked three years since we joined CAN, we achieved most of the collective commitments to include disclosure of material risks and opportunities, public targets on energy and water intensity, and positive progress on female composition in top management. Please find more details on page 79 of this statement.

During the year, fundamentally, we also needed to build our internal capability and understanding of sustainability in the context of our purpose and mission. We engaged with Board members, Management Team, and business leads to derive and drive insights that would strengthen our approaches towards long-term value creation - for both business and stakeholders, as well as the environment.

At the Board level, one of the key areas discussed was Dairy Farm Sustainability, as we are strategising our efforts beyond the Farmer2Farmer programme, which has been successfully delivered over the past 12 years, raising positive awareness of sustainable farming practices among more than 653 farmers. Capability building will remain a key focus as the market and regulatory landscape continues to mature, especially related to ESG and Sustainability expectations, practices and standards. During the year, we collaborated with DVS through a signed memorandum to train 120 farmers on topics such as Dairy Farm Sustainability; Raw Milk Hygiene & Quality; Dairy Cattle Feed Management; and Animal Welfare Practices.

Moving forward, our focus will be to accelerate deployment of solutions that will move us closer to our interim targets 2030. In 2024, we revisited our ambition for 'Better People' Roadmap, in alignment with our global HR transformation efforts as well as more refined priorities. Our 2030 ambition is now 'To shape a People-Positive and Fit-for-Purpose Workplace', which will be achieved by enabling our people to grow and perform; fostering a fit and empowering workplace, and creating a great employee experience. These are supported by eleven strategic HR key performance indicators (KPIs) and seven 2030 interim targets. Please refer to pages 68-69 of this statement for more details.

We also took the opportunity to deep dive into all our sustainability related performance indicators, mapped to various roadmaps. Our assessment suggests that on an average, 56% of our KPIs directly catalyse economic performance of the company, whereas an average 44% of KPIs can be attributed to environmental, social, and governance (ESG) material issues, which again contribute to people wellbeing, their motivation and financial performance. This reinforces our unique approach to sustainability, where it is fully integrated as a performance measure into mission-critical functions of business. Please refer to pages 68-69 of this statement for more details.

I would like to take this opportunity to assure our minority shareholders and large groups of stakeholders that sustainability is business and business is sustainability at DLMI. Our purpose of Nourishing Our Planet and People in Every Stage of Life reflects a deeper commitment to social wellbeing, delivered in balance with nature. We are resolute in Nourishing Our Nation, while also upholding our responsibility to the planet. We will do everything in our capacity and capability to create positive impacts in the ecosystem of our business and wider society.





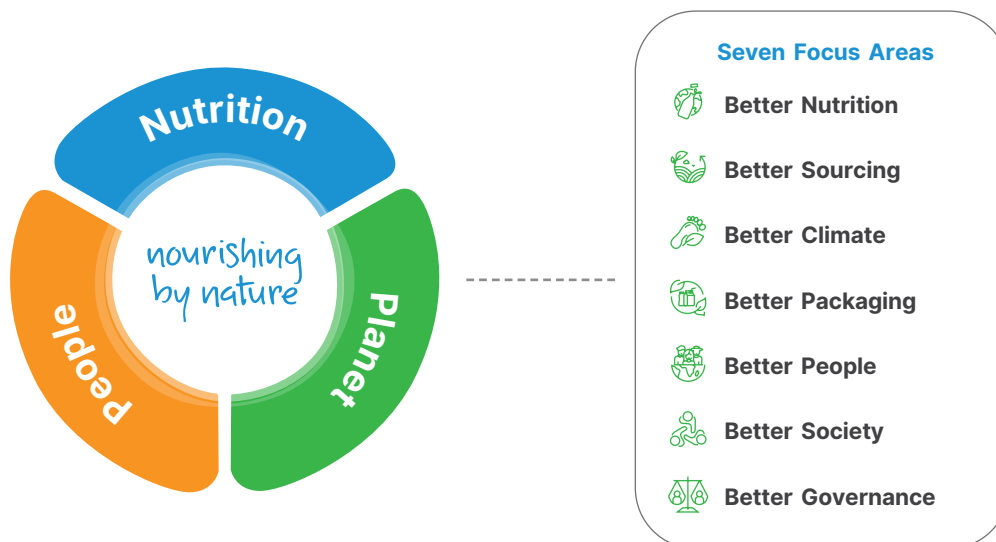
Make Breakfast Happen, Make Life Happen




DLMI SUSTAINABILITY PRINCIPLES AND STRATEGY

We believe sustainability is integral to our 'ways of working' and organisational conduct. It is about creating and delivering shared value with responsibility towards multiple stakeholders of business. For the same reason, sustainability is embedded in our statement of purpose – Nourishing Our Planet and People in Every Stage of Life.

This essentially means that in Nourishing the Nation, we will be guided by three priorities – Nutrition, People and Planet.



Delivering Three Key Priorities:

	 Nutrition	 People	 Planet
Our envisioned impact	Contribute to thriving people with healthy, affordable, and accessible nutrition for daily life and special needs.	Contribute to the prosperity of people, farmers and communities in our ecosystem through fair and inclusive practices.	Contribute to environmental wellbeing through responsible and circular solutions.
Our value commitment	We will continue to collaborate with multiple stakeholders to address the triple burden of malnutrition through growing access to goodness of dairy nutrition, responsibly.	We will enable our people, farmers and communities to grow and perform, foster a fit and empowering workplace and create a great employee experience.	We will steer efforts in circular packaging and waste management that will help in reducing our environmental impact.



SUSTAINABILITY STATEMENT

Managing Seven Focus Areas and Roadmaps:



Better Nutrition

Key Focus Areas	Material Matters	KPIs (as at 31 Dec 2024)	Headline Targets 2030
Priorities: ✓ Nutrition ✓ People Scope: ✓ Goodness of Dairy ✓ Access to Nutrition	DLMI: Bursa: ∞ Product Safety	∞ Compliance with GNS ∞ Products with Healthier Choice Logo ∞ Halal Certified Products	95% of Product Volume Sold Meets Global Nutritional Standards in securing dairy as a strategic nutrient-dense food and improving nutritional status of people



Better Packaging

Key Focus Areas	Material Matters	KPIs (as at 31 Dec 2024)	Headline Targets 2030
Priorities: ✓ Planet ✓ People Scope: ✓ Design for Recycling ✓ Waste Collection ✓ Waste Management ✓ 100% Circular	DLMI: Bursa: ∞ Waste Management	∞ Packaging Materials Designed for Recycling ∞ Total waste generated and waste diverted from disposal	95% of all Packaging Materials Designed for Recycling or Reuse by investing in technology, collection, recycling and raising awareness



Better Sourcing

Key Focus Areas	Material Matters	KPIs (as at 31 Dec 2024)	Headline Targets 2030
Priorities: ✓ Nutrition ✓ Planet ✓ People Scope: ✓ Catalysing Domestic Milk Supply ✓ Responsible Supply Chain ✓ Responsible Sourcing of Raw Materials	DLMI: Bursa: ∞ Labour Practices and Standards ∞ Supply Chain Management	∞ Milk sourced from local farms ∞ EESG due diligence and related engagement with suppliers ∞ Responsibly sourced cocoa and palm oil as well as paper for product packaging	Achieve 100% Self-Sufficiency Level (SSL) for fresh domestic milk by enhancing both quality and quantity, along with developing end-to-end domestic milk supply infrastructure Top Quartile Scores on Supplier's EESG Due Diligence and Engagement Index by ensuring top-spend suppliers are effectively engaged on sustainability



Better Climate

Key Focus Areas	Material Matters	KPIs (as at 31 Dec 2024)	Headline Targets 2030
Priorities: ✓ Planet Scope: ✓ Climate Neutral ✓ Zero Food Loss	DLMI: Bursa: ∞ Energy Management ∞ Water ∞ Emissions Management ∞ Waste Management	∞ Energy consumption ∞ Water used ∞ Scope 1 and Scope 2 Emissions (CO ₂) ∞ Scope 3 Emissions (Business Travel and Employee Commuting)	30% Reduction in Energy and Water Intensity vs. 2022 baseline Investing in technology, improving efficiencies, and delivering business value



Better People

Key Focus Areas	Material Matters	KPIs (as at 31 Dec 2024)	Headline Targets 2030
Priorities: ✓ People Scope: ✓ Empowered People	DLMI: D&I WG EE Bursa: ∞ Diversity ∞ Health and Safety ∞ Labour Practices and Standards	∞ % representation of women on Board and Senior Management Team ∞ % of employees by gender and age group, for each employee category ∞ % of directors by gender and age group ∞ Number of substantiated complaints concerning human rights violations ∞ Total number of employee turnover by employee category ∞ Employee engagement score ∞ Internal Fulfilment Rate at Hay Grade 18 and above ∞ Illness rate ∞ Data quality ∞ SLA performance ∞ Voluntary attrition rate ∞ Talent bench strength (H20+) ∞ Average training hours per employee ∞ Work-related fatalities and TRFR	People-Positive and Fit-for-Purpose Workplace by enabling people to grow and perform in an empowering workplace that delivers superior employee experience



Better Society

Key Focus Areas	Material Matters	KPIs (as at 31 Dec 2024)	Headline Targets 2030
Priorities: ✓ Nutrition ✓ People ✓ Planet Scope: ✓ Resilient Communities	DLMI: FC Bursa: ∞ Community and Society	∞ Spends on community initiatives ∞ Milk distribution to schools and underprivileged community communities ∞ Farmers' capability building	1 million Children Nurtured to Fight Malnutrition and 100% of Our Farmers Nurtured for Better Livelihoods by advocating dairy nutrition to address stunting and malnutrition amongst children

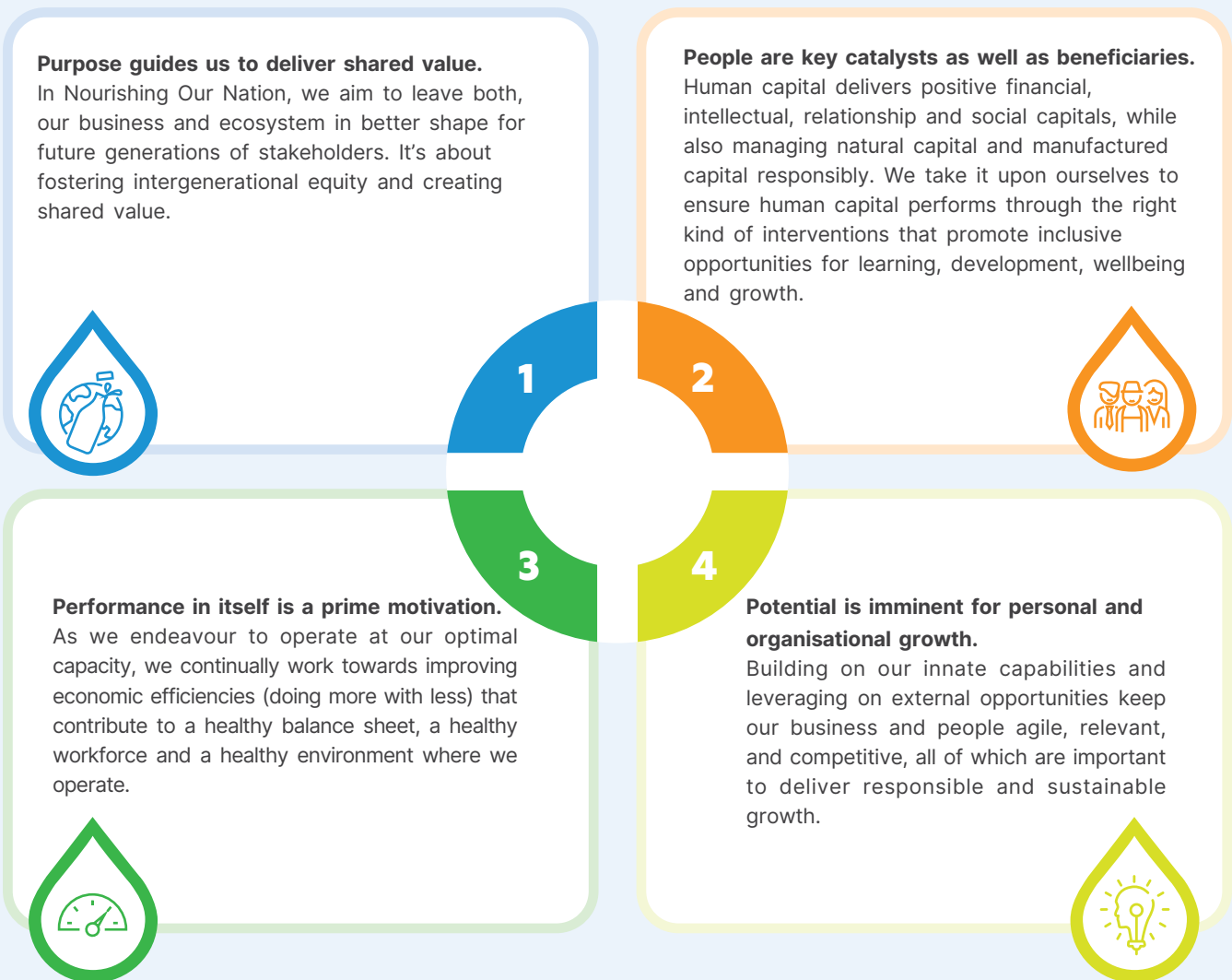


Better Governance

Key Focus Areas	Material Matters	KPIs (as at 31 Dec 2024)	Headline Targets 2030
Priorities: ✓ Good Governance for Positive Impacts on Sustainable Development Scope: ✓ Practice: Business Ethics and Integrity ✓ Respect: Policies & Processes ✓ Transparent: Reporting ✓ Protect: Privacy & Security ✓ Practice: Good Governance ✓ Engage: Stakeholders	DLMI: SE Bursa: ∞ Anti-Corruption ∞ Data Privacy and Security	∞ Operations assessed for corruption-related risks ∞ Incidents of corruption ∞ Complaints on breaches of customer privacy and losses of customer data	AA1000 Accountability Principles Alignment by strengthening governance mechanisms and ESG capacity, and complying with ESG regulations

SUSTAINABILITY STATEMENT

It is critical to bring Sustainability closer to business, reinforcing the need to take an integrated approach to managing positive impact. Our 4P (principle-based) Strategies reflect our strategic intent for both business and sustainable impact



DLMI MATERIAL MATTERS

During FY2024, we did not undertake an independent assessment of our sustainability material matters. However, we have assessed the evolving expectations on EESG disclosures from various stakeholders, including those set out by Bursa Malaysia and the Securities Commission Malaysia in the National Sustainability Reporting Framework ("NSRF"), IFRS S1 and S2 amongst others. This is in preparation to comply with the requirements of the NSRF (while also taking note of its allowable transition reliefs in the first year of implementation).

The table below outlines the definition and scope of our current sustainability material matters which remain unchanged from FY2023.

What is material?	How do we define it?	What it covers?
Nutrition and Product Responsibility NPR	Ensuring our products are of high quality, safe for all consumers, high in nutritional value, and are marketed without any false claims within the frameworks of the law and regulations.	<ul style="list-style-type: none"> ∞ Product quality and safety ∞ Nutritional values ∞ Responsible marketing and advertising ∞ Consumer health and safety ∞ Consumer satisfaction
Innovation and Technology I&T	Adopting new processes and technologies or undertaking research and development ("R&D") to ensure our products remain relevant to consumers, while producing them efficiently with the lowest possible resource footprint.	<ul style="list-style-type: none"> ∞ Innovations for improved farm sustainability ∞ Innovations that increase efficiency in dairy production
Responsible Supply Chain RSC	Ensure that we manage our supplier contracts and relationships fairly and transparently, with this commitment extending to the terms of contract, payments, and capacity building on key matters important to our business and people.	<ul style="list-style-type: none"> ∞ Supply chain management ∞ Supplier education ∞ Supplier environmental and social impacts ∞ Supplier welfare and wellbeing ∞ Supplier contracts ∞ Supplier integrity ∞ Product traceability and labelling
Energy, Water, Waste and Emissions EW	Ensuring we are aware of the negative environmental impacts from our direct operations and supply chain and remaining committed to taking the necessary actions to minimise such impacts and where possible, eliminate all kinds of harm.	<ul style="list-style-type: none"> ∞ Energy management ∞ Emissions management ∞ Water management ∞ Waste management (including effluents, air quality and pollution)
Recovery and Circularity RC	Ensuring we acknowledge the impact of packaging waste on the environment and are taking necessary steps to identify and deploy recovery and circular solutions.	<ul style="list-style-type: none"> ∞ Collection Ecosystem ∞ Alternative packaging materials ∞ Circular approaches and solutions
Diversity and Inclusion (own work force) D&I (Renamed from Purpose and Culture as reported in our Integrated Report 2022 to align with FrieslandCampina)	Constantly reinforcing our purpose and culture across our workforce to inspire behavioural change and positive action, while ensuring we are sensitive to the agenda of Diversity and Inclusion ("D&I").	<ul style="list-style-type: none"> ∞ Pay parity ∞ Representation of women in board and key decision-making positions ∞ Feedback mechanisms ∞ Engagement and leadership

SUSTAINABILITY STATEMENT

What is material?

How do we define it?

What it covers?

Employee Experience

EE

(Employee Experience and Growth as reported in Integrated Report 2022 have been split into two separate matters for better focus)

Continuously improving the employee experience through enhanced primary processes, hybrid working arrangements, competitive rewards and recognition, with the goal of remaining an employer of choice, ideally positioned to attract and retain high-quality talent.

Additionally, delivering value by maintaining a performance-oriented culture that promotes an engaged organisation with healthy competition.

- ∞ Values
- ∞ Labour practices and standards
- ∞ Diversity and inclusive leadership
- ∞ Inclusive people practices
- ∞ Compliance

Wellbeing and Growth

WG

Nourishing our talents to be future-ready for the next leap in DLM's business growth.

- ∞ Occupational safety, health and wellbeing
- ∞ Employee learning and growth
- ∞ Coaching and mentoring
- ∞ Staff benefits and programmes

Social and Economic Continuity

SE

Ensuring our business and people are resilient, supported by robust business continuity plans/policies, ethical conduct policies, anti-corruption mechanisms and data privacy and security practices.

Delivering value by maintaining a performance-oriented win-win culture that promotes an engaged organisation and healthy competition.

- ∞ Access to nutrition
- ∞ Initiatives that support community and societal development
- ∞ Farmer welfare

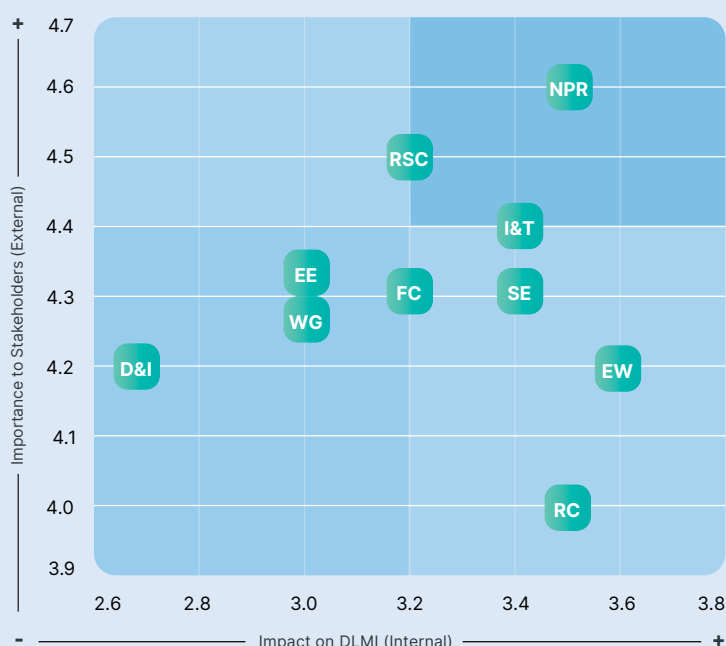
Farmers and Communities

FC

Ensuring that our people and communities are clear beneficiaries of the value generated by our pricing strategies, products, financial performance, and growth, with consistent access to our products, as well as opportunities to gain new skills and foster their growth and prosperity.

- ∞ Access to nutrition
- ∞ Community/society support and community-based initiatives
- ∞ Farmer welfare

Our materiality matrix, as per the graph below, remains unchanged from what we reported in 2023 Sustainability Statement.

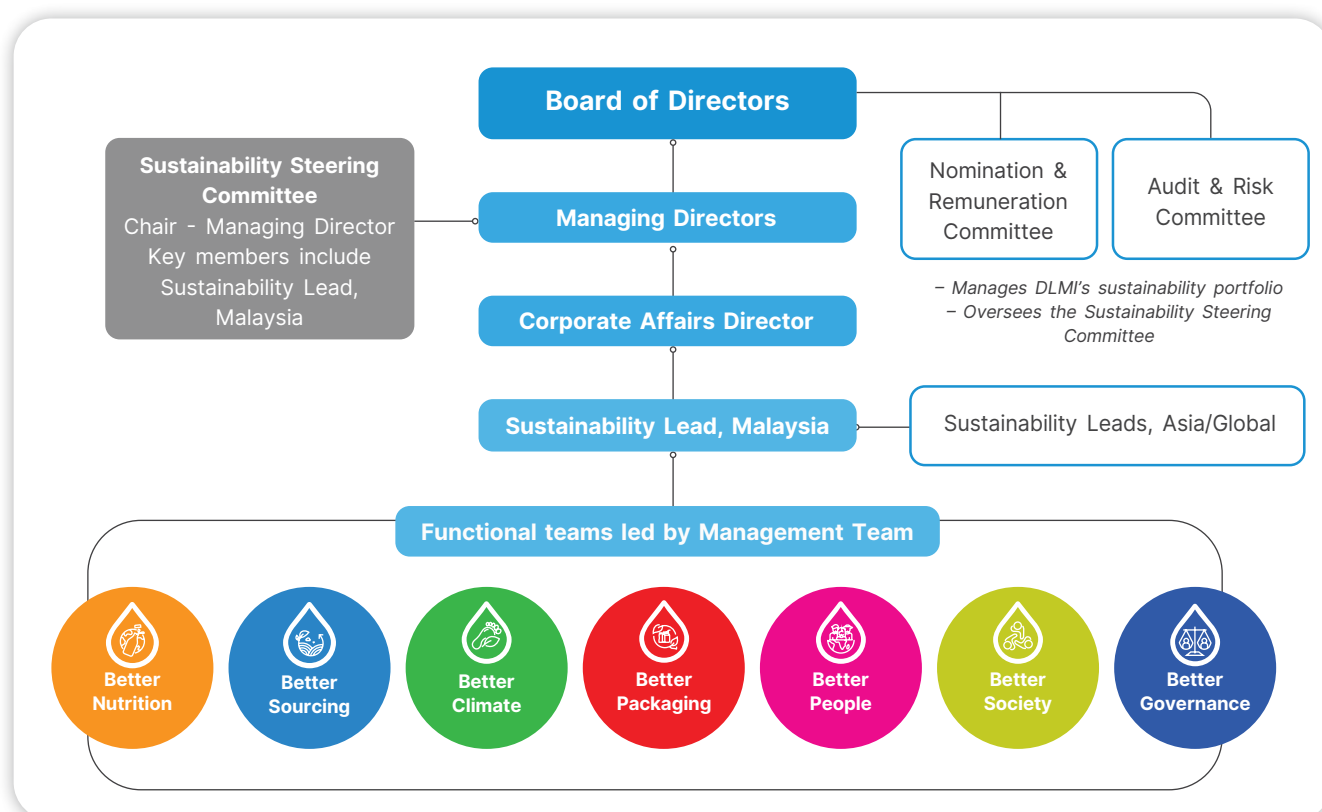


TOP 10 MATERIAL MATTERS

- NPR** Nutrition and Product Responsibility
- I&T** Innovation and Technology
- RSC** Responsible Supply Chain
- EW** Energy, Water, Waste & Emissions
- RC** Recovery and Circularity
- D&I** Diversity and Inclusion
- EE** Employee Experience
- WG** Wellbeing and Growth
- FC** Farmers and Communities
- SE** Social and Economic Continuity

SUSTAINABILITY GOVERNANCE

The Board of DLMI is the highest governance body with full oversight of sustainability roadmaps, EESG material matters, and the related risks and opportunities. The Sustainability Steering Committee (“SSC”) on the other hand takes full accountability for smooth execution of our sustainability agenda and integrating sustainability as a consideration across our business. SSC’s roles and responsibilities include:



SUSTAINABILITY STATEMENT



In FY2024, the top three challenges that were addressed during SSC meetings are listed below alongside key decisions that were raised at Board-level by the Managing Director, DLMI and Chair of SSC.

Material Matters that were deliberated by SSC	Discussions that were escalated to the Board
Sustainability Data Management against all material matters to build credible evidence for targets and performance	Internal review and audit gaps and recommendations related to data points relevant for Bursa Malaysia’s mandated Common Material Matters
Compliance preparedness for evolving standards and expectations, especially the IFRS S1 and S2, as well as the National Sustainability Reporting Framework.	Compliance plan and budgets to meet the National Sustainability Reporting Framework and IFRS S1 and S2 requirements in addition to water assessment and energy solutions
Accountability by Management Team for their respective Roadmaps by strengthening due diligence and implementation plans	Linking sustainability KPIs with top management’s Performance/Compensation

BOARD CHARTER & EXECUTIVE CAPABILITY

Sustainability is a real risk to business, its resilience and its thriving future. The Board acknowledges this alongside the importance of taking a long-term view on both shareholder and stakeholder value creation by managing material economic, environmental, social and governance EESG risks.

To this end, our Board Charter recognises sustainability as a key enabler of our business ambitions. It prescribes the continuous monitoring of EESG risks to protect the interests of our shareholders and stakeholders. The Board Charter was reviewed and updated further in November 2024. It may be accessed at www.dutchlady.com.my/investors/board-charter.

In FY2024, we continued open conversations on sustainability in the boardroom, primarily to raise awareness, balance perspectives and inform key decisions. A key module for capability building was on Farm Sustainability in the context of our continuing efforts to improve local sourcing, promote sustainable dairy farming practices and support the national agenda of dairy self-sufficiency. Each of the Board Members also completed the Mandatory Accreditation Programme Part II: Leading for Impact which was organised by the Institute of Corporate Directors Malaysia.

The members of SSC and Top Management collectively completed 36 hours of engagement through nearly 20 internal and external knowledge transfer platforms covering a wide range of EESG topics.

SUSTAINABILITY LINKAGES TO MANAGEMENT COMPENSATION

Sustainability@DLMI is not a standalone department, rather it is an integral part of critical functions of the business: Manufacturing & Procurement, Marketing, Human Resources, Governance and Risk. The Managing Director (MD) and the Management Team (MT), who are also the Leads or Heads of such critical functions, have sustainability KPIs under their respective "Role-based Objectives". Under each of the Role-based Objectives, specific KPIs are defined that are aligned with the top material matters of DLMI and its stakeholders. These are assessed for their individual annual merit increase.

In FY2024, we completed a preliminary assessment of EESG KPIs mapped to MD and MT and the key findings suggest:

- ∞ An average 56% of KPIs directly catalyse economic performance of the company [Economic performance = quantifiable financial targets, sales and margin growth, cash generation – savings and cash flow]
- ∞ An average 44% of KPIs can be attributed to ESG performance, which again contribute to people wellbeing, their motivation and financial performance [ESG performance = quantifiable or value-add targets related to nutrition, people, planet, governance]

EESG objectives are part of business strategies (with Entity Business KPIs) and include non-financial priorities that contribute to resilience and growth. EESG Metrics (headline targets for all our roadmaps) are part of MT KPIs based on 2025 targets that have been defined. These EESG KPIs are part of Role-based Objectives that contribute to individual merit increase.

SUSTAINABILITY STATEMENT

SUSTAINABILITY & RELATED POLICIES

Our business conduct and sustainability orientation are guided by various policies at the Group level, including those defined by FrieslandCampina and market-specific policies established by DLMI in Malaysia.

DLMI is aligned to FrieslandCampina's Group Policies, and where deemed necessary, local context has been defined for interpretation and application.



DLMI
Sustainability
Policy &
Guidelines*



Nutrition Policy &
Corporate
Standards for
Nutritional
Information



Corporate Policy
for Marketing of
Infant Foods



Ten Guiding Principles for
Compliance (Responsible Marketing)
& Corporate Standard for
Responsible Marketing
Communications and Fair
Competition Policy



Responsible
Supplier Policy
including Golden
and Silver
Purchasing Rules



Zero Deforestation
and Conversion
Policy



Safety Policy &
Life-Saving Rules



Human Rights
Policy & Modern
Slavery Statement



Policy on
Diversity, Equity
and Inclusion



Compass for Good Business
Conduct; Golden Quality Rules;
Data Protection/Privacy Policy



Doing Honest
Business Policy



Business Practices for
Business Partners; Conflicts of
Interest Policy and Policy on
Preventing Fraud



Speak Up



Policy on
Responsible
Advocacy



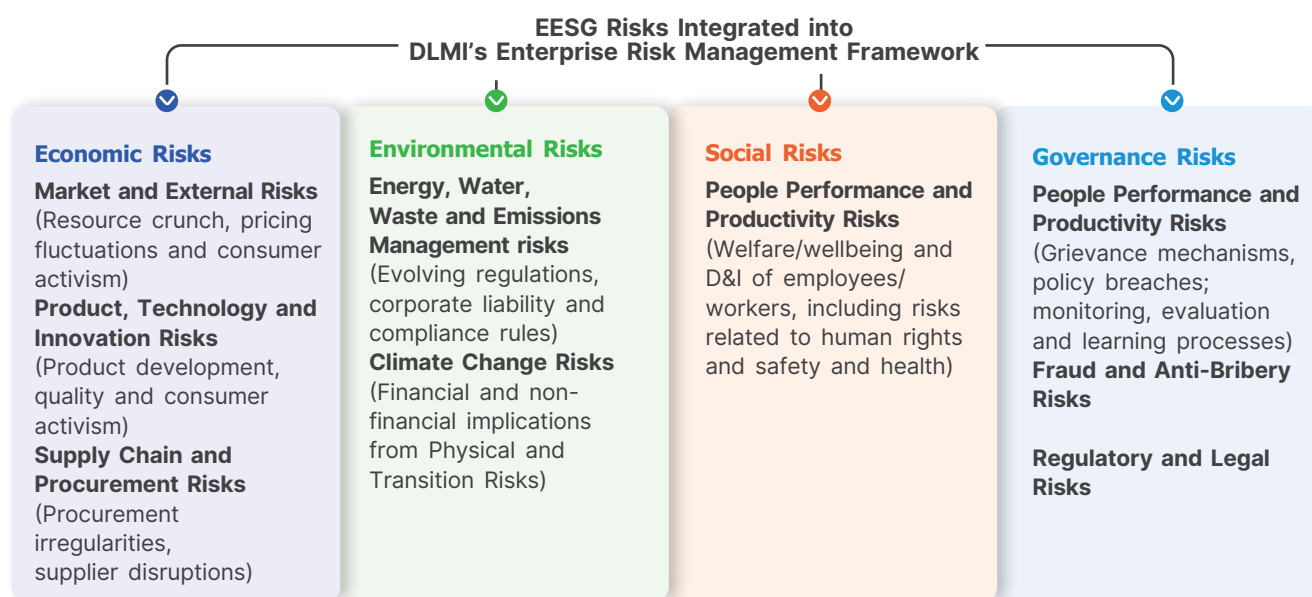
Stakeholder
Dialogue Policy

* Sustainability Policy & Guidelines are market specific and are continually revisited to ensure full alignment with the Group

INTEGRATED RISK MANAGEMENT FRAMEWORK

Critical to shaping a sustainable business is our preparedness, capability and capacity to identify and address both financial and non-financial risks arising from economic, environmental, social and governance (EESG) impacts due to our business, operations, and growth. These risks may arise in the process of fulfilling DLMI's multiple roles as dairy manufacturer, investor, purchaser, corporate donor, employer and industry/business partner. Such risks may have serious consequences in terms of DLMI's market position and reputation, financial losses, legal implications and stakeholders' perceptions.

DLMI's Enterprise Risk Management Framework allows us to examine risks at two levels: 1) Project-level near to medium term risks and 2) Enterprise-level medium to long-term risks. Our efforts are focused on conducting annual due-diligence to appraise of near-term risks and gain a full visibility of long-term risks.



The risk management framework is further structured around the Three Lines of Defense Model, which ensures comprehensive risk oversight and accountability across all levels of the organisation:

1. First Line of Defense – Operational Management: Responsible for identifying and managing risks as part of day-to-day operations. Control owners and Control Performers are accountable in ensuring day to day activities related to sustainability including managing risks and key control activities is conducted as per design.
2. Second Line of Defense – Risk Management and Compliance: Provides oversight, guidance, and support to ensure that risk management practices are consistent and effective. Legal and Sustainability Leads will provide guidance, ensure policy and procedures related to sustainability is updated and available, conduct monitoring and provide assistance to First Line of Defense.
3. Third Line of Defense – Internal Audit: Provides independent assurance on the effectiveness of governance, risk management, and internal controls.

Board and ARC



SUSTAINABILITY STATEMENT

This model fosters an integrated and systematic approach to managing risks, ensuring alignment with organisational objectives and regulatory standards.

Risk Assessment and Monitoring: Respective departments via their Management team and business owners are responsible for identifying, assessing, mitigating and managing risk on a continuous basis. The overview of risks including EESG risks are discussed on a quarterly basis with the MT members and action plans are continuously monitored and updated. The Risk assessment mechanism and methodology applied is in line with DLMI's Enterprise Risk Assessment (ERA).

PARTNERSHIPS TO DEMONSTRATE SUSTAINABILITY LEADERSHIP

DLMI continually seeks opportunities to partner with purposeful institutions and ideas that contribute to creating systemic change for a sustainable future. Our senior leadership participates in industry-led collaborations and platforms, contributing to critical dialogue that shapes ESG policies and practices. We believe that our association with MAREA and CAN will play a significant role in establishing synergies with our peers and even competitors, particularly in advancing the sustainability agenda and creating meaningful impact.



MALAYSIAN RECYCLING ALLIANCE (MAREA)

The Malaysian Recycling Alliance Berhad (MAREA) is Malaysia's first voluntary, industry-led Extended Producer Responsibility (EPR) alliance established to enhance the country's recycling value chain and circular economy by significantly increasing the collection and recovery of post-consumer packaging. MAREA is committed to collaborating with the Malaysian Government and other stakeholders including consumers, waste collectors, recyclers and industry players to drive the singular goal of a greener Malaysia through circular economy solutions.

As a Founding Member of the Malaysian Recycling Alliance (MAREA), we actively participate in critical deliberations with Board Members, Steering Committee and Working Committee groups. Through these contributions, we strive to promote Extended Producer Responsibility (EPR) across the industry and champion the adoption of environmentally friendly packaging end-of-life practices.

In 2024:

DLMI's Managing Director was appointed as the Chairperson of MAREA, with a mandate to steer Board agendas and strategies to catalyse the role of MAREA as the high potential PRO.

We worked with MAREA Members and actively participated in rolling out targeted pilot initiatives and programmes on waste collection in collaboration with value chain stakeholders.

We continued to engage with relevant ministries and authorities on the importance and role of EPR in addressing Malaysia's waste management challenges in the long-term.

We also focused our efforts on enhancing knowledge both internally (at DLMI) and externally (among our stakeholders) to better understand and gain insights into the mechanics of waste management, its ecosystem, and the workings of Extended Producer Responsibility.



CEO ACTION NETWORK (CAN)

CAN has evolved as a credible voice, a closed-door peer-to-peer informal network of CEOs and board members committed to driving sustainable action in corporate Malaysia. With more than 70 members from over 20 critical sectors, CAN aspires to catalyse its members and the broader economy towards proactively shaping future-ready and ESG-integrated business models and ecosystems.

Since 2021, DLMI has been representing at CAN both as a member of the Steering Committee as well as a participant, especially to further the objectives of its workstream on Diversity, Equity and Inclusion. In FY2024, we have met all our Collective Commitments at Level 2*. We are also preparing to meet the revised set of Collective Commitments defined for Level 3 with higher ambition for FY2024-FY2026.



Governance

Commitment

Status

- | | |
|--|--|
| <ul style="list-style-type: none"> ∞ Disclose material sustainability risks and opportunities ∞ Disclose performance criteria of top management linked to EESG | <ul style="list-style-type: none"> ∞ Completed. We are due for refreshing our materiality assessment, including risks and opportunities in FY2025. ∞ Completed. Our Managing Director and, top management team, who lead/head critical functions of business have sustainability key performance indicators (KPIs). These KPIs can be attributed to our material matters as well as EESG performance and achievement of the KPIs can positively contribute to individual merit increase and collective performance of the business unit. |
|--|--|



Environment

Commitment

Status

- | | |
|---|--|
| <ul style="list-style-type: none"> ∞ Set public targets on GHG Scope 1 and 2 ∞ Commit to implement TCFD recommendations | <ul style="list-style-type: none"> ∞ Completed. We have committed to 30% reduction in energy and water intensity by 2030 against 2022 baseline ∞ Completed. We had officially committed to align to TCFD recommendations with a 4-year plan in place starting 2023. In 2024, we realigned our plan with the introduction of the National Sustainability Reporting Framework that is premised on IFRS S1 & S2 (where TCFD requirements are embedded already). |
|---|--|



People

Commitment

Status

- | | |
|--|--|
| <ul style="list-style-type: none"> ∞ Set public targets on percentage of female composition in top management ∞ Conduct a human rights risk assessment across own operations and value chain | <ul style="list-style-type: none"> ∞ Completed. In line with our targets, 75% of Board positions and 44% Executive Positions (Top Management) are held by women. ∞ Completed human rights risk assessment for our manufacturing facility DLMI@PJ in 2022. In planning to conduct the next round of assessments, specially to cover our new facility DLMI@Enstek as well as our operations, led by our Global Team. |
|--|--|

* CAN has outlined 14 commitments under three categories (environment, people and governance) with three progressive levels (level 1, level 2, level 3) of commitment for each category.

SUSTAINABILITY STATEMENT



BETTER NUTRITION

We endeavour to deliver high nutritional value, improve access, and deploy technologies for efficient production.

...

UN SDGs



Nutrition is the reason for our being. It contributes to the wellbeing of communities. It builds productive human capital for the nation. It promises a healthy future. Yet, according to Food and Agriculture Organisation (FAO), undernourished people in Asia-Pacific region represent half of the global total. A major concern for Malaysia is the high prevalence of stunting, wasting, and overweight among children under 5 years of age.

As a company committed to Nourishing Our Nation with balanced nutrition through nutrition-dense dairy, we take greater responsibility in addressing the issues of malnutrition. How do we do it?

Our strategy to deliver better Nutrition includes four key interventions:

- Better Products
- Access to Nutrition
- Lifestyle Education and
- Responsible Communication

Bursa Malaysia Common and Sector-specific Material Matters

- Customer Health & Safety/Product Responsibility

DLMI Material Matters

NPR Nutrition and Product Responsibility

A) Better Products

Global Nutritional Standards (GNS): We adhere to nutritional criteria aiming to retain the natural beneficial nutrients in milk and reduce the level of energy per serving, trans fat, saturated fat, added sugar and salt as much as possible. The criteria are regularly reviewed by teams of nutritionists and product specialists to incorporate new internal and external insights in nutrition and health.

Retain

Milk is highly nutritious, naturally containing essential nutrients that we strive to retain as much as possible in our products. For most product groups, we have established criteria for minimum levels of protein and calcium

Reduce

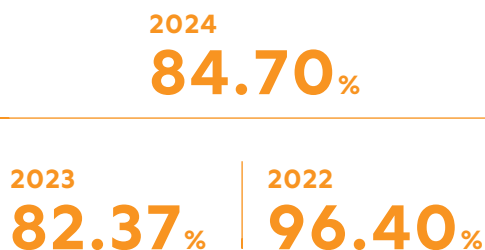
As stated by the WHO, it is important to reduce the intake of sugar, salt, saturated fatty acids and trans-fat in the fight against noncommunicable diseases (obesity and food-related diseases). Limiting the intake of these nutrients, as well as energy content per serving, is part of the Global Nutritional Standards

Enrich

The South East Asian Nutrition Surveys II (SEANUTS II) shows a prevalence of vitamin deficiencies, including B1, B2, B12, C, D, and calcium, among children in Southeast Asia. Fortification of products becomes critical, which we implement based on international guidelines: CODEX CAC/GL 9-1987 and the WHO/FAO Guidelines on Food Fortification with Micronutrients

% of consumer dairy volume sold that is compliant with GNS*

* In 2024, we have aligned GNS compliance reporting scope with regional and global FC, changing from percentage of products that are GNS compliant to percentage of volume sold that is GNS compliant.



Trend Analysis/Brief Commentary

Changes in GNS criteria and scope has had some impact on the performance numbers over the years. We continue to work closely with our global nutrition team to ensure local context and regulations are taken into account. Our efforts are towards ensuring our innovation roadmap remains GNS compliant all along.

How have we evolved in our reporting in the past 3 years?

- In 2022, GNS compliance was limited to liquid milk products sold to consumers.
- In 2023, we included IFT products, which resulted in a decline in GNS compliance as we focused on initiating efforts to make MIFT products GNS-compliant.
- In 2024, we noted a small increase in compliance as a result of higher demand for GNS compliant products.

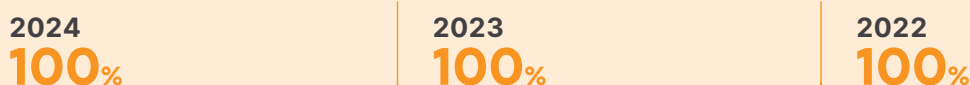
Halal Certification: We take the concept of Halalan Toyyiban seriously and have had the longest history and track record in producing to specific halal standards of cleanliness and hygiene. Our Halal-certified products uphold stringent standards for quality, safety and sanitary conditions, in full compliance with the regulations outlined by Jabatan Kemajuan Islam Malaysia (JAKIM), Jabatan Agama Islam Negeri (JAIN) and other authorised Islamic Certification Bodies.

% of products that are Halal-certified

* Total DLMI (MY, SG & Brunei) | In Scope: CD, MIFT, Friso, & FCP



MS 1500
1069-01/2004



Trend Analysis/Brief Commentary

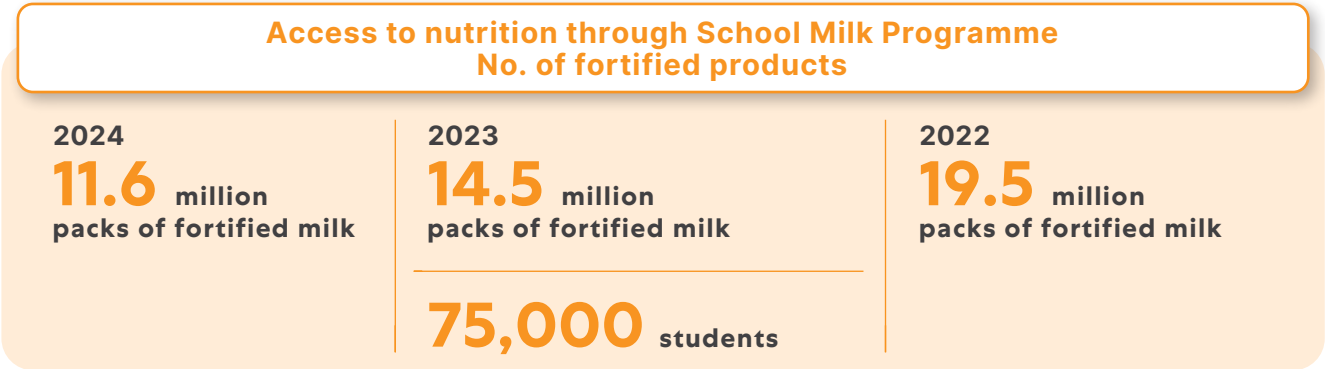
With a long-term track record of over 50 years in implementation of Halal Compliance System, we have earned consumer confidence in our hygienic, healthy and nutritious products, that also meet high standards of cleanliness, safety and quality. In 2024 and beyond, we are strengthened by our commitment to transparent and ethical practices through Halal standards, fostering trust and loyalty amongst our consumers.

SUSTAINABILITY STATEMENT

B) Access to Nutrition

Targeted Milk Formulations and Distribution: At DLMI, we understand the growing risk of undernutrition or micronutrient deficiencies amongst children and communities from disadvantaged sections of the society. Our efforts, globally and in Malaysia, are to:

- ∞ increase access to healthy and affordable nutrition through school milk programme, distribution of milk to targeted communities, introduction of RM1 pack for B40 population etc.
- ∞ develop tailored nutrition for specific populations with special dietary needs because of their age, health, lifestyle, or other circumstances e.g. growing children, pregnant women, elderly, overweight/obese people, people with allergies or intolerances
- ∞ launch campaigns that help raise awareness on the importance of Nutrition for health and wellbeing



Trend Analysis/Brief Commentary

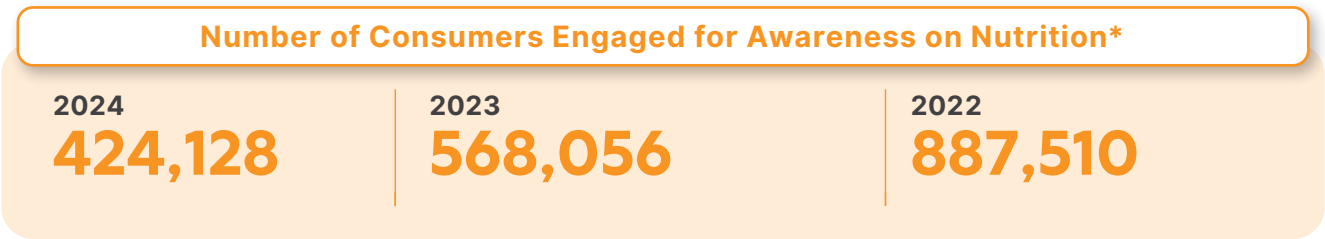
In 2024, the decline is primarily due to the new scope of the School Milk Programme contract with the Ministry of Education, as we continue to focus on delivering affordable and nutritious dairy to support the holistic development of children.

C) Lifestyle Education

Continuous Engagement on Nutrition: The prevalence of high rates of malnutrition and undernutrition, resulting in issues like stunting and obesity, reflects:

- ∞ Low awareness of the importance of nutrition
- ∞ Poor understanding of nutritional information on labels
- ∞ Changing lifestyles and food consumption behaviour

Crucial to our efforts are community champions, such as mothers, teachers, and healthcare professionals as well as key institutions like community development departments, city councils, and healthcare providers, who remain at the centre of all our engagement on Nutrition.



* Direct Events & Outreach Initiatives Organised for Total DLMI: Dutch Lady and Friso

D) Responsible Communication

Healthier Choice Logo (HCL): We recognise the need to help consumers identify and choose healthier options from the shopping shelves. Products with the Healthier Choice Logo ensures that consumers are opting for products that are higher nutritional value, and lower in fat, sodium, and sugar compared to similar products. Such products also meet the criteria determined by the Ministry of Health. Our implementation of HCL provides transparent information on the nutritional value of products at point-of sale, in line with the National Plan of Action for Nutrition of Malaysia (NPANM) III (2016-2025), which aims to promote healthier lifestyles across the Malaysian populace.

% of total products that are HCL certified

* Malaysia Only | Total Consumer Dairy

2024

83%

2023

65%

2022

100%

Trend Analysis/Brief Commentary

In 2022, 100% of DLMI's products that were eligible for HCL certification met HCL guidelines. In 2023, we improved the accuracy of our reporting and reviewed the boundaries of our HCL certified products against all available products, regardless of whether they are HCL eligible. The increase of HCL products in 2024 is a result of delisting discontinuing select products in our portfolio on the back of our commercial strategies and business priorities. Our innovation roadmap is aimed at introducing HCL products where possible.

Innovation & Technology

While our innovation efforts span various dimensions, including improved products, packaging, processes, people, and the planet, we are particularly focused on unlocking greater cost and time efficiencies through the targeted application of digital technologies and solutions. One example is our World Class Operations Management (WCOM) programme, which aims to increase focus, maximise impact, and drive sustainability in our production processes. In 2024, we observed tangible outcomes from the WCOM programme, particularly in improved shop floor performance, thanks to the technology-powered Daily Management System.

We also strive to deploy Industrial Revolution (IR) 4.0 technologies such as the Internet of Things (IoT), big data analytics, cloud computing and augmented reality to improve operational efficiencies. These technologies converge at our new manufacturing facility DLMI@Enstek to create a modern, future-proof production environment.

In 2024, we saw many identified improvements such as increased capacity levels, centralised CIP kitchen, and re-processing have been made with the help of new equipment, new processes and Industrial Revolution (IR) 4.0 technologies. With fine tuning and further developments in coming years, we will strive to reduce losses/materials, improve efficiencies and minimise the use of natural resources.

SUSTAINABILITY STATEMENT



BETTER SOURCING

We aim to promote responsible supply chain practices to improve sourcing of quality domestic milk and deliver sustainable dairy.

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UN SDGs



The role of our supply chain partners is critical to ensure we are producing nutrition in balance with nature - From local farmers who deliver milk to companies who source essential raw materials for our products; from vendors who help us with different aspects of business from packaging to technology to people we contract for delivering operational services. We continually reinforce the importance of understanding the complexities, challenges and impacts along the supply chain. This is the toughest part of our business, but efforts are ongoing.

Our strategy is to assess the risks and opportunities to devise specific initiatives that will shape a resilient and sustainable supply chain in the long-term. Focus areas include:

- ∞ Farmer education, in partnership with the Department of Veterinary Services (DVS), focuses on sustainable dairy farming practices to improve efficiencies and enhance the capacity to produce high-quality, nutritious dairy
- ∞ Local suppliers' awareness and orientation on DLMI's sustainability agenda and assessment of their own EESG practices
- ∞ Sourcing key agricultural raw materials that are certified for positive environmental and social standards

Bursa Malaysia Common and Sector-specific Material Matters

- Supply Chain Management

DLMI Material Matters

RSC Responsible Supply Chain

Volume of quality raw milk sourced from local farms

2024 2.12 million litres	2023 2.74 million litres	2022 4.33 million litres
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Trend Analysis/Brief Commentary

The significant drop in sourcing from 2022 can be attributed to severe impacts on supply of raw milk, even in the post COVID-19 era mainly due to closure of farms and/or farms operating sub-optimally. Between 2023 and 2024, DLMI focused its efforts to strengthen its local sourcing strategy, with clear immediate priorities and long-term commitment to building the supply chain for fresh raw milk in Malaysia through agro-partnerships, technology support, and sustainable farming practices. We remain one of the largest purchasers of fresh raw milk in Malaysia, with a vision to work with the authorities and sector stakeholders for contributing to the national ambition of achieving 100% self-sufficiency in local fresh milk by 2030.

Number of farmers trained on sustainable dairy practices since 2013

2024 653	2023 653	2022 627
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Trend Analysis/Brief Commentary

Through our Farmer2Farmer (F2F) programme, our intent over the years has been to help local farms to increase their yield and milk quality, and make dairy farming a steady and growing income source for them and their families. The programme focuses on good farming management and administration (sustainability and profitability), good milking/handling practices, effective feed and nutritional programme for cattle, monitoring methods, good breeding and fertility programme, with a particular emphasis on hygiene management and learning the essential elements in reducing the total plate count (TPC) in local milk.

In 2024, our focus has been to build and strengthen our local fresh milk sourcing strategy, including planning technical support for our long-term agro-partners in the coming years. Outside of F2F, during the year, 120 farmers underwent a special training conducted in collaboration with Department of Veterinary Services (DVS) under a signed memorandum, mainly covering topics such as animal welfare practices, dairy cattle feed management, raw milk hygiene and quality and the overall, dairy farm sustainability.

% / RM Spends on Local Suppliers

2024 56%* or RM479.9 million	2023 39%* or RM533.2 million	2022 82%* or RM539.4 million
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Trend Analysis/Brief Commentary

In 2024, we conducted a preliminary EESG due diligence for all suppliers who are beneficiaries of 80% of our local spends. We also engaged them with our key findings, DLMI's aspiration to collaborate with them to improve their EESG orientation and performance over the next 3-5 years. For procurement of new suppliers, we have also assigned a 20% weightage to their performance on EESG Criteria to reinforce our focus and commitment to sustainable and responsible business practices.

* proportion of spending on local suppliers includes intercompany spend. In 2022, the reported number excluded intercompany spend

% of Agricultural raw materials that are Responsibly Sourced

2024 100% of Palm Oil RSPO Certified 100% of Cocoa Rainforest Alliance (previously known as UTZ) Certified 100% Paper for all Product Packaging FSC/PEFC Certified	2023 100% of Palm Oil RSPO Certified 100% of Cocoa UTZ Certified 100% Paper for all Product Packaging FSC/PEFC Certified	2022 100% of Palm Oil RSPO Certified 100% of Cocoa UTZ Certified 100% Paper for all Product Packaging FSC/PEFC Certified
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Trend Analysis/Brief Commentary

During the year, we accelerated our efforts towards meaningful supplier engagement, to cover 90% of our top-spend suppliers, who also completed the EESG Due Diligence. The objective was to raise awareness on DLMI Sustainability Strategy, share key findings from EESG Supplier Self-Assessment, Gap Assessment of Tier 1 Vendor's emissions and Recommendations for our vendors. We also reinforced the key aspects of FC Responsible Supplier Policy as well as supplier grievance mechanism – Speak-Up procedure. We also initiated the process to strategise an ongoing Supplier Engagement and Stewardship Plan 2025-2027.

SUSTAINABILITY STATEMENT



BETTER CLIMATE

We remain committed to our journey towards net-climate-neutral dairy by 2050 by responsibly managing our energy, water, waste and emissions.



UN SDGs



Science informs us that Climate Change is an existential threat. In the spirit of CBDR-RC (Common but Differentiated Responsibilities and Respective Capabilities) Principle outlined in the United Nations Framework Convention on Climate Change (UNFCCC), we understand the need for collective commitment of multiple actors, including the government, policy makers, private sector, and civil society. At DLMI, we also believe that we have a role to play in fulfilling the national climate commitments and action.

As one of the leading dairy companies in Malaysia, with a legacy of over 60 years of Nourishing Our Nation, our promise is to produce nutrition in balance with nature. We recognise climate change as a risk that could potentially impact our operations, our supply chain, and our ability to remain competitive and profitable.

Bursa Malaysia Common and Sector-specific Material Matters

- Energy Management
- Water
- Waste Management
- Emissions Management

DLMI Material Matters



Energy, Water, Waste & Emissions

A value chain Climate Risk Assessment was conducted by our parent company, FrieslandCampina. For Malaysia, the physical risks such as heat stress, storms, rainfall, landslides, damaging winds and possible water stress are more real. There is a moderate risk of lower yields of raw materials such as palm oil due to the impacts of climate change, which could possibly also affect the availability and costs. The transitional risks are high, mainly associated with an increase in costs of compliance to evolving regulations.

Our strategy in the near-term is to establish materiality of the risks, plan at-source interventions to reduce harm and focus on improving efficiencies to deliver value to both our business and environment. In the medium-term, our strategy is to undertake an in-depth and qualitative climate risk assessment, establish priorities and determine financial effects. In the long term, we aspire to deliver net-climate-neutral dairy by 2050.

Manufacturing Facility and Quill 9 Office

	2024	2023	2022
Scope 1	6,139.0 tCO ₂ eq	5,957.4 tCO ₂ eq	6,842 tCO ₂ eq
Scope 2	16,080.5 tCO ₂ eq	13,747 tCO ₂ eq	14,412 tCO ₂ eq
Carbon Intensity	0.197	0.138	-
Scope 3 (Business Travel)	912.22 tCO ₂ eq	767 tCO ₂ eq	-
Scope 3 (Employee Commuting)	866.26 tCO ₂ eq	524 tCO ₂ eq	-

* Assessment and data is for our manufacturing facilities DLMI@PJ & DLMI@Enstek and Corporate Office DLMI@Quill 9

Trend Analysis/Brief Commentary





Considering DLMI has been in transition from DLMI@PJ to the new IR4.0 enabled manufacturing facility DLMI@Enstek, where growth is imminent, absolute reduction targets:

- ∞ May not reflect the efficiency improvements from new process and technology deployments and emissions efficiency
- ∞ May not be comparable, where all dairy sector companies in Malaysia may not necessarily be of the same size, operating at the same scale

However, we are committed to continuously assess and support intensity targets with absolute emissions reduction targets as we mature in our mitigation approach.

As per our GHG Assessment and Inventory, 75% of our impacts come from Scope 3, with maximum from category 1, purchased goods and services, followed by upstream transportation and distribution and fuel energy related activities. We are committed to complete the due diligence that's necessary to establish the scale and complexity of the problem as well as the potential solutions.






SUSTAINABILITY STATEMENT

	2024	2023	2022
 Total Energy Consumption	51,001.53 (MW) or 183,641.49 GJ	47,122.51 (MW) or 169,641.04 GJ	177,535 (GJ)
 Energy Intensity	1.63 GJ/tonne	1.1 GJ/tonne	1.18 GJ/tonne
 Total Water Consumption	648.992ML	684.442ML	512,497 m ³ *
 Water Intensity	5.75 m ³ /tonne	3.6 m ³ /tonne	3.4 m ³ /tonne

Trend Analysis/Brief Commentary

Intensity targets, in the short to medium term, would give a more accurate account of our commitment to managing our impacts. We do believe that intensity targets can be adapted to evolving business and operating circumstances as well as to our appetite for risks and growth. By 2030, our target is to reduce energy and water intensity by 30% against the 2022 baseline, which are 0.82 GJ/tonne and 2.97 m³/tonne respectively.

Water and energy intensity have increased in 2024 due to double operations and testing and commissioning at Bandar Enstek, with zero product output from January-May 2024.

	2024	2023	2022
 Total Waste Generated	1,927 tonnes	1,080.2 tonnes	1,658 tonnes
 Total Recycle Waste Generation	1,823 tonnes	931.7 tonnes	1,478.5 tonnes
 Waste to Energy	104 tonnes	148.4 tonnes	106.5 tonnes
 Total Landfill Waste	0 tonnes	0 tonnes	73 tonnes
 Total Waste Diverted from Disposal	100%	100%	95.6%

Trend Analysis/Brief Commentary

The waste data is computed for our manufacturing facilities DLMI@PJ and DLMI@Enstek for 2023 and 2024 respectively.

Waste generated increased by almost double compared to 2023 due to testing and commissioning at DLMI@Enstek.

* Assessment and data is for our manufacturing facilities DLMI@PJ & DLMI@Enstek and Corporate Office DLMI@Quill 9



SUSTAINABILITY STATEMENT



BETTER PACKAGING

We are aligned to the global goal of having a fully circular and net zero packaging portfolio by 2050.

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UN SDGs



In keeping with our commitment to climate action as well as extended producer responsibility, we are continuously assessing opportunities, new emerging technologies, partnerships and coalitions that will support the agenda of sustainable packaging.

Our strategy is to explore, assess, prioritise and implement innovative packaging design, technologies and collection/recycling programmes to minimise waste, optimise recovery, and promote circularity. Our interventions include:

- Reducing Materials Used for Packaging
- Designing for Recycling
- Post-Consumer Waste Collection & Recycling
- Responsible Communication

Bursa Malaysia Common and Sector-specific Material Matters

- Waste Management

DLMI Material Matters

- RC** Recovery and Circularity

A) Reducing Materials Used for Packaging

We continue to find ways to minimise materials used in our packaging while retaining their essential barrier, hygiene and food safety qualities. Some of the examples include reducing the length of our product pouches, thickness of shrink films used in our Ultra Heat Treatment (UHT) milk packaging, thinner stretch films for use in transporting our products etc. The objective is to reduce raw materials sourced from natural resources, reduce our waste impact at end-of-life, and drive cost savings.

B) Designing for Recycling

Good Packaging is critical to keep our dairy products safe and fresh, ensuring longer shelf life, free from contamination or ingress of bacteria and reducing food waste. What is equally important is to ensure packaging is recyclable and/or reusable, produced with minimal emissions, and is diverted from landfill and/or the environment. The challenge however is to create packaging that is optimally recyclable and affordable at the same time, while preserving the quality of our dairy products.

In 2024, in collaboration with our regional and global R&D teams, we continued to explore various emerging and circular solutions and innovations in packaging including aluminium free material, reinforcing our commitment to environmentally friendly practices and eco-conscious consumers. In the coming year/s, our priority is to continue to pilot the most practical and promising solutions that would work both for our consumers and for business.

C) Post-Consumer Waste Collection & Recycling

Packaging and related issues are extremely complex and challenging to crack a universal solution, both in terms of sustainable design and waste management. For instance, to achieve optimal collections of packaging waste and then sort for recycling, the entire value chain must be well-integrated with cooperation from critical value chain actors: the packaging producer, the buyer, the customer, the government, collectors, sorters and recyclers.

In 2024, in the spirit of Extended Producer Responsibility, we continued to work with MAREA and collaborate with multiple stakeholders to launch both pilot programmes and initiatives at scale to improve the rate of collections, especially of packaging materials that are critical for us. We also focused our efforts to raise levels of knowledge on the mechanics of waste and recycling and its ecosystem.

D) Responsible Communication

Consumer awareness of waste management post-consumption in Malaysia is relatively low. There is a need to collaborate with grassroots NGOs, community groups and associations, consumer activists and government to launch public service campaigns that will drive behaviour change in the long-term. Meanwhile, as producers, it is our responsibility to ensure consumers are equipped with practical information on how they can manage packaging waste from our dairy products. We have included recycling information on our packaging to raise awareness and guide consumers in responsible disposal.

% packaging designed for recycling

2024

Consumer Dairy:

93.1%* **72.2%***
Packaging recyclable-
all materials Packaging
recyclable
plastics

Specialised Nutrition:

66.2%* **12.1%***
Packaging recyclable-
all materials Packaging
recyclable
plastics

2023

Consumer Dairy:

92.5%* **69.9%***
Packaging recyclable-
all materials Packaging
recyclable
plastics

Specialised Nutrition:

77.8%* **20.3%***
Packaging recyclable-
all materials Packaging
recyclable
plastics

2022

Consumer Dairy:

92.5%* **69.9%***
Packaging recyclable-
all materials Packaging
recyclable
plastics

Specialised Nutrition:

77.8%* **20.3%**
Packaging recyclable-
all materials Packaging
recyclable
plastics

* Includes primary, secondary and tertiary packaging.

Trend Analysis/Brief Commentary

Overall in 2024, the Designed for Recycling rate improved compared to 2023, primarily driven by the phasing out of key non-recyclable packaging formats within the DLMI Portfolio as part of the Big Blue Project (Dutch Lady STM HDPE bottles, yogurt cups, tubs and yogurt bottles) starting mid-2024. We will continue in our efforts to keep our packaging sustainable, while also working in parallel to support efforts to accelerate waste collection and management through MAREA.

SUSTAINABILITY STATEMENT



BETTER PEOPLE

We aim to be recognised as a Top Employer in Malaysia, ensuring that DLMI is a People-Positive and Fit-for-Purpose Workplace by 2030.

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UN SDGs



Our people make it all possible. They are the most valuable and critical asset to our business. We make it our primary responsibility to nourish their personal and professional development. Our efforts are focused on creating inclusive and motivated teams, that work as robust and cooperative teams committed to our purpose of Nourishing Our Planet and People in Every Stage of Life.

Our strategy is to enable our people to grow and perform; foster a fit and empowering workplace, and create a great employee experience. This will require us to focus on talent and leadership development; integrate DEI principles into our culture, values and ways of working; and institutionalise a centralised and digitised people services and solutions for a seamless employee experience.

Bursa Malaysia Common and Sector-specific Material Matters

- Health and safety
- Labour practices and standards
- Diversity

DLMI Material Matters

- D&I** Diversity and Inclusion
- EE** Employee Experience
- WG** Wellbeing and Growth

In 2024, we revisited our ambition for 'Better People' Roadmap, in alignment with our global HR transformation efforts as well as more refined priorities. Our 2030 ambition is now 'To shape a People-Positive and Fit-for-Purpose Workplace', which is supported by eleven strategic HR key performance indicators (KPIs) (Refer to pages 68-69 for the KPIs) and seven 2030 headline targets (as mentioned below).

Key Strategies

Enable our people to grow and perform

WG

Headline Targets 2030

- ∞ Top Quartile on Top Employers of Malaysia
- ∞ 100% Management Team and Business Leadership Team on Future-Proof Skills Development Track
- ∞ Internal Fulfilment Rate >50% at Hay Grade 18 and above

Foster a fit and empowering workplace

D&I

- ∞ Top Quartile on D&I Benchmark
- ∞ O2Y Score at par or above Industry Benchmark
- ∞ 100% Employee Coverage on HURI Assessments
- ∞ Pay Parity: Equal Salary Certification

Create a great employee experience

EE

- ∞ Top Quartile on NPS for Employee Experience

ENABLE OUR PEOPLE TO GROW AND PERFORM

Enabling our people to grow and perform is crucial for continuously fulfilling our purpose. We believe that when our people are given opportunities to develop their skills and advance their careers, they become more engaged and motivated. This leads to higher productivity and better performance, while also contributing to people wellbeing and welfare.

Investing in employee growth also fosters a culture of continuous learning and improvement. It encourages innovation and creativity, as employees feel empowered to bring new ideas to the table. Moreover, providing training and development opportunities helps in retaining top talent, as employees are more likely to demonstrate loyalty and higher levels of commitment to both their own future and future of the organisation.

Additionally, when employees are supported in their growth, they are better equipped to adapt to changes and challenges in the workplace. This adaptability is essential in today's fast evolving business environment.

Ranking on Top Employers Benchmark by Top Employers Institute

2024

Top Quartile

2023

2nd Quartile

2022*

Started the journey in 2022. No. Certification Issued

* Started the assessment and journey with Top Employers Institute in 2022. No certification was issued.

Trend Analysis/Brief Commentary

This rigorous assessment of 20 topics and 350 people best practices by the Top Employers Institute helps us to prioritise positive changes beyond processes, controls and operations. We achieved our 2030 target to be in the top quartile ahead in 2024.

We continue to be ranked strong on 70% of the assessment topics to include, Business Strategy, Leadership, Purpose and Values, Ethics and Integrity, DEI, Sustainability, People Strategy, Wellbeing, Employee Listening, Work Environment, Performance.

Potential areas where we can do better and are committed to allocate more energy and resources include Offboarding, Rewards and Recognition, and Continuous Learning.

SUSTAINABILITY STATEMENT

Total and Average Hours of Employee Training

2024

14,159

hours of training

30.78

average hours
per employee

2023

20,432

hours of training

37.8 average hours
per employee

2022

21,624

hours of training

20.8 average hours
per employee

Trend Analysis/Brief Commentary

At DLMI, we encourage employees to take charge of their own learning and development needs. This essentially means, employees can nominate themselves for any training areas that they identify as critical to their current roles and future aspirations. The top five areas of training in 2024 included: Leadership Journey and Development, Growth Mindset, Personal Leadership, Functional Capability Building and People Manager Capability Building.

These were well-aligned with our business and people priorities for the year, where the main objectives included:

- 1) bridge the gap between and across leadership teams;
- 2) provide holistic development journey for our talent; and
- 3) ensure purposeful development interventions for our people.

We are in planning to conduct a comprehensive assessment of critical skills that will future-proof both our people as well as our business. Our aspiration is to place 100% of our Management and Business Leadership Teams on a Future-Proof Skills Development Track in phases by 2030. We continue to strengthen Leadership across all functions and provide a more robust development platform for our Asia Young Cubs.

Additional Performance Data:

Hours of Employee Training by Employee Category



* Performance tracking on this indicator available only since 2023

Attrition and Internal Fulfilment Rate

2024

7.25%

vs Mercer industry average of 12.8%

50%

Internal Fulfilment Rate for Hay Grade 18 and above

2023

8.55%

vs Mercer industry average of 13%

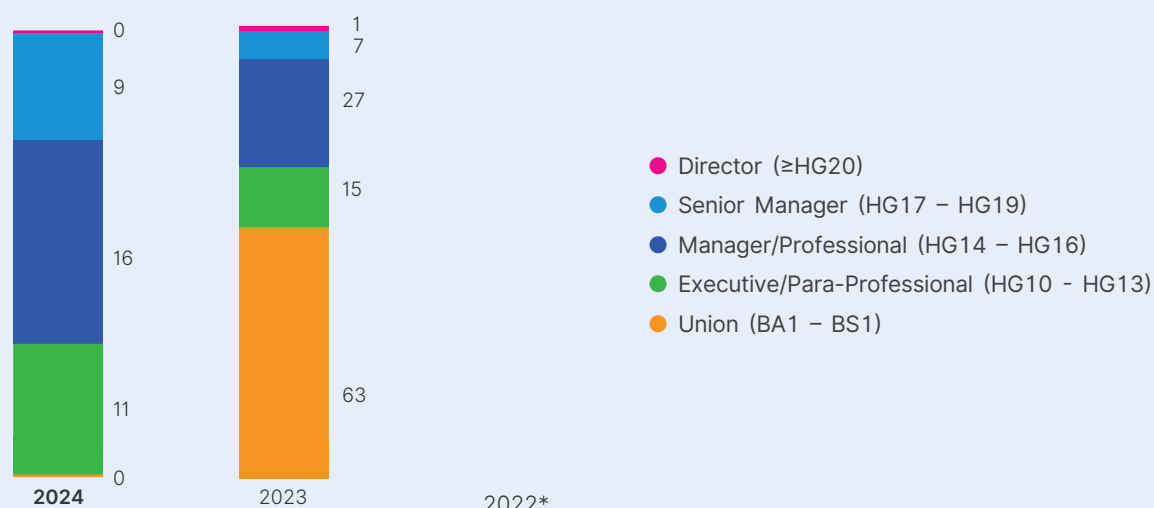
2022

11.24%

vs Mercer industry average of 11.8%

* Performance tracking on Internal Fulfilment Rate available only since 2024

Employee Turnover by Employee Category



* Performance tracking on this indicator available only since 2023

FOSTER A FIT AND EMPOWERING WORKPLACE

Fostering a fit and empowering workplace with diversity and inclusion as key principles is essential for organisational success. A diverse and inclusive environment promotes creativity, innovation, and better decision-making by promoting new ideas and perspectives. We also believe that by prioritising gender balance, organisations can create a fair and dynamic culture where everyone can thrive, leading to sustainable growth and a competitive edge in the market. Overall, a supportive and empowering workplace boosts employee morale, productivity, and overall wellbeing.

Representation of Women on Board and in Top Management

2024

75% of Board Positions held by Women

50% of Top Management Positions are held by women

2023

75% of Board Positions held by Women

44% of Top Management Positions are held by women

2022

63% of Board Positions held by Women

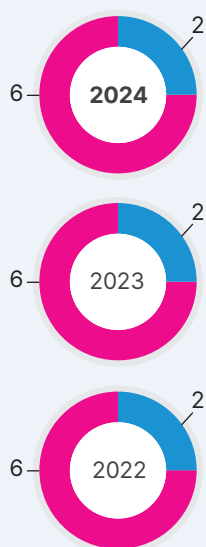
44% of Top Management Positions are held by women

SUSTAINABILITY STATEMENT

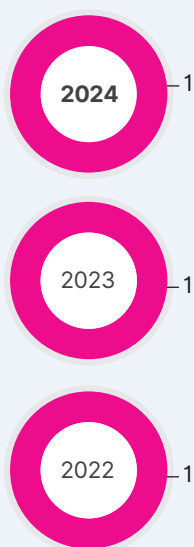


Board Diversity by Gender

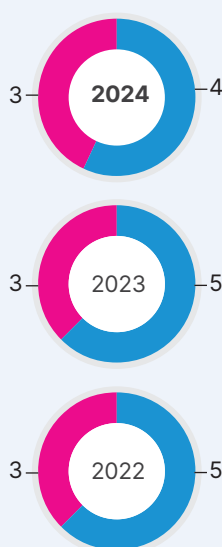
Board of Directors



Chief Executive Officer/
Managing Director

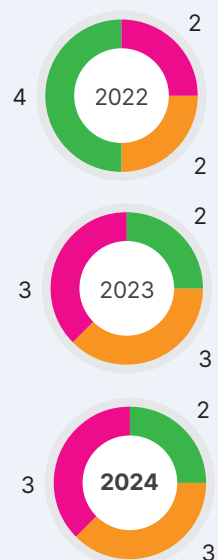


Management Committee/
Senior Management



● Male ● Female

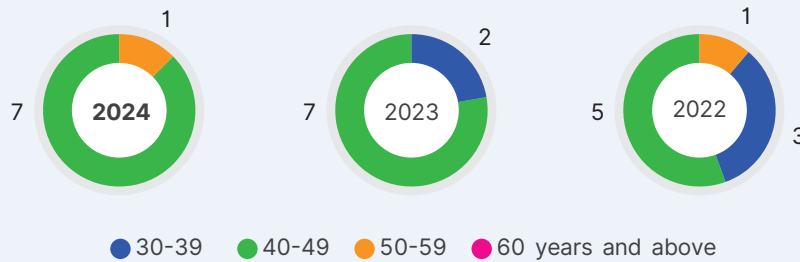
Board Diversity by
Age Group Board of
Directors



● 30-39 ● 40-49 ● 50-59 ● 60 years and above

Top Management

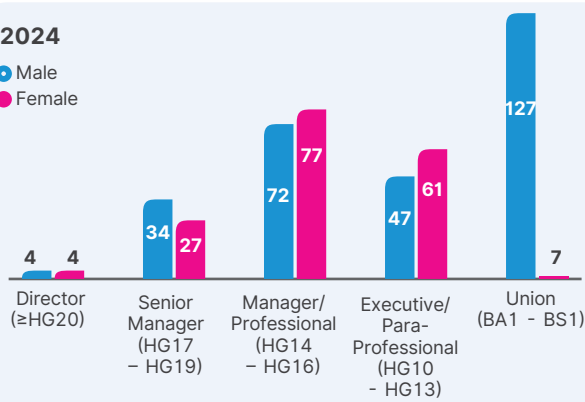
Chief Executive Officer/Managing Director/Management Committee/Senior Management



Employee Diversity by Gender, for Each Employee Category

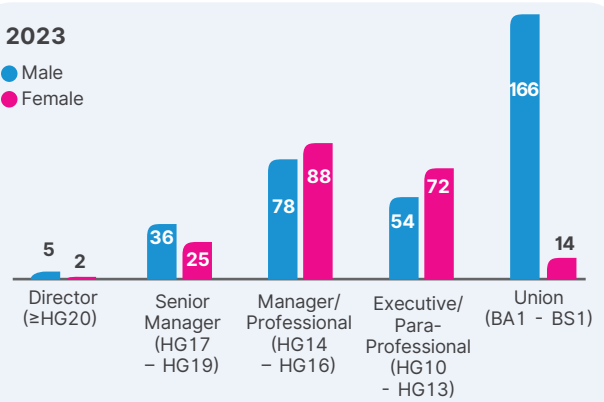
2024

Male
Female



2023

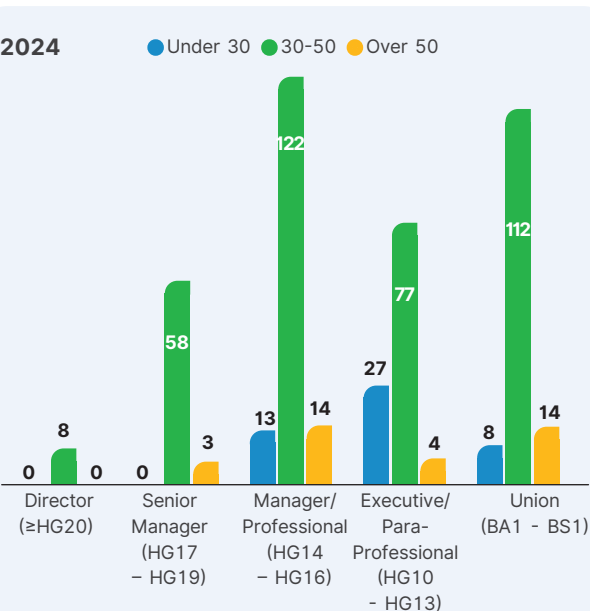
Male
Female



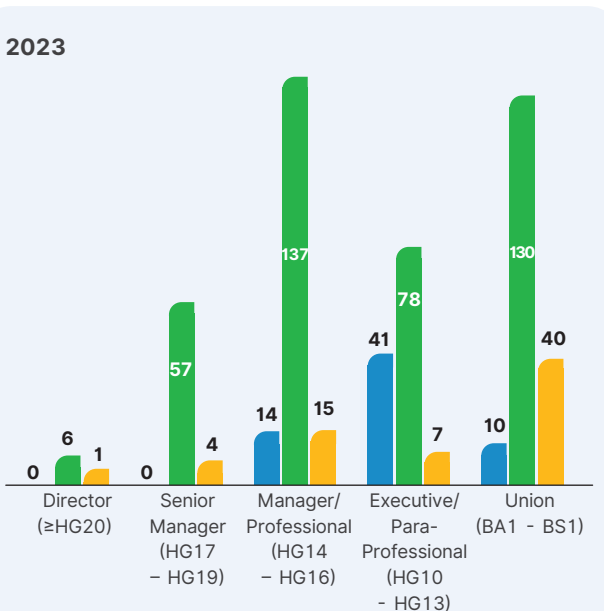
Employee Diversity by Age-Group, for Each Employee Category

2024

Under 30 30-50 Over 50



2023



% of Employees Unionised & Governed by Collective Bargaining Agreements

2024

40.6%

2023

33.3%

2022

44.1%

SUSTAINABILITY STATEMENT

Substantiated Cases Reported Concerning Human Rights

2024	2023	2022*
4	5	-

* Performance tracking on this indicator available only since 2023

Trend Analysis/Brief Commentary

Safeguarding the wellbeing of our employees means protecting their fundamental human rights, strictly, in everything we do. To this end, FrieslandCampina’s and our organisation-level Human Rights Policy are aligned with international principles, including the UN Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, and the OECD Guidelines for Multinational Enterprises.

We are planning to implement Human Rights (HURI) Assessments across the Board, covering all employees, including temporary, permanent and contractual workers at our new manufacturing facility DLMI@Enstek. The plan will be executed in phases over the next two years.

Meanwhile, we have included a Human Rights Awareness Training in our mandatory trainings for all staff and workers, in addition to promoting the Grievance Reporting and Redressal Mechanism through our Speak-Up platform.

CREATE A GREAT EMPLOYEE EXPERIENCE

Creating a great employee experience contributes to talent attraction and retention. A positive work environment instils a sense of belonging, making employees feel valued, while also improving employee morale, engagement, and productivity. These in turn lead to higher job satisfaction and lower turnover rates. Additionally, a great employee experience fosters a culture of trust and collaboration, encouraging innovation and creativity. In other words, investing in employee experience drives organisational success by creating a motivated, loyal, and high-performing workforce.

Employee Engagement Index Score

2024	2023	2022
74% vs. industry benchmark of 74%	73% vs. industry benchmark of 75%	81% vs. industry benchmark of 76%

Trend Analysis/Brief Commentary

Through the survey, employees identified our “Purpose”, “Connection” and “Feedback” as key strengths of our approach to people and business. Whereas, “Communication”, “Wellbeing” and “Decision-Making” were highlighted as areas for continuous improvement. Based on the key findings, our efforts are now channeled to improve transparency and consistency in communications, introduce more robust recognition programmes, draw clearer career progression paths, foster inclusion, and enhance wellbeing and welfare initiatives. Additionally, in 2025, our focus will also be on:

- ∞ Creating an environment where people are given the space to deliver and have the psychological safety to perform, grow and succeed
- ∞ Reinforcing a conducive workplace that allows our employees to feel more connected to each other and aligned to our purpose and values
- ∞ Strengthening DLMI leadership through holistic people manager capability building underpinned by our corporate values to drive high performing teams

Employees who Received Training on Safety and Health Standards

2024	2023	2022*
219	354	-

* Performance tracking on this indicator available only since 2023

Work Related Fatalities and Lost Time Incident Rate

2024	2023	2022
Zero Work Related Fatalities 0.20 Lost Time Incident Rate (LTIR)	Zero Work Related Fatalities 0.11 Lost Time Incident Rate	Zero Work Related Fatalities 0.12 Lost Time Incident Rate

Trend Analysis/Brief Commentary

Effective 1 November 2024, the LTIR scope has been revised to exclude other contractors, who are not in our direct supervision, however includes employees and supervised contractors.

Speak-Up (Grievance Platform)

2024	2023	2022
4	5	1

Trend Analysis/Brief Commentary

The Speak-Up procedure clearly sets out a well-defined governance process upon which Compass related matters can be raised in confidence and anonymity (if requested) in good faith, and without fear of reprisal. The Speak-Up phone and web service which is managed by an independent third party is available on any day of the year and at any time. Details of the methods to raise Speak-Up Reports is made available to employees via internal communication. This information is also made available to all other stakeholders, including our suppliers on the Company’s website along with a copy of the Speak-Up Procedure at www.dutchlady.com.my.

SUSTAINABILITY STATEMENT



BETTER SOCIETY

We aim to support the communities and stakeholders in our business ecosystem with interventions that would build capabilities, and contribute to social and environmental wellbeing.

• • •

UN SDGs



As a corporate citizen, it is our continuous endeavour to remain in touch with critical communities in our business ecosystem – from farmers to consumers to DLMI internal and external stakeholders. The Better Society roadmap is aligned with our purpose of Nourishing Our Nation as well as with our greater responsibility to create positive social and environmental impact in the conduct of our business.

Our strategy is to assess various issues that matter to farmers and communities, and identify opportunities for meaningful engagement, through long-term stewardship and support. Our interventions include:

- ∞ Farmer education on sustainable dairy farming practices towards improving the quality and volume of milk and thereby their income potential
- ∞ Milk distribution to underserved communities
- ∞ Milk distribution to communities to raise awareness of wellbeing of children in terms of their social, emotional, physical, intellectual and spiritual development
- ∞ Engagement and partnership with civil society and members of the community on river cleaning project

Bursa Malaysia Common and Sector-specific Material Matters

- Community/Society

DLMI Material Matters

FC Farmers and Communities

Contribution to Local Communities (children and B40 communities)

2024

RM457,784.82

37,644 beneficiaries

2023

RM79,558

45,016 beneficiaries

2022

RM403,774

64,959 beneficiaries

Trend Analysis/Brief Commentary

Over the years, we have worked with various partners to support B40 communities, including women and children by distributing our nutritional dairy products during special occasions such as Ramadan and Chinese New Year Celebrations; extraordinary circumstances during natural calamities such as floods; and community-focused events related to food security, physical health, and environmental wellbeing.

Driving Education on Nutrition



Milk cartons distributed to Kampung Orang Asli Berdut, Pahang. We have also distributed our milk cartons to underprivileged communities in Negeri Sembilan, Selangor, Perak, Kelantan and Kuala Lumpur.

SUSTAINABILITY STATEMENT

Driving Education on Nutrition



Milk cartons distributed to several communities in several states, schools, a refugee learning centre, welfare homes and the homeless through TrEES – an NGO partner in Bursa Malaysia’s re.Food programme

Participation in River Cleaning: Volunteerism

<div>2024</div> <div>18</div> <div>participants from DLMI and community members</div>	<div>2023</div> <div>32</div> <div>participants from DLMI, DID Petaling officers and the Section 14 community members</div>	<div>2022</div> <div>36</div> <div>participants from DLMI, DID Petaling officers, MBPJ officer and community members</div>
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Trend Analysis/Brief Commentary

In line with our environmental protection efforts, we continued our partnership with the Global Environment Centre (GEC) in 2024. Through the partnership, we have been participating in the River Adoption & Monitoring Project, a three-year undertaking (from 2022 to 2024) wherein DLMI support GEC’s Penchala River Rehabilitation and Education programmes. We also worked with officers from the Department of Irrigation and Drainage (DID) to carry out a clean-up of the Penchala River trail and create a pollinator garden to foster biodiversity by the riverbank through our partnership with GEC. Our initiative offered an opportunity to raise awareness as well as seek meaningful participation of critical stakeholders in safeguarding the environment within our business ecosystem.



A visit by the Minister of Natural Resources, Environment and Climate Change (NRECC), YB Nik Nazmi, Member of the Legislative Assembly (ADUN), YB Rajiv, council members, DID and Ministry of NRECC staffs and other stakeholders to Section 14 river trail on 30 May 2024



River Ranger activity at Section 14 river trail and Bukit Kiara with communities and DLMI staff on 9 November 2024



SUSTAINABILITY STATEMENT



BETTER GOVERNANCE

We aim to operate with integrity, respect and transparency through our commitment to sustainable business practices, and acting in the best interest of our people, partners and all other stakeholders.

• • •

UN SDGs



In applying good governance for sustainable development, we live and operate by the values of respect, transparency, ethics, integrity, privacy and security. Reinforcing these values at every opportunity or in every engagement with our stakeholders is fundamental to business continuity and resilience.

Besides various policies and procedures (refer to page 76 of this report), in the conduct of our business and relationships, we have a strong orientation to COMPASS – a comprehensive set of guidelines that unites our purpose, values and business principles, ensuring we are **Doing Dairy Right**.

Bursa Malaysia Common and Sector-specific Material Matters

- Anti-Corruption
- Data Privacy and Security

DLMI Material Matters

SEC Socio-Economic Continuity

Our strategies are multipronged based on the three focus areas outlined in COMPASS.

1. **Respecting People, Planet and Products:** This covers Safety, Health, and Environment; Workplace Respect; Sustainability; and Food Safety and Quality
2. **Doing Business with Integrity:** This is all about Fair Communication, Responsible Public Activities, Avoiding Bribery, Fair Competition, Business Partner Integrity, and Avoiding Conflicts of Interest
3. **Protecting our Information and Assets:** This relates to Privacy and Data Protection, Protecting Confidential Information, Use of Company Resources, Preventing Fraud, and Integrity of Reporting

In working with these, our objective is also to develop an open, accountable and strategic approach to managing sustainability performance. The Better Governance Roadmap, which was updated in 2024 to support our alignment with the newly introduced National Sustainability Reporting Framework (NSRF), includes our ambition to align to a verifiable set of accountability principles such as AA1000 Accountability Principles (2018) ("AA1000AP"). The Principle of Impact is of central importance to the accountability process and supports the interactions between inclusivity, materiality and responsiveness. Below is the table that captures our progress on key principles of and adherence criteria for AA1000AP.

Ongoing Alignment with Key AA1000 Accountability Principles



Key Principles

Inclusivity

- ∞ Commitment, Integration and Capacity Building
- ∞ Engagement Strategy & Process Development
- ∞ Performance Measurement and Stakeholder Communications

60% Fulfilment of Adherence Criteria

Our Progress on Adherence

Stakeholder engagement is handled by the Corporate Affairs Department, in close collaboration with the Managing Director and other members of the Management Team. The Board Charter sets out the commitment to engage and communicate with stakeholders, in line with the policies, procedures and guidelines of the FC group. When communicating and engaging with stakeholders, the aim is to provide clear, unambiguous and up to date information, all within the established boundaries of disclosure.

Work in Progress:

- ∞ Risk analyses and integration of stakeholder engagement and response into relevant policies, operational procedures and systems is work in progress.
- ∞ Set specific metrics to measure engagement effectiveness, outcomes and impact, for continuous learning and improvement.

SUSTAINABILITY STATEMENT

Ongoing Alignment with Key AA1000 Accountability Principles

Key Principles

Our Progress on Adherence

Materiality

- ∞ Commitment, Integration and Capacity Building
- ∞ Materiality Determination
- ∞ Communication

50% Fulfilment of Adherence Criteria

In 2023, we conducted our Second Formal Materiality Assessment Exercise using the methodology recommended by Global Reporting Initiative (GRI) Standards.

The process included active participation of the Managing Director and Management Team, who are also the Leads and Heads of Critical Functions of the Organisation, as well as internal and external stakeholders of influence and impact, including employees, suppliers, and consumers.

While the process included prioritisation of material matters based on significance, likelihood and impact, definite criteria and thresholds were not defined and are areas for consideration in the next round.

Areas to Strengthen:

- ∞ We plan to conduct a full-fledged materiality assessment, which will include documenting a robust, systematic and materiality determination process that will be more inclusive through engagement with relevant corporate customers, shareholders, government, industry groups, community, business partners, NGOs and media.
- ∞ Improve capability and capacity to apply the results of the materiality assessment process, including procedures for addressing conflicts or dilemmas arising from diverging or conflicting expectations regarding material topics.
- ∞ Create and disclose a comprehensive and balanced understanding and prioritisation of material sustainability topics for the organisation and its stakeholders.

Responsiveness

- ∞ Commitment, Integration and Capacity Building
- ∞ Response Strategy Development
- ∞ Response Implementation and Ongoing Communication

37% Fulfilment of Adherence Criteria

While we have developed responses related to material topics and leveraged the annual and sustainability reports to communicate these messages to stakeholders, a clear area for improvement is to engage risk management, compliance, and functional strategies for a more integrated response.

Areas to Strengthen:

A continuous and ongoing communication with stakeholders is essential and can be institutionalised as a plan.

We plan to institutionalise a process where:

- ∞ We will assess the relationship between the maturity, impact and prioritisation of the topics and the appropriateness of the responses
- ∞ We will revisit our strategies and identify key areas of improvement.

Impact

- ∞ Commitment, Integration and Capacity Building
- ∞ Impact Identification and Metrics Development
- ∞ Impact Assessment and Disclosure

60% Fulfilment of Adherence Criteria

We track, measure and report our performance against key material matters annually against the set targets and/or impact indicators, where defined. We also compare our performance against industry benchmarks where available. The capacity and capability of impact measurement currently sits with respective functional heads/leads and/or owners of respective sustainability roadmaps.

Areas to Strengthen:

- ∞ Establish a process to understand, measure, evaluate, manage and report impacts are defensible and can be subject to external assurance.
- ∞ Gradually raise the bar and ambition on all kinds of impacts (qualitative, quantitative or monetised measures for sustainability context for each impact – against business and stakeholders).

PROMOTING PRINCIPLES OF GOOD GOVERNANCE

The role of effective and inclusive policies in implementing principles of good governance is critical. For one, policies support in strategic planning, allocation of resources, seeking greater participation, fostering accountability and driving performance. Towards this in 2024, we launched and refreshed key policies to include Workplace Respect policy and DLMI Sustainability policy, in addition to promoting Compass – our guiding light that unites our purpose, values and business principles. It helps us nourish integrity throughout what we do, always ensuring we are Doing Dairy Right.



Relaunched COMPASS

Through local workshops with Senior Managers, delivered a fresh, simpler programme, for all employees to understand and embrace key values and principles.

Our guiding principles

- ∞ Respecting People, Planet and Products
- ∞ Doing Business with Integrity
- ∞ Protecting Our Information and Assets



Launched WORKPLACE RESPECT POLICY

Emphasised on the importance of values that bring out the best in everyone, where people treat each other respectfully and professionally, and where individual differences are appreciated.

Our guiding principles

- ∞ We do not accept inappropriate behaviour such as bullying and harassment.
- ∞ We do not accept discrimination of any kind, based on gender, race, age, religion or nationality.
- ∞ We encourage open, honest and constructive communication between the people involved when addressing disrespectful behaviour and/or resolving difficult personnel issues.



Launched new DLMI SUSTAINABILITY POLICY

Established our statement of purpose, our approach to managing EESG risks, and the principles that guide us in making our intent and impact meaningful for both business and stakeholders.

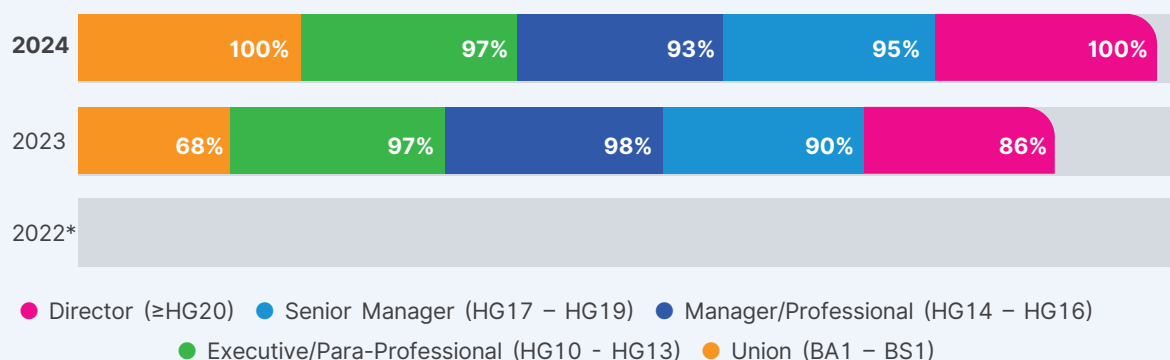
Our guiding principles

- ∞ Take a balanced perspective on risks by prioritising aspects that are most material to our people and business.
- ∞ Prioritise mitigation efforts that focus on delivering value that is aligned with our purpose and interest of our people and planet.

SUSTAINABILITY STATEMENT

Additional Performance Data:

% Training on Anti-Corruption by Employee Category



* Performance tracking on this indicator by category available since 2023

Effective 2024, the official scope for reporting for Union Workers has been revised to include only the Executive Union Workers, who are already integrated into the digital tracking system. While the percentage of completion within this group of employees has increased, it is important to note that the majority of our shop-floor factory workers who are also union members do not own official email addresses and hence, are not integrated into our digital HR training platform. We however target to cover such workers when planning and delivering training on Anti-Bribery and Corruption. To achieve this, team leaders have the mandate to hold physical classroom sessions to deliver the trainings and lead the discussions on this topic with their shop-floor union team members.

% of Operations Assessed for Corruption Related Risks

2024 [^]	2023	2022*
—	100%	—

Confirmed Incidents of Corruption and Actions Taken

2024	2023	2022
Zero	Zero	Zero

* Performance tracking on this indicator available only since 2023

Trend Analysis/Brief Commentary

In keeping with our global policy for good business conduct, our efforts are focused on ensuring that the policy remains relevant to our local business operations, also fulfils the requirements local laws and regulations. Across our operations, we maintain a zero tolerance policy concerning all types of corruption, including fraud and bribery. We also provide mandatory training to our employees to continuously raise awareness and understanding of, and commitment to, our guidelines and principle of good business conduct.

[^] In 2024, we did not conduct any corruption related risk assessment. The risks identified in FY23 remained relevant. The various action plans developed in FY23 are being addressed based on a phased-approach model. The next corruption related risks assessment would be conducted in FY25 in line with FC's Enterprise Risk Assessment model which mandates a comprehensive assessment of risks once every two years.

Complaints on Breaches of Customer Privacy and Losses of Customer Data

2024	2023	2022*
Zero	Zero	—

* Performance tracking on this indicator available only since 2023

Trend Analysis/Brief Commentary

A global governance structure supports the implementation of our Data Protection & Privacy policy. The pace of implementing mitigating measures related to cybersecurity at FrieslandCampina has been increasing with several initiatives. These include strengthening our fundamental processes and driving awareness across all levels of the organisation. As a result of our continuing efforts, the Group has noted an improvement in the maturity and overall awareness throughout the organisation.

Give them the guts to explore the world.

Friso
GOLD

Formulated with
NOVAS* milk nutrient,
2'-FL, and GOS.

NEW

Learn More



*Novas: Refer to protein digestion and absorption.
Disclaimer: Please do not attempt this act under any circumstance. Visuals displayed are for metaphorical purposes only.

SUSTAINABILITY PERFORMANCE REPORT

Indicator	Measurement Unit	2023	2024
Bursa (Anti-corruption)			
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category			
Director (eHG20)	Percentage	86.00	100.00
Senior Manager (HG17 - HG19)	Percentage	90.00	95.00
Manager/Professional (HG14 - HG16)	Percentage	98.00	93.00
Executive/Para-Professional (HG10 - HG13)	Percentage	97.00	97.00
Union (BA1 - BS1)	Percentage	68.00	100.00
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	100.00	0.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0	0
Bursa (Community/Society)			
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	79,558.86	457,784.82
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	45,016	37,644
Bursa (Diversity)			
Bursa C3(a) Percentage of employees by gender and age group, for each employee category			
Age Group by Employee Category			
Director (eHG20) Under 30	Percentage	0.00	0.00
Director (eHG20) Between 30-50	Percentage	86.00 *	88.00
Director (eHG20) Above 50	Percentage	14.00 *	13.00
Senior Manager (HG17 - HG19) Under 30	Percentage	0.00	0.00
Senior Manager (HG17 - HG19) Between 30-50	Percentage	93.00 *	95.00
Senior Manager (HG17 - HG19) Above 50	Percentage	7.00 *	5.00
Manager/Professional (HG14 - HG16) Under 30	Percentage	8.00 *	9.00
Manager/Professional (HG14 - HG16) Between 30-50	Percentage	83.00 *	82.00
Manager/Professional (HG14 - HG16) Above 50	Percentage	9.00 *	9.00

Internal assurance

External assurance

No assurance

(*) Restated

Indicator	Measurement Unit	2023	2024
Bursa (Diversity)			
Executive/Para-Professional (HG10 - HG13) Under 30	Percentage	33.00 *	25.00
Executive/Para-Professional (HG10 - HG13) Between 30-50	Percentage	62.00 *	71.00
Executive/Para-Professional (HG10 - HG13) Above 50	Percentage	6.00 *	4.00
Union (BA1 - BS1) Under 30	Percentage	6.00 *	6.00
Union (BA1 - BS1) Between 30-50	Percentage	72.00 *	84.00
Union (BA1 - BS1) Above 50	Percentage	22.00 *	10.00
Gender Group by Employee Category			
Director (eHG20) Male	Percentage	71.00 *	50.00
Director (eHG20) Female	Percentage	29.00 *	50.00
Senior Manager (HG17 - HG19) Male	Percentage	59.00 *	56.00
Senior Manager (HG17 - HG19) Female	Percentage	41.00 *	44.00
Manager/Professional (HG14 - HG16) Male	Percentage	47.00 *	48.00
Manager/Professional (HG14 - HG16) Female	Percentage	53.00 *	52.00
Executive/Para-Professional (HG10 - HG13) Male	Percentage	43.00 *	44.00
Executive/Para-Professional (HG10 - HG13) Female	Percentage	57.00 *	56.00
Union (BA1 - BS1) Male	Percentage	92.00 *	95.00
Union (BA1 - BS1) Female	Percentage	8.00 *	5.00
Bursa C3(b) Percentage of directors by gender and age group			

Internal assurance

External assurance

No assurance

(*)Restated

SUSTAINABILITY PERFORMANCE REPORT

Indicator	Measurement Unit	2023	2024
Male	Percentage	25.00	25.00
Female	Percentage	75.00	75.00
Under 30	Percentage	0.00	0.00
Between 30-50	Percentage	25.00	25.00
Above 50	Percentage	75.00	75.00
Bursa (Energy management)			
Bursa C4(a) Total energy consumption	Megawatt	47,122.51	51,001.53
Bursa (Health and safety)			
Bursa C5(a) Number of work-related fatalities	Number	0	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	0.11	0.20
Bursa C5(c) Number of employees trained on health and safety standards	Number	354	219
Bursa (Labour practices and standards)			
Bursa C6(a) Total hours of training by employee category			
Director (eHG20)	Hours	418	313
Senior Manager (HG17 - HG19)	Hours	4,105	1,945
Manager/Professional (HG14 - HG16)	Hours	8,560	3,828
Executive/Para-Professional (HG10 - HG13)	Hours	5,118	2,804
Union (BA1 - BS1)	Hours	2,231	5,269
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	3.00	3.00
Bursa C6(c) Total number of employee turnover by employee category			
Director (e HG20)	Number	1	0
Senior Manager (HG17 - HG19)	Number	7	9
Manager/Professional (HG14 - HG16)	Number	27	16
Executive/Para-Professional (HG10 - HG13)	Number	15	11
Union (BA1 - BS1)	Number	63	0
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	5	4

Internal assurance

External assurance

No assurance

(*)Restated

Indicator	Measurement Unit	2023	2024
Bursa (Supply chain management)			
Bursa C7(a) Proportion of spending on local suppliers	Percentage	39.00	56.00
Bursa (Data privacy and security)			
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0	0
Bursa (Water)			
Bursa C9(a) Total volume of water used	Megalitres	684.442000	648.992000
Bursa (Waste management)			
Bursa C10(a) Total waste generated	Metric tonnes	-	No Data Provided
Bursa C10(a)(i) Total waste diverted from disposal	Metric tonnes	-	No Data Provided
Bursa C10(a)(ii) Total waste directed to disposal	Metric tonnes	-	No Data Provided
Bursa (Emissions management)			
Bursa C11(a) Scope 1 emissions in tonnes of CO2e	Metric tonnes	-	No Data Provided
Bursa C11(b) Scope 2 emissions in tonnes of CO2e	Metric tonnes	-	No Data Provided
Bursa C11(c) Scope 3 emissions in tonnes of CO2e (at least for the categories of business travel and employee commuting)	Metric tonnes	-	No Data Provided

Internal assurance

External assurance

No assurance

(*)Restated

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)

Corine Danielle Tap
Non-Independent Non-Executive Director
(appointed 01.01.2023)

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

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

NOMINATING & REMUNERATION COMMITTEE

CHAIRPERSON

Saw Chooi Lee

MEMBERS

Tengku Nurul Azian binti Tengku Shahrman
Darren Kong Kam Seong
Corine Danielle Tap

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

REGISTRAR

BOARDROOM SHARE REGISTRARS SDN BHD

12th 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

WEBSITE

www.dutchlady.com.my

INVESTOR RELATIONS & ENQUIRIES

Kai de Klerk
Finance Director
finance.dept@frieslandcampina.com

STOCK EXCHANGE LISTING

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

AUDITORS

PRICEWATERHOUSECOOPERS PLT

(LLP0014401-LCA & AF 1146)
Chartered Accountants
Level 10, Menara TH 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

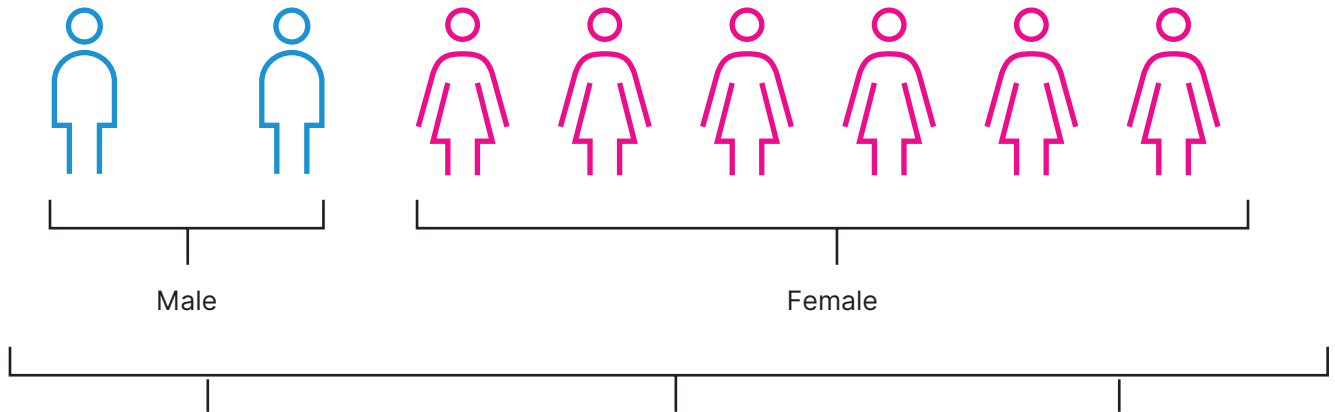
Level 45, Menara Citibank
No. 165 Jalan Ampang
50450 Kuala Lumpur

MALAYAN BANKING BERHAD

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

BOARD AT A GLANCE

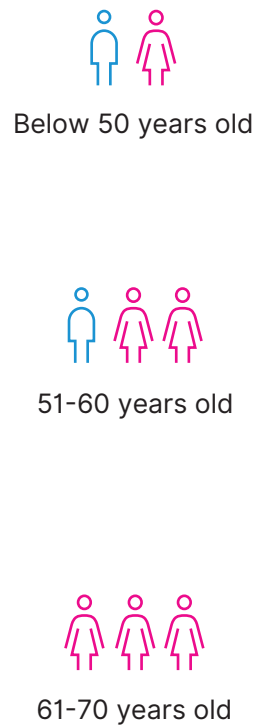
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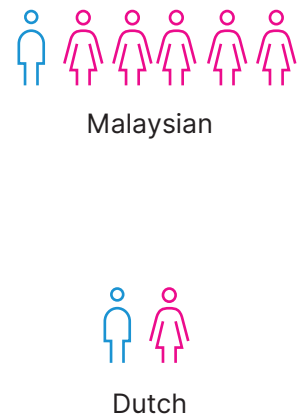
Composition



Age Group



Nationality



PROFILES OF DIRECTORS AND COMPANY SECRETARY



DATIN SERI SUNITA MEI-LIN RAJAKUMAR

Chairperson and Independent
Non-Executive Director

 **56 years old**

 **Female**

 **Malaysian**

Date of Appointment:

27 February 2019


Tenure of Directorship:

6 years 1 month

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.*

 **4/4** Board Meeting
Attendance in 2024

Academic/Professional Qualification(s):

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

Present Directorship in Other Public Companies and Listed Issuers:

Petronas Chemicals Group Berhad

Non-listed public company

- ∞ HSBC Bank Malaysia Berhad
- ∞ MCIS Insurance Berhad
- ∞ Zurich General Insurance Malaysia Berhad
- ∞ Climate Governance Malaysia Berhad

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 over 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.



RAMJEET KAUR VIRIK

Managing Director

 **48 years old**

 **Female**

 **Malaysian**

Date of Appointment:


2 July 2021

Tenure of Directorship:

3 years 8 months

Membership of Board Committee:

None

 Board Meeting Attendance in 2024

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:

Ms. Ramjeet has been with FrieslandCampina for over 13 years. Prior to her current appointment, she 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).

PROFILES OF DIRECTORS AND COMPANY SECRETARY



SAW CHOOI LEE

Senior Independent Non-Executive Director

 **61 years old**

 **Female**

 **Malaysian**

Date of Appointment:

1 January 2014

Re-designation to Independent Director:


15 January 2020

Tenure of Directorship as Independent Director:

5 years 2 months

Membership of Board Committee:

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

 Board Meeting Attendance in 2024

Academic/Professional Qualification(s):

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

Present Directorship in Other Public Companies and Listed Issuers:

Nil

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 was appointed as the Adjunct Professor for Graduate Business School – MBA Programme, University Kebangsaan Malaysia (UKM) in 2018. Currently, she is actively involved in various mentoring programmes for young leaders with the Lead-Women Malaysia Organisation.



CORINE DANIELLE TAP

Non-Independent Non-Executive Director

 **52 years old**

 **Female**

 **Dutch**

Date of Appointment:


1 January 2023

Tenure of Directorship:

2 years 3 months

Membership of Board Committee:

Nominating & Remuneration Committee

 Board Meeting Attendance in 2024

Academic/Professional Qualification(s):

- ∞ Master of Econometrics/Operations Research, University of Amsterdam
- ∞ Postgraduate Controllers degree (CMA equivalent), University of Amsterdam-University of Maastricht

Present Directorship in Other Public Companies and Listed Issuers:

Nil

Working Experience:

Ms. Tap is the President for the CD Asia Business Group of FrieslandCampina since October 2023. She joined FrieslandCampina in November 2022 as the Senior Vice President of CD Asia.


Ms. Tap first started her career in 1996 at Unilever in Indonesia. After holding roles in Finance, Category Management, Marketing, and Sales, she moved to China in 2002 to build the Lipton business. In 2005, she came back to Indonesia where her last role was Managing Director at Unilever Food Solutions.

Ms. Tap then joined Danone in 2010 as Sales Director PT Sari Husada, Indonesia (Early Life Nutrition). Between 2012 and 2013 she served as Regional Sales Manager for Early Life Nutrition SAPAC. In 2013, she was appointed as the General Manager ELN Australia & New Zealand. In 2017, she moved to Aqua Indonesia as General Manager.

In July 2019, Ms. Tap became Senior Vice-President, Waters Indonesia and South East Asia. Under her leadership, Aqua Indonesia obtained the B Corp certification, becoming the largest B Corp in Asia.

Prior to joining FrieslandCampina, Ms. Tap was Danone's President of AMEA (Asia Middle East Africa) and a Member of the Executive Committee (COMEX).

PROFILES OF DIRECTORS AND COMPANY SECRETARY



AGE

67 years old

Female

Malaysian

Date of Appointment:

16 March 2018

Tenure of Directorship

7 years

Membership of Board Committee:

Audit & Risk Committee

4/4

Board Meeting Attendance in 2024

Academic/Professional Qualification(s):

Doctor of Veterinary Medicine, DVM, Universiti Pertanian Malaysia

Present Directorship in Other Public Companies and Listed Issuers:

MYMBN Berhad

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.



TENGBU NURUL AZIAN BINTI TENGBU SHAHRIMAN

Independent Non-Executive Director

 **62 years old**

 **Female**


 **Malaysian**

Date of Appointment:
25 June 2018

Tenure of Directorship:
6 years 9 months

Membership of Board Committee:

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

 Board Meeting
Attendance in 2024

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)

Present Directorship in Other Public Companies and Listed Issuers:

- ∞ PPB Group Berhad
- ∞ FM Global Logistics Holdings Berhad (formerly known as Freight Management Holdings Berhad)

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. With over 19 years of broad experience in investment banking and corporate finance, her last position was Head of Corporate Finance at RHB Investment Bank Berhad, a member of the RHB Banking Group, an 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 was the Executive Vice President and Partner of PEMANDU Associates Sdn Bhd, a management consultancy firm until June 2020.

She is also a Board member of Pemimpin GSL, Malaysia, affiliated with the Global School Leaders network, an organisation that focuses on strengthening leadership in schools across Malaysia. Pemimpin GSL is also the organiser of the Malaysia Teacher Prize. She sits on the Board of Governors of her alma mater, Convent Bukit Nanas.

PROFILES OF DIRECTORS AND COMPANY SECRETARY



AGE

54 years old

Male

Dutch

Date of Appointment:

19 July 2019

Tenure of Directorship:

5 years 8 months

Membership of Board Committee:

Audit & Risk Committee

4/4

Board Meeting Attendance in 2024

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

Present Directorship in Other Public Companies and Listed Issuers:

Nil

Working Experience:

Mr. Krol joined FrieslandCampina in 2002 as Commercial Controller Friesland Foods Cheese, Wolvega. Subsequently, he served as Finance Director at FrieslandCampina Thailand, Bangkok, from 2006 to 2010, followed by a tenure as Finance Director at FrieslandCampina DOMO, Amersfoort, from 2010 to 2015, before assuming the role of Finance Director at FrieslandCampina China, Shanghai, in May 2015. In July 2019, he was appointed as the Director of Finance for FrieslandCampina's Specialised Nutrition Business Group and in 2023, he assumed the position of Director of Finance Business Group Asia.

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DARREN KONG KAM SEONG

Independent Non-Executive Director

 **47 years old**

 **Male**

 **Malaysian**

Date of Appointment:

14 April 2021

Tenure of Directorship:

3 years 11 months

Membership of Board Committee:

- ∞ Audit & Risk Committee
- ∞ Nominating & Remuneration Committee

4/4

Board Meeting
Attendance in 2024

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)
- ∞ Member of the Institute of Advisors (IOA)
- ∞ BSc (Hons) in Applied Accounting, Oxford Brookes University, United Kingdom

Present Directorship in Other Public Companies and Listed Issuers:

Nil

Working Experience:

Mr. Darren Kong is currently an independent corporate and business consultant and advisor registered under the Malaysian Institute of Accountants and also Programme Director for the Institute of Advisors - Malaysia Chapter. Previously, he was Chief Operating Officer of AutoCraver Trading Sdn. Bhd., a private company providing automotive technology solutions and Managing Director, Corporate Strategy & Alliance of a data technology company that specialises in Analytics, Big Data, Machine Learning and Artificial Intelligence. Mr. Darren Kong 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 partnerships with trade and industrial associations and government agencies. Currently, he is an Independent Non-Executive Director of the Company and member of its Audit & Risk Committee and Nominating & Remuneration Committee. Prior to this, he held directorships of several private and public companies.

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), a member of the Institute of Advisors (IOA) Australia 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 Programme) from CASUGOL, a Certificate in Google Cloud Big Data & Machine Learning and a Certified Professional Business Advisor (CPBA) from the Institute of Advisors, Australia.

PROFILES OF DIRECTORS AND COMPANY SECRETARY



KATINA NURANI BINTI ABD RAHIM
Company Secretary

 50 years old

 Female

 Malaysian

Date of Appointment:
6 April 2018

 4/4

Board Meeting Attendance in 2024

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

Present Directorship in Other Public Companies and Listed Issuers:

Nil

Working Experience:

Ms. 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 as the Legal & Company Secretarial head on 15 March 2018 and became a member of the Company's Management Team on 1 October 2024. 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, and has not been imposed any penalty by the relevant regulatory bodies during the financial year 2024.

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MANAGEMENT TEAM



MANAGEMENT TEAM PROFILES



RAMJEET KAUR VIRIK

Managing Director

 **48 years old**

 **Female**

 **Malaysian**

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:

Ms. Ramjeet has been with FrieslandCampina for over 13 years. Prior to her current appointment, Ms. 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).



KAI DE KLERK

Finance Director

 **41 years old**

 **Male**

 **Dutch**

Appointed: January 2023

Academic/Professional Qualification(s):

- ∞ Bachelor's Degree in Business Studies, Tilburg University
- ∞ Master's Degree in Marketing Management, Tilburg University
- ∞ Master's Degree in Finance & Control, Maastricht University
- ∞ Certified Environmental, Social and Governance Analyst (CESGA), European Federation of Financial Analysts Societies (EFFAS)

Present Directorship in Other Public Companies and Listed Issuers:

Nil

Working Experience:

Prior to his current role as Finance Director at DLMI, Kai was Finance Director for FrieslandCampina Hong Kong since September 2020. Before that, he has held various positions in FrieslandCampina since 2015, starting in FC Netherlands as Manager, Controlling and Reporting followed by Head of Finance, Growth Markets for the Specialised Nutrition Business Group.

Prior to joining FrieslandCampina, Kai worked in multiple finance and business roles at SABIC, a petrochemical manufacturer, in Netherlands, USA and Saudi Arabia for 8 years.



WILSON CHUA

Sales Director



40 years old



Male



Malaysian

Appointed: January 2022

Academic/Professional Qualification(s):

- ∞ Lead to Win Program, London Business School
- ∞ 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 at DLMI. Wilson has 15 years of sales experience and joined the company in April 2016. Prior to joining DLMI, he worked in Reckitt Benckiser, Unilever and local company Nibong Tebal Enterprise, all in various sales capacity. At DLMI, he has been involved in multiple sales transformation projects and was a part of the Future Leader Cohort 2018.



IMUN LIM

Marketing Director



49 years old



Female



Malaysian

Appointed: July 2022

Academic/Professional Qualification(s):

BA (Hons) Economics & International Studies, University of Warwick, U.K.

Present Directorship in Other Public Companies and Listed Issuers:

Nil

Working Experience:

Ms. Imun has more than 20 years of experience in the food and beverage industry, focusing on brand and product marketing with recent commercial experience, having worked with companies such as Procter & Gamble, Coca-Cola, Fonterra, Samsung, Munchworld Marketing, and Campbell's. She is also no stranger to the DLMI family, having previously worked for FrieslandCampina Business Development Unit Sdn Bhd as an International Marketing Manager.

MANAGEMENT TEAM PROFILES

**EZMIR HAZIZI BIN AZHAR**

Corporate Affairs Director

AGE 42 years old**Male****Malaysian****Appointed:** January 2024**Academic/Professional Qualification(s):**

- ∞ Bachelor of Economics (Honours), International Islamic University of Malaysia
- ∞ Dare to Lead Program, Vlerick Business School, Ghent, Belgium

Present Directorship in Other Public Companies and Listed Issuers:

Nil

Working Experience:

Ezmir has more than 15 years of experience in various roles of government and external affairs, with multidisciplinary specialisation including regulatory and fiscal affairs, international trade, public campaigning, communication and stakeholder management.

Ezmir started his career with DLMI as Public Affairs Manager in 2019. Prior to this, Ezmir worked with British American Tobacco (Malaysia) Berhad for more than 10 years where he held various managerial positions, including in global at the Centre of Expertise.

As the Public Affairs Manager for DLMI, Ezmir has been involved in key deliverables and achievements in recent years, including managing government relations to ensure continued license to operate during the COVID-19 pandemic and re-establishing DLMI's position as a preferred supplier for the Ministry of Education's School Milk Programme.

These achievements were realised through professionalising the Corporate Affairs agenda and enhancing the company's reputation among key Government stakeholders.

**EDALYN HADJULA**

Human Resources Director

AGE 48 years old**Female****Philippines****Appointed:** January 2024**Academic/Professional Qualification(s):**

- ∞ Certified in Strategic Human Resource Transformation and Organization Development from Pennsylvania State University
- ∞ Certified in Organisation Development and Talent and Career Management from Ateneo de Manila University
- ∞ Diploma in Industrial Relations as a Barangay Scholar from the University of the Philippines-Diliman
- ∞ Juris Doctor Program (units) from Ateneo de Manila University
- ∞ Bachelor of Science in Management, Major in Legal Management, Ateneo de Manila University

Present Directorship in Other Public Companies and Listed Issuers:

Nil

Working Experience:

Prior to Edalyn's current role, she has accumulated more than 25 years of solid HR experience focusing on People, Culture Strategy and Management in large multinational organisations.

She has worked for well-known brands and led organisational transformations in companies such as AMA Group of Companies, Emerson Electric Asia Ltd, Red Ribbon Bakeshop Inc. (a company by the Jollibee group), Philip Morris HR Shared Services, Philip Morris Asia Ltd and Alaska Milk Corporation under Royal Friesland Campina.

She is also an Adjunct Professor and Program Director of the Centre for Executive Education of the Asian Institute of Management in Manila, Philippines, a premier Business School in Asia.

She holds a Level 3 CHRME designation which is one of the highest certification accomplishments for a HR Professional. She is also a Certified Senior HR Practitioner by the CPHR/CAHR United Kingdom.

She was awarded the Top Most HR Leaders (ASIA) Award by the World HRD Congress in August 2022 and Top Most HR Leader (PH) Award by the same organisation in June 2023. She was also recognised by White Page International as one of the Global 200 Power Leaders in HR for 2023 and Rising Tiger's Women of Excellence for 2023. She then achieved Most Iconic HR Leader (Global Listing) from World HRD Congress in 2024. She conducts several speaking engagements from Strategic Rewards, Inclusion & Diversity, AI in HR and HR Transformations.



PAUL CELEN
Operations Director



40 years old



Male



Dutch

Appointed: July 2024

Academic/Professional Qualification(s):

- ∞ Master Strategic Management, Tilburg University
- ∞ Master exchange programme, Prague University of Economics & Business
- ∞ Bachelor Business Economics, Tilburg University
- ∞ Green Belt Six Sigma certified

Present Directorship in Other Public Companies and Listed Issuers:

Nil

Working Experience:

Paul started his career as Supply Chain Coordinator at Philips Lighting Netherlands in 2010. After 2.5 years, he was tasked with the responsibility of Supply Chain Manager at the E2E supply chain of an outdoor lighting factory of Philips in Spain.

In 2016, Paul made his move to the Fast Moving Consumer Goods (FMCG) industry by joining FrieslandCampina Maasdam as Production Manager. After 1 year, he was promoted to Operations Manager of Rotterdam factory and later spent 2.5 years as Plant Manager of Den Bosch factory. Paul was appointed as Make Associate Director in July 2022 and promoted to Operations Director of DLMI in July 2024.

Paul has 14 years of experience in various Supply Chain and Operations leadership roles across different factories and countries, and he has a track record of achieving results by building a high-engagement culture with his teams.



KATINA NURANI BINTI ABD RAHIM
Head of Legal and Company Secretary



50 years old



Female



Malaysian

Appointed: October 2024

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

Present Directorship in Other Public Companies and Listed Issuers:

Nil

Working Experience:

Ms. 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 as the Legal & Company Secretarial head on 15 March 2018 and became a member of the Company's Management Team on 1 October 2024. She is a licensed company secretary under Section 20(G) of the Companies Commission of Malaysia Act 2001.

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 2024, and do not hold any shares in the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT



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.



COMPLIANCE WITH THE CODE

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 2024 (“FY2024”) 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”), relevant developments in market practice and regulations and any other requirements.

The application of the Practices set out in the Code throughout FY2024 will also be disclosed to Bursa Malaysia Securities Berhad in a prescribed format (“CG Report”) which will be published together with the Company’s Integrated Annual Report. In the CG Report, the Company has also provided a timeline for the Practice that has been adopted, apart from providing an explanation for the departure. In summary, the Company has complied with and has applied the Practices encapsulated in the Code with the exception of Practice 8.2 and Step-Up Practice 8.3.

In relation to Practice 8.2, the Company has not disclosed the remuneration of the top five senior management’s remuneration in bands of RM50,000. The most senior member of management is the Executive Director of the Company, and her remuneration is disclosed in this report and in the CG Report. The remuneration of the remaining members of senior management is 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 details provided are sufficiently transparent and allows stakeholders to assess the reasonableness of remuneration paid to members of senior management. For the same reasons, Step-Up 8.3 is not adopted.



The CG Report may be downloaded from the Company’s corporate website (www.dutchlady.com.my).

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS

OUR GOVERNANCE FRAMEWORK

The Company prioritises good governance as fundamental to its long-term success, driven by its responsibility to shareholders and stakeholders. The Company believes that a healthy corporate culture and robust governance framework shall ensure that the organisation will continue to run smoothly and efficiently.

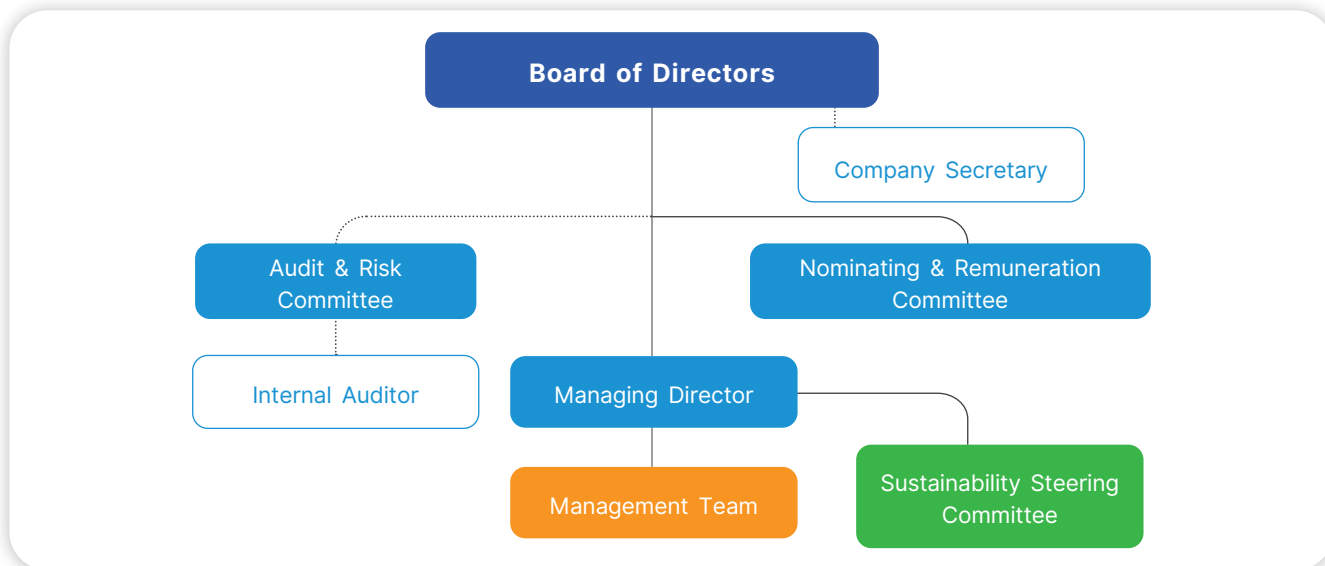
The Board views corporate governance as a fundamental process which contributes towards the achievement of long-term shareholder value. The Board discharges its responsibilities within a clearly defined governance framework with robust mechanisms in place. Through this framework, the Board responsibly delegates its governance responsibilities to the Board Committees and management. The Board retains ultimate accountability and responsibility for the performance and affairs of the Company and adheres to high standards of ethical behaviour. It embraces transparency and accountability in the boardroom and promotes these critical components of governance throughout the Company.

The governance framework, its structures and processes, are built upon the Board Charter and the Terms of Reference of the Board Committees which are supported by the Company’s management and its internal policies and procedures. Effective operation of the Board relies on clarity of the various roles and responsibilities and therefore there is a clear division of responsibilities between leadership of the Board and the Company’s Management Team in line with the principles of the Code. When the responsibilities between the Board and management are clearly defined and functioning well, the organisation is better positioned to meet stakeholder expectations, deliver quality initiatives and comply with laws and regulations.

The Board works to ensure that the Company’s governance structure continues to remain appropriate and that it keeps abreast with relevant corporate governance and regulatory requirements. The structure and associated practices are reviewed when necessary to reflect the market and the communities within which the Company operates.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The diagram below shows DLMI's governance structure and provides an overview of the key Committees of the Board and the various management committees that provide governance oversight:



BOARD LEADERSHIP

The Board directs and oversees the business and affairs of the Company by periodically reviewing and approving its overall strategies. The Board also oversees the Company's core values and adopts proper standards to ensure that the Company operates with integrity and in compliance with relevant rules and regulations. The Board has fiduciary responsibility for the financial and organisational health of the Company and the Directors are collectively responsible for steering long-term sustainable value for the Company's business. A pivotal responsibility of the Board is to ensure that it balances the interests of the Board and its various stakeholders.

DLMI's Corporate Governance Framework, firmly rooted in regulatory provisions, regulatory requirements, and best practices, maintains its integrity amidst adaptation to the evolving regulatory and market landscape. This well-structured governance model supports the Board's aim of achieving sustainable value, and at the same time, fostering a culture that values ethical behaviour, integrity and accountability.

The Board is cognisant of the critical role it plays in upholding ethical standards and ensuring legal compliance. The Board exercises diligent oversight, establishes robust internal controls, and imbues a culture of integrity at all levels of the organisation. The Board ensures that the Company's strategic plan supports long-term value creation

and includes strategies on EESG considerations thereby strengthening the integration of sustainability in the Company's operations. Through sustainable practices, the Company becomes more resilient, is able to create durable and sustainable value and maintains simultaneously, the confidence of its stakeholders.

The Board ensures its oversight responsibility by periodically assessing Board agenda priorities to stay informed of matters requiring attention. Together with management, the Board promotes a strong corporate governance culture within the Company, ensuring ethical leadership, prudent, and professional behaviour in all business and operational aspects.

The Board embraces transparency and accountability in the boardroom and promotes these critical components of governance throughout the Company. With a well-balanced composition that includes Non-Executive Directors ("NEDs"), the Board ensures that no individual or small group of Directors dominates the decision-making process and that the interests of shareholders are protected. The Board is satisfied that each Director has devoted sufficient time to effectively discharge his/her responsibilities. The Board considers each NED to be independent in character and judgement. The current composition of Directors has a blend of skills, experience and knowledge enabling them to provide effective oversight, strategic guidance and constructive challenge, examine, review and decide on the Management Team's proposals and empower the Managing Director to implement strategies approved by the Board.

CORPORATE GOVERNANCE PRIORITIES

The Board believes that good governance is crucial in achieving sustainable development. The following matters were identified as key focus areas going forward and will be addressed and/or implemented in FY2025 and beyond:

i Practice business ethics and integrity

ii Respect policies and processes

iii Transparent reporting

iv Protect privacy & security

v Practice good governance

vi Engage with stakeholders

BOARD'S ROLES AND RESPONSIBILITIES

(Practice 1 to 4)

The Board is accountable to shareholders to create and deliver sustainable value through oversight of the management of the Company's business, approving strategic plans, monitoring the implementation and providing the necessary support for their successful implementation. 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. In particular, the Board approved updates to the Company's 2030 Strategy, milk supply strategy, 2025 Budget, and the Sustainability Roadmap 2030.

While appropriately delegating its authority to Board Committees or the Management Team, the Board does not abdicate its responsibility and exercises at all times, collective oversight of them. The Board further ensures that it does not leave the management of the Company's affairs to the Board Committees without committing a breach of duty and that the Directors remain responsible for the exercise of such powers.

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

h Related party transactions

CORPORATE GOVERNANCE OVERVIEW STATEMENT

▶ Chairperson and Managing Director

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

The Chairperson is responsible for the operation and leadership of the Board. She 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 Chairperson is not a member of any of the Board committees and the Chairperson does not attend or otherwise participate in any of these committee meetings.

In FY2024, to further enhance discussions between the Board members, the Chairperson has routinely held meetings with the Non-Executive Directors without the presence of management, as well as without the presence of the FC nominee Directors. This allows for a frank exchange of views amongst the non-executive directors where all non-executive directors can share their views on the issues discussed at the Board meetings and align on any direction they wish to share with the other directors and management.

▶ 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. Ms. Saw Chooi Lee is the Board’s Senior Independent Director.

▶ 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

The Company Secretary serves the Board and each of its Committees and plays a pivotal role in coordinating the Board’s governance structure. The Company Secretary is a licensed secretary with over 14 years’ experience as company secretary for public listed companies. She is 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. The Company Secretary is also 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 ensures the Board is provided with sufficient information and time to prepare for Board meetings. She prepares minutes of meetings and provides advisory services on company administration and governance matters, and actively steers the Board toward upholding high standards of corporate governance. The Company Secretary plays a proactive role in ensuring compliance with the Listing Requirements, the Companies Act 2016, and the recommendations in the Malaysian Code on Corporate Governance (as amended from time to time), consistently guiding and challenging the Board to adhere to best practices.

Board Meetings

The Board practices active and open discussions at Board meetings so that opportunities are given to all Directors to participate and contribute to the decision-making process. Robust discussions and vigorous deliberations at Board and Board Committee meetings ensure the process of constructive and healthy dialogue is achieved. Members of management have also been invited to attend selected Board meetings to support the

Board with further and additional information on the matters being deliberated. The Directors have direct access to the Management Team and access to any information relating to the Company to enable them to discharge their duties. The Directors may, when necessary, obtain independent professional advice at the Company's expense in the furtherance of their duties.

Board Meeting Materials

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

The quality of information provided to the Board is crucial for sound decision-making. In the course of

discharging their duties, all Directors are provided with full and unfettered access to timely and accurate information. The notice, agenda and a complete set of Board papers are distributed to the Directors at least seven days prior to each Board or Board Committee meeting. If necessary, Directors may request and obtain further information on the matters to be discussed in order to be adequately prepared for the meetings.

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 FY2024, four (4) scheduled

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 Directors' attendance at Board meetings and the Annual General Meeting for the year ended 31 December 2024 are as follows:-

Board Members	Scheduled Meetings		
	Board Meetings	%	AGM
Datin Seri Sunita Mei-Lin Rajakumar (Chairperson, Independent Non-Executive Director)	4/4	100	1/1
Ms. Ramjeet Kaur Virik (Executive Director)	4/4	100	1/1
Ms. Saw Chooi Lee (Senior Independent Non-Executive Director)	4/4	100	1/1
Dato' Dr. Rosini binti Alias (Non-Independent Non-Executive Director)	4/4	100	1/1
Tengku Nurul Azian binti Tengku Shahriman (Independent Non-Executive Director)	4/4	100	1/1
Mr. Jean Serge Krol (Non-Independent Non-Executive Director)	4/4	100	1/1
Mr. Darren Kong Kam Seong (Independent Non-Executive Director)	4/4	100	1/1
Ms. Corine Danielle Tap (Non-Independent Non-Executive Director)	3/4	75	1/1
Company Secretary			
Ms. Katina Nurani Abd Rahim (Company Secretary)	4/4	100	1/1

CORPORATE GOVERNANCE OVERVIEW STATEMENT

All Directors complied with the minimum attendance requirement of at least 50% of Board meetings pursuant to the Listing Requirements. The Board is satisfied with the level of commitment given by the Directors toward fulfilling their roles and responsibilities.



Key activities and focus areas

During the year, key activities and focus areas of the Board include:

- ∞ Reviewing and approving the 4th quarter and full year financial results for the financial year ended 31 December 2023
- ∞ Reviewing and approving the Director's Report and Audited Accounts for the financial year ended 31 December 2023
- ∞ Reviewing and approving the quarterly financial results up to the 3rd quarter for the financial year ended 31 December 2024
- ∞ 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
- ∞ Receiving updates from the Company's Sustainability Steering Committee ("SSC") on critical and material Economic, Environmental, Social and Governance ("EESG") matters
- ∞ Reviewing and approving updates to the Company's Sustainability Roadmap 2030
- ∞ Reviewing and approving updates to the Company's 2030 strategy and milk supply strategy
- ∞ Receiving and approving the Company's Annual Budget and Capex Budget for FY2025
- ∞ Receiving updates on the Company's Business Insights and Competitor Analysis
- ∞ 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 Related Party Transactions entered into by the Company
- ∞ 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
- ∞ Reaffirming and ratifying the Circular Resolutions passed by the Board
- ∞ Reviewing, approving and noting the Company's announcements released to Bursa
- ∞ Assessing and recommending the re-appointment of the Company's External Auditor for the financial year ending 31 December 2024 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 Integrated Annual Report 2023
- ∞ Preparing for and attending the 2024 AGM

BOARD CHARTER

The Board Charter sets out the Board's strategic intent, authority and terms of reference, and serves as a primary source of reference and introductory information for the Board members. The Board Charter clearly specifies the roles and responsibilities of the Board, the Board Committees, and individual directors. The Board reviews and updates the Charter periodically wherein the latest update was approved by the Board in November 2024.



The Charter is available on the Company's website at www.dutchlady.com.my.

THE COMPANY'S CODE OF CONDUCT

The Board is guided by the FC 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.

DOING HONEST BUSINESS – THE COMPANY'S ANTI-BRIBERY AND CORRUPTION POLICY

The Company has adopted FC's anti-bribery and corruption policy which is known as the "Doing Honest Business" policy. This policy, which must be always observed by all of the Company's directors and employees, 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 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 Head of Legal & Company Secretarial has been charged with the responsibility to review and monitor all procedures, advise, and report to Management Team 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.

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.

In FY2024, the Company's employees were provided with training on anti-bribery and corruption which took into consideration the provisions of the Malaysian Anti-Corruption Commission Act 2009 ("MACC provisions"). Further, the Company's entire operations were assessed for corruption related risks through a fraud risk assessment. The Board is pleased to confirm that there were no incidents of corruption by the Company or its employees which took place during FY2024.

In addition to the training, to ensure that the importance and significance of the MACC provision was not overlooked, briefing materials on the topic of anti-bribery and corruption which includes the MACC provision was made available to all stakeholders on the Company's website at www.dutchlady.com.my.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

WHISTLEBLOWING – THE SPEAK-UP PROCEDURE

All the Company's employees and other stakeholders are strongly encouraged to and have access to its whistleblowing procedure known as "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 requested) in good faith, and without fear of reprisal. The Speak-Up phone and web service which is managed by an independent third party is available on any day of the year and at any time. Details of the methods to raise Speak-Up Reports is made available to employees via internal communication.



This information is also made available to all stakeholders on the Company's website along with a copy of the Speak-Up Procedure at www.dutchlady.com.my.

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 FrieslandCampina Privacy Policy which outlines the requirements for the Company and its employees in handling personal data. Management also tracks complaints concerning breaches of customer privacy and losses of customer data. The Board is pleased to confirm that there were no substantiated complaints regarding breaches of privacy or loss of data in FY2024.

SUSTAINABILITY

Management is conscious and serious about the Company's responsibility towards sustainability issues and its role in the Company's long-term strategic plans. The Company's Sustainability Steering Committee ("SSC") consists of various functional teams and leads sustainability strategy formulation as well as EESG integration approaches. The Management Team or the Functional Heads are responsible to manage EESG topics strategically and integrate EESG considerations in the operations of the Company. In 2024, the Company also hired an Internal Control Specialist – Sustainability, who will design and implement effective controls which aim to enhance DLMI's sustainability framework and controls. This role is in addition to our Sustainability Lead, who closely works with the Management Team to align local, regional and global agendas as well as monitor our compliance to existing and evolving policies and regulations.

EESG oversight ultimately starts with the Board and the Management Team, being the apex of corporate leadership. DLMI's approach to sustainability is shaped by our vision to strengthen our position as the leading dairy company, driving responsible growth, which has been translated into initiatives that are embedded in our business strategy.

With the formulation of the Company's Sustainability Roadmap 2030, the Company has mapped out its business and sustainability goals for a sharper focus on how we create value for each of its priority material issues. The sustainability goals will drive the sustainability performance throughout the Company's business and strengthen its commitment to creating long-term value for all stakeholders.

For the Company, EESG issues are a business imperative as we strive to become more resilient, agile and sustainable. The Board and the Management Team are committed towards ensuring responsible corporate conduct is demonstrated and practiced in the Company's daily activities across all aspects of the Company's operations. The Board ensures that embedding EESG is not undertaken in isolation and is at the core of how the Company identifies its challenges, risks and opportunities. The Board's actions and decisions reflect a commitment to the highest standards of EESG. Robust processes, controls and governance are in place to ensure transparent disclosures. The Board is responsible for overseeing the effectiveness of policies, procedures and systems in place for EESG monitoring and reporting. The governance, management, and reporting on DLMI's sustainability agenda is led by the Managing Director who chairs the SSC and is overseen by the Board. In the performance evaluation of the Board and the Management Team for FY2024, the performance of their respective roles in addressing material EESG risks and opportunities was taken into account.

In FY2024, the Board received quarterly updates from the SSC on critical and material EESG matters. The Board also reviewed and approved updates to the Sustainability Roadmap 2030.



Further information about the Company's approach to sustainability and its governance are disclosed in the Sustainability Report in this Integrated Annual Report.

BOARD COMPOSITION

(Practice 5 to 6)

The Board continuously strives to ensure that Directors have a collective mix of skills, experience, expertise and diversity to add value to Board processes and decisions. These Directors bring their expertise and experience as well as varied insights to bear in policy formulation and decision-making. The Board's size ensures that the purpose, involvement, participation, harmony and sense of responsibility of the Directors are not jeopardised and that it achieves the correct balance to realise the Company's strategic objectives.

The Chair of the Nominating & Remuneration Committee ("NRC") takes note of the declarations made by Directors on the number and nature of the external directorships that they hold as well as their assurances on time commitment in carrying out their duties and responsibilities to the Company. The Directors are not allowed to hold more than five directorships in listed issuers (including the Company) simultaneously, pursuant to Chapter 15 of the Listing Requirements. Prior to acceptance of other appointment for directorship in other listed companies, the Directors are required to first notify the Chairman to ensure that such appointment would not unduly affect their time commitment and responsibilities to the Board.

The NRC ensures that the composition of the Board is refreshed periodically. To ensure that this is achieved, the Board has 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. 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.

Currently the Board comprises 8 members, one of whom holds an executive position as the Managing Director, while the other 7 are Non-Executive Directors. Out of the 8 members, 4 are independent and 4 are non-independent directors. The composition exceeds the requirements of Paragraph 15.02 of the Listing Requirements as more than one third of the Board are Independent Non-Executive Directors ("INED"). 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.

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.



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

BOARD CONDUCT

Achieving boardroom effectiveness is essential for the success of an organisation. The Board believes that fostering a culture of collaboration where Directors work together harmoniously to make well-informed decisions is extremely important. In this regard, the Board ensures that the roles and responsibilities of each Director are clearly defined to avoid overlap and to ensure accountability. Directors are expected to provide strategic guidance, oversee performance, manage risks, ensure compliance, engage stakeholders and plan for succession. The Directors acknowledge that adhering to their liabilities is crucial to ensure financial stability and legal compliance of the organisation. By fulfilling their duties diligently, Directors are able to safeguard the Company's reputation and operational integrity.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

All Directors commit themselves to ethical business and lawful conduct, including proper use of authority and appropriate decorum when acting as Board members. All Directors discharge their duties and responsibilities at all times as fiduciaries in the best interest of the Company. They are expected to act with integrity, lead by example, keep abreast of their responsibilities as Directors and of the conduct, business and development of the Company. In directing or managing the Company's business and affairs, they exercise reasonable care, skill and diligence by applying their knowledge, skill and experience. The Board ensures that key transactions or critical decisions are deliberated and decided on by the Board in a meeting. The Board also ensures that decisions and basis for those decisions, including any dissenting views are made known and properly minuted.

THE APPOINTMENT PROCESS

In respect of the appointment of all directors, appropriate candidates for independent directors are sourced through recruitment firms based on the needs of the Board. The Directors are selected based on their individual merits and experience. The current composition of Directors offer a blend of skills, experience, and knowledge, enabling effective oversight, strategic guidance, and constructive challenge. It also allows the Board to examine, review, and decide on management proposals, and empowers the Managing Director to implement Board-approved strategies. The Board continuously strives to ensure that Directors have a collective mix of skills, experience, expertise and diversity to add value to Board processes and decisions. In line with the Listing Requirements, none of the members of the Board holds more than five directorships in listed companies.

In respect of the appointment of all Directors:

- i** Appropriate candidates for independent directors are sourced through recruitment firms based on the needs of the Board;
- ii** For the Managing Director who is an Executive Director on the Board, appropriate candidates are sourced through recruitment firms as well as from the global FrieslandCampina leadership talent pool;
- iii** The NRC considers shortlisted candidates based on their profiles, professional achievements, and personality assessments, with the needs of the Board in mind; and
- iv** The NRC then ensures that the candidates are suitable and of sufficient calibre for recommendation to and approval of the Board.

ELECTION AND RE-ELECTION OF DIRECTORS

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, Ms. Corine Danielle Tap and Ms. Ramjeet Kaur Virik¹ will retire by rotation in accordance with Rule 105 of the Company's Constitution (collectively, the **"Retiring Directors"**).

- 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 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 Directors' performance and contribution based on the Directors' Peer Assessment results for FY2024.

The Board had, through its NRC, assessed each of the Retiring Directors, and considered the following:

For item (i) the NRC have considered and have found that the Retiring Directors each meet the criteria for appointment and re-appointment of directors as set out in the Directors' Fit and Proper Policy.

For item (ii), the NRC reviewed and assessed the performance of the Retiring Directors on the following criteria:-

- ∞ Integrity and 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 themselves 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 supports the re-election of Ms. Saw Chooi Lee, Ms. Ramjeet Kaur Virik¹ and Ms. Corine Danielle Tap to the shareholders for approval.

¹ Pursuant to the Company's announcement on 17 March 2025, Ms. Ramjeet Kaur Virik has resigned as the Company's Executive Director with effect from 15 April 2025 and accordingly, she will not be seeking re-election at the forthcoming AGM

BOARD DIVERSITY

The Board acknowledges the importance of gender diversity and recognises the benefits that it can bring. The Board's prime focus 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 endeavours to have at least 30% women Directors on the Board. Currently, out of the 8 members on the Board, 6 are women. As such the Board comprises 75% 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 50% women.

BOARD INDEPENDENCE

Every INED is required to provide a declaration of his/her independence annually. Based on the outcome of the Board Evaluation for the year under review, all the INEDs had scored favourably and there were no conflicts of interest that could have affected their independent judgement.

Board decisions are made taking into account the views of the INED which carry substantial weight. The INED fulfil their roles in ensuring that strategies proposed by the Management Team are deliberated and examined taking into account the interests of the shareholders and stakeholders. Their role is also particularly critical for related party transactions as these require independence of judgement and objective impartiality to protect the interests of minority shareholders.

The Board also believes that each INED has retained his/her independence throughout his/her tenure and has not under any circumstances formed any association with management that might compromise his/her ability to exercise independent judgement that could ultimately affect the interest of stakeholders. Prior to each Board meeting, the Independent Directors declare any interest that they may have with respect to any of the transactions of the Company or confirm

that they have no interest to declare with respect to the transactions of the Company. Further, based on the outcome of the Board Evaluation for the year under review, which was conducted internally, all the INEDs scored highly and there were no conflicts of interest that could have affected their independent judgement.

THE NOMINATING & REMUNERATION COMMITTEE

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.

In assessing a Director's ability for re-election at the AGM, the NRC assessed each of the retiring Directors and considered the following: (i) If the retiring Director meets the criteria for appointment and re-appointment of directors as set out in the Directors' Fit and Proper Policy; and (ii) The retiring Director's performance and contribution based on the Directors' Peer Assessment results.

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 Reviewing and recommending to the Board that the Independent Directors provide an annual Declaration of Independence;
- c Review the composition of the Board and Board Committees;
- d Review and make recommendations to the Board on the remuneration of the Non-Executive Directors;
- e Nominate the directors who are due for retirement and eligible to stand for re-election at the AGM;
- f Assess the effectiveness of the Board as a whole, the Committees of the Board and the individual directors on an on-going basis; 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Committee met two (2) times in FY2024 and the attendance of each individual is set out below:

Members	Attendance	%
Current Members		
Ms. Saw Chooi Lee (Chairperson, Senior Independent Non-Executive Director)	2/2	100
Tengku Nurul Azian (Member, Independent Non-Executive Director)	2/2	100
Mr. Darren Kong Kam Seong (Member, Independent Non-Executive Director)	2/2	100
Ms. Corine Danielle Tap (Member, Non-Independent Non-Executive)	2/2	100
Secretary		
Ms. Katina Nurani Binti Abd Rahim (Company Secretary)	2/2	100

Training and Development

Induction programmes are conducted for newly appointed Directors, which include briefings by members of Management Team 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 FC Group.

From time to time, the Company Secretary provides the Directors with updates on relevant legal and regulatory matters. In addition, Directors are encouraged to attend continuous education programmes, talks, seminars, workshops, and conferences to enhance their skills and knowledge and stay abreast of new developments in the business environment and corporate governance. All Directors have attended and successfully completed the Mandatory Accreditation Programme as well as the

Mandatory Accreditation Programme Part II: Leading for Impact. Management also arranged for the Board to receive a talk on the “Malaysian Ringgit & Malaysia’s Economic Fundamentals – FX Impact on Business” from Mr. Chu Kok Wei, the Co-Chief Executive Officer, Group Wholesale Banking, CIMB in view of the concerns arising from the volatile currency fluctuations in 2024.

In light of the diverse skill sets possessed by each Board member, meetings occasionally featured sessions for Directors to share their areas of expertise with fellow Board members and management. In FY2024, Directors shared insights on the importance of sustainability stewardship by Boards and provided an update on the FC Asia Supply Chain network.

The Directors attended the following training programmes in FY2024 to further enhance their knowledge and to enable them to discharge their duties and responsibilities more effectively:

Datin Seri Sunita Mei-Lin Rajakumar

** Datin Seri Sunita attended 95 courses in FY2024, some of which are as follows:*

Date of Training	Course Details	Organiser
22 January	BCG Dialogue Post-COP28: What's Next on the Climate Agenda?	Boston Consulting Group (BCG)
3 February	Making Business More Environmentally Sustainable (Hybrid Masterclass)	Asia School of Business
6 February	Central Banking in an Evolving International Financial System (Fireside Chat with Former Governors)	Asia School of Business
27 February	Enterprise Compliance - Introduction to Competition Law	PETRONAS
27 February	Personal Data and Privacy	PETRONAS
27 February	Human Rights in PETRONAS	PETRONAS
27 February	Code of Conduct and Business Ethics (COBE)	PETRONAS
27 February	Anti-Bribery and Corruption Policy and Guidelines	PETRONAS
27 - 28 February	Mandatory Accreditation Programme Part II: Leading for Impact (LIP)	ICDM
4 March	ASEAN-Australia Summit: Climate and Energy Transition track	Australia Prime Minister's Office
5 March	ASEAN-Australia Summit: Emerging Leaders track	Australia Prime Minister's Office
7 March	Risk Management	PETRONAS
8 March	Climate Training	HSBC Malaysia
9 March	What is ESG? A mapping across Southeast Asia	Asia School of Business
11 March	Net Zero and Climate Risk briefing	HSBC Malaysia
8 April	Cyber Resilience Awareness Session	MCIS Life Insurance
15 April	CBD x Ecosperity Week: The Climate in the Boardroom	Council for Board Diversity, Singapore Stock Exchange
15 - 17 April	Ecosperity Week 2024 - Zeroing In on Common Ground	Temasek
24 April	Responsibility Mapping with Directors of Financial Institutions (BNM - FIDE Forum Engagement)	FIDE Forum
27 May	MYR and Malaysia's Economic Fundamentals - FX Impact	Dutch Lady Milk Industries Berhad
28 May	A Just Transition towards a Shared Future	BNM's Global Forum on Islamic Economics and Finance
12 June	Cybersecurity Training	Zurich
13 June	Masterclass on Biodiversity with Dr Faisal Parish	Climate Governance Malaysia
20 - 21 June	Mobilising Directors for Climate Action (Climate Governance Initiative)	World Economic Forum

CORPORATE GOVERNANCE OVERVIEW STATEMENT

2 July	"Implement: Doing it Right in a Digital World" by Robin Speculand	Asia School of Business ICLIF
19 August	Sustainability Workshop	Dutch Lady Milk Industries Berhad
26 – 27 September	Petrochemicals Sustainability Conference 2024	PETRONAS
1 October	GIAS Training	PETRONAS
9 October	COP29 Masterclass	ISIS
10 October	Climate Transition Planning (FIDE Forum Roundtable)	FIDE Forum
19 October	"Embeddings: The Unsung Workhorse of AI" by Prof. Ong Shien Jin	Asia School of Business
22 October	Global Board Chairman Training	HSBC Global
24 October	Stewardship Asia Leadership Summit	Stewardship Asia Center
28 October	ASP Climate Related Briefing	HSBC Global
25 November	Cognisant on Use Cases for Artificial Intelligence	MCIS Life Insurance
27 November	Anti-Money Laundering Training	MCIS Life Insurance
29 November	Geopolitics and Malaysia/ASEAN by Amb Ilango Karuppannan	Zurich General Insurance
3 December	Orange Talk - Innovating for Sustainable Palm Oil	Embassy of Netherlands
4 December	Cybersecurity Training	HSBC Malaysia
8 December	"Hope & Harmony" with Dr. Jane Goodall and Dr. Sylvia Earle	City Development Ltd (CDL)
16 December	Post UN Conventions – Nexus of Climate & Nature: Global Ambitions, Businesses Actions	PETRONAS
17 December	Boardroom Insights 2025: Navigating Governance, Risk and Strategic Foresight	ICDM

Ramjeet Kaur Virik

Date of Training	Course Details	Organiser
3 January	Compass Modules 1 & 2 (E-Learnings)	Dutch Lady Milk Industries Berhad
15 March	Fair Competition (E-Learning)	Dutch Lady Milk Industries Berhad
5 May	Cyber Security Awareness for desk workers	Dutch Lady Milk Industries Berhad
5 May	MobileXpense E-Learning	Dutch Lady Milk Industries Berhad
8 May	Finance Essential for Non-Finance Directors	ICDM
27 May	MYR and Malaysia's Economic Fundamentals - FX Impact	Dutch Lady Milk Industries Berhad
24 – 25 June	Mandatory Accreditation Programme Part II: Leading for Impact (LIP)	ICDM

19 August	Sustainability Workshop	Dutch Lady Milk Industries Berhad
17 September	Marketing of Infant Foods	Dutch Lady Milk Industries Berhad

Saw Chooi Lee

Date of Training	Course Details	Organiser
20 February	Higher Ground with Alison Taylor	Harvard Business Review
27 February	Geopolitical Risks: Board Essentials for International Business with Savita Saigal	Lead Women Sdn Bhd
21 March	Aspire with Telekom Malaysia Mentoring Programme	Lead Women Sdn Bhd
26 April	A Practitioner's Viewpoint on Integrating ESG into Business with Molly Fong, Body Shop	Lead Women Sdn Bhd
15 May	What Directors Must Know about Recent Developments in Climate Science	Climate Governance Malaysia
27 May	MYR and Malaysia's Economic Fundamentals - FX Impact	Dutch Lady Milk Industries Berhad
5 June	Interview Techniques for Independent Directors	Lead Women Sdn Bhd
17 July	Latest Development in Climate Aligned Executive Compensation	Climate Governance Malaysia
19 August	Sustainability Workshop	Dutch Lady Milk Industries Berhad
10 September	National Climate Governance Summit 2024	Climate Governance Malaysia

Dato' Dr. Rosini Alias

Date of Training	Course Details	Organiser
27 May	MYR and Malaysia's Economic Fundamentals- FX Impact	Dutch Lady Milk Industries Berhad
12 – 13 June	Mandatory Accreditation Programme Part II: Leading for Impact (LIP)	ICDM
13 August	Conflict of Interest (COI) and Governance of COI	Bursa
14 August	Board and Top Team Effectiveness – Project Converse (Fireside Chat with Nominee Directors of PNB)	PNB
19 August	Sustainability Workshop	Dutch Lady Milk Industries Berhad
27 August	Professionalism in Service	Department of Veterinary Services (DVS)
6 November	Purposeful Leadership and Sustainability - Project Converse (Fireside Chat with Nominee Directors of PNB)	PNB

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Tengku Nurul Azian Tengku Shahrman

Date of Training	Course Details	Organiser
4 January	ESG Awareness Training	PwC Malaysia
30 January	Specialist Talk on the Evolution of Shopping Malls and Retail in Malaysia	Sunway REIT
1 March	Sustainable Sustainability – Why ESG is Not Enough	Asia School of Business
25 – 26 April	Brainstorming Session	Sunway REIT
27 May	MYR and Malaysia's Economic Fundamentals- FX Impact	Dutch Lady Milk Industries Berhad
19 August	Sustainability Workshop	Dutch Lady Milk Industries Berhad
5 September	Audit Committee Conference 2024	MIA & IIA Malaysia
10 September	Malaysian REIT Forum 2024	MRMA
18 September	Conflict of Interest (COI) and Governance of COI	Bursa
7 October	Aligning Risk Management to Strategy and Purpose	ICDM
24 October	Annual Refresher Training on ABAC	PPB Group
9 December	Directors' Training	PPB Group
17 December	IT Security Awareness Training 2024	PPB Group

Jean Serge Krol

Date of Training	Course Details	Organiser
27 May	MYR and Malaysia's Economic Fundamentals- FX Impact	Dutch Lady Milk Industries Berhad
21 June	Cyber Security Awareness for desk workers	FrieslandCampina
19 August	Sustainability Workshop	Dutch Lady Milk Industries Berhad
5 September	Mandatory Accreditation Programme Part II: Leading for Impact (LIP)	ICDM

Darren Kong Kam Seong

Date of Training	Course Details	Organiser
7 March	Transparency Matters: A Director's Approach to Handling Conflicts of Interest	ICDM
10 May	Being Sued as an INED - A Personal Journey by Ms. Chithra A/P Ganesalingam	ICDM
16 May	MIA Public Practice Programme 2024 - Non Audit	MIA
27 May	MYR and Malaysia's Economic Fundamentals- FX Impact	Dutch Lady Milk Industries Berhad
19 August	Sustainability Workshop	Dutch Lady Milk Industries Berhad

5 November	ESG Updates Locally and Internationally; Climate-Related Litigation — What's Happening? and Sustainability Reporting Best Practices and Tips	ICDM
22 November	Board of Directors: Steering the Path with Net Zero Strategy	ICDM
2 December	Strategic Data and Frameworks in Board Governance	ICDM
9 December	Webinar: Navigating the Cyber Security Act 2024	MIA

Corine Danielle Tap

Date of Training	Course Details	Organiser
27 May	MYR and Malaysia's Economic Fundamentals - FX Impact	Dutch Lady Milk Industries Berhad
19 August	Sustainability Workshop	Dutch Lady Milk Industries Berhad
5 September	Mandatory Accreditation Programme Part II: Leading for Impact (LIP)	ICDM

Board Evaluation

The Board believes that effectiveness of the Board is imperative to the success of the Company. An effective Board can guide the Company through both the present and the future. The Board conducts a thorough evaluation each year through the Board Evaluation to assess how well the Board, its Committees and each individual Director are performing. The objective of the Board Evaluation is to enhance the Board's effectiveness and the Company's overall performance.

In FY2024, the Board undertook an internal annual evaluation of the Board's effectiveness. The internal evaluation was led by the NRC Chairperson and facilitated by the Company Secretary. The evaluation was conducted on the Board, the Nominating and Remuneration Committee, the Audit and Risk Committee, the Managing Director and on each individual Board member through a peer evaluation.

Key findings regarding Board effectiveness indicate that the Board and its Committees have established strong foundational practices. Notably, the Board scored particularly well in areas related to Board Discussions and Member Time Commitment. A significant increase was also observed for Discussions in Company Strategy. This feedback positively solidifies the belief that the Board members:

- ∞ Are able to have open and robust discussions whereby the NEDs can act effectively as check and balance to Management
- ∞ Are open in their communication with Management
- ∞ Commit a sufficient amount of time to the Company
- ∞ Make themselves available for meetings, discussions and events which are organised by and/or relevant to the Company
- ∞ Commit time to learn about the Company Strategy and discuss the strategic initiatives with Management

Therefore, there is generally low concern regarding the effectiveness of the Board and its Committees. Nevertheless, it was agreed that focus should be placed on improving the following areas in FY2025:

- ∞ Risk Discussions by the Board
- ∞ Review of remuneration for Non-Executive Directors by the Nominating & Remuneration Committee

Furthermore, based on the evaluation carried out in FY2023, it was agreed that focus would be spent on the following areas in FY2024:

- ∞ Use of Experts by the Board
- ∞ Review of the performance of External Auditors by the Audit & Risk Committee

Regarding these areas, the NRC and the Board found clear improvement in the review of the external auditors' performance, with no change in the Use of Experts. Nevertheless, the NRC and the Board are satisfied that time, attention, and effort have been dedicated to addressing these matters, and that continued attention will be given to these areas.

REMUNERATION

(Practice 7 and 8)

The DLMI Board's remuneration policy was last reviewed in November 2024. 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 FC Group. The remuneration for the Managing Director follows the performance appraisal system and compensation and benefits scheme of the FC Group which is based on the human resource policies and procedures of the FC Group. Corporate and individual performance, market competitiveness, business results and individual performance are considered by the FC Group in evaluating the Managing Director's remuneration. The Managing Director is not paid meeting attendance allowance or Directors' fees by the Company. The FC nominee directors are also not paid Directors' fees or meeting attendance allowance by the Company. The Directors' fees for the FC nominee directors are paid as corporate management service fees to the FC group which, being a recurrent related party transaction, is part of the shareholders' mandate for recurrent related party transactions sought from the minority shareholders at each Annual General Meeting.

The other 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 considering 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 considered when reviewing the fees.



The Terms of Reference for the NRC and the Board's Remuneration Policy are available on the Company's website www.dutchlady.com.my

Remuneration of Directors and Top Senior Management

The aggregate remuneration of Directors of the Company for the financial year ended 31 December 2024 is as follows:

	Executive Directors	Non-Executive Directors
	RM	RM
Directors' Fees and Committee Member Allowances	–	455,144
Benefits	–	61,100
Salaries and other emoluments	1,673,182	–
Benefits in kind	–	–

The details of the total remuneration of the directors on a named basis for the financial year ended 31 December 2024 are as follows:-

Name	Directors' Fees	Directors' Benefits	Salaries and other emoluments	Benefits in kind	Total
	RM	RM	RM	RM	RM
Datin Seri Sunita Mei-Lin Rajakumar	129,865	6,500	–	–	136,365
Ramjeet Kaur Virik	–	–	1,673,182	–	1,673,182
Saw Chooi Lee	81,928	14,300	–	–	96,228
Corine Tap	–	–	–	–	–
Dato' Dr. Rosini binti Alias	80,104	11,700	–	–	91,804
Tengku Nurul Azian binti Tengku Shahriman	83,143	14,300	–	–	97,443
Jean Serge Krol	–	–	–	–	–
Darren Kong Kam Seong	80,104	14,300	–	–	94,404
Total	455,144	61,100	1,673,182	–	2,189,426

For the top remaining senior management personnel, the aggregate remuneration (wages, salaries, benefits and contributions to state plans) paid for FY2024 is approximately RM3.1 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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 FY2024 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 judgements 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 AND RISK COMMITTEE

(Practice 9)

Chairperson of the Audit and Risk Committee

The Audit and 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 and Risk Committee

members represents the Company's minority shareholders. The members of the Audit and 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 and Risk Committee are contained in the Report of the Audit and Risk Committee.

The Board has not appointed any of the Company's former key audit partners as a member of the Audit and Risk Committee. The Audit and 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.

In August 2024 the Audit and Risk Committee had a meeting with the Company's External Auditor, Messrs. PricewaterHouse Coopers ("PwC"), where PwC presented the annual audit plan for FY2024. In that meeting, PwC highlighted the key focus areas, methodology and new accounting standards. The External Auditor also briefed the Audit and Risk Committee on their team members and the resources allocated to the Company. After discussion and deliberation, the Audit and Risk Committee approved the audit plan. The Company also sought the confirmation of independence from PwC. The Company has in place a process to consider the appointment/re-appointment of External Auditors. The process requires the Audit and Risk Committee to assess the External Auditors' compliance with the qualification criteria including, evaluating the independence, objectivity and performance of the External Auditors. As part of its remit, the Audit and Risk Committee must ensure that the objectivity, independence and effectiveness of the External Auditors are maintained.



The written terms of reference for the Audit and Risk Committee are available on the Company's website www.dutchlady.com.my.

RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (Practice 10 and 11)

In the discharge of its responsibility to effectively manage risks across the Company, determining its risk appetite and ensuring the implementation of adequate and appropriate controls, the Board reviews its risk management processes and internal control procedures to ensure a sound system of risk management and internal control to safeguard shareholders' investments and the assets of the Company.

The Company's system of internal financial control is primarily aimed at safeguarding the Company's assets, ensuring proper accounting records are kept, identifying and managing business risks and maintaining compliance with appropriate legislation and regulations.

Apart from having oversight of the Company's risk management, internal control and financial reporting, the Audit and Risk Committee also ensures the required in-depth review of specific financial, operational and regulatory areas of the Company's business.

The Company adopts the Enterprise Risk Management programme based on the framework that was developed and issued by FC, which in turn is based on COSO framework (developed by the Committee of Sponsoring Organizations of the Treadway Commission for evaluating internal controls), of which the International Institute of Internal Auditors is a sponsoring organisation. The programme 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 and 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 the Internal Audit team. Risks identified are categorised and rated based on the impact on the relevant business objectives, likelihood of the risks occurring, and the potential for improvement of the way the risk is being managed, taking into account the existing internal control framework and risk management measures implemented.

INTERNAL AUDIT

The Internal Audit function is performed in-house and reports directly to the Audit and Risk Committee. It assists the Audit and Risk Committee and the Management in the effective discharge of their responsibilities 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 risk management, internal controls and the overall governance processes.

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

The Internal Audit function also works collaboratively with the Global Risk & Internal Controls team to review the risk management process of the Group as a whole. The Audit and Risk Committee evaluated the performance of the Internal Audit function for FY2024 and was satisfied with the overall performance of the function as it had been effective in performing its duties. The Internal Audit function also provided value added recommendations to the organisation, strengthening its internal controls, improving efficiency of processes whilst enabling cost savings, and was able to function independently.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Company's Internal Audit is headed by Mr. Inderjit Singh who has over 11 years of experience in various finance functions including internal audit. Mr. Inderjit holds a Bachelor's Degree of Accounting (Honours) from Multimedia University (MMU) and is a member of the Institute of Internal Auditors Malaysia (IIA). He is supported by a Senior Internal Controls Specialist and Internal Control Specialist. Further information on the Internal Audit function is set out in the Statement of Internal Control and Risk Management and the Report of the Audit & Risk Committee.

PRINCIPLE C - INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIPS WITH STAKEHOLDERS

The Board is committed to providing a fair, objective and meaningful assessment of the financial position and prospects of the Group in the quarterly financial results, annual financial statements, integrated annual report and all other reports to shareholders, investors, regulatory authorities and other stakeholders. The Company has consistently maintained an open dialogue with relevant stakeholder groups such as regulatory agencies, employees, shareholders, investors, consumers and the general public, non-governmental associations and suppliers. Their views and concerns on the Company's business, its policies on governance, the environment and social responsibility are given due consideration in our decision-making process.

ENGAGEMENT WITH STAKEHOLDERS

(Practice 12 and 13)

Ongoing engagement and communication with shareholders are vital in fostering a healthy relationship between the Company and its stakeholders and are critical for the sustainable growth of our business as this gives stakeholders a much better insight of the Company and facilitates mutual understanding of each other's expectations.

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 Integrated Annual Reports and Circulars to shareholders, the Company's products, media releases, and other corporate news.

Integrated Annual Report

The Integrated Annual Report provides a comprehensive report on the Company's operations and financial performance.



An online version of the full Integrated Annual Report is available and downloadable from the Company's website 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. In FY2024, the Company held an investor relations meeting in November.



The presentation shared during the meeting is available on the Company's website at www.dutchlady.com.my

ANNUAL GENERAL MEETINGS

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 2024 was fully virtual. All Malaysian resident Directors were physically present at the Broadcast Venue of the meeting whilst the Directors who are based overseas joined the meeting virtually. The Chairperson, who chaired the proceedings provided fair opportunity and time to all shareholders to exercise their rights to raise questions and make recommendations.

The Company has leveraged technology to facilitate greater shareholders' participation and enhance the proceedings of the AGM. Resolutions during the AGM were arrived at via online electronic poll voting to enable all shareholders to cast their votes. The Share Registrar, Boardroom Share Registrars Sdn Bhd acted as the Poll Administrator to conduct the online electronic polling process. Sky Corporate Services Sdn was appointed as the Independent Scrutineer to verify the poll results.

Since FY2020, the Company's general meetings have been held virtually through live streaming and online remote voting. In FY2024, it was decided that a virtual meeting be held as a physical AGM would require use of more energy and resources, also contributing to more emissions and waste compared to a virtual meeting. With a virtual AGM the Company sought to reduce the potential environmental impact by using a small meeting venue in the offices of the poll administrator as a broadcast venue, minimising the need for travel to the meeting venue, and significantly cut-down the amount of physical materials to be generated for the meeting.

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 meeting held in FY2024 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 and the Finance Director during the meeting. The Board finds that virtual meetings are not only convenient for the shareholders as they allow all shareholders to participate in the meeting from the comfort of their home or office, but that they are also more environmentally friendly as virtual meetings help to reduce the carbon footprint from such meetings by amongst others, using a smaller meeting venue, reducing the

number of attendees travelling to the meeting venue, and reducing the amount of physical materials to be generated for the meeting. The Company will continue its endeavour to reduce the carbon footprint generated from its general meetings by utilising such environmentally friendly methods.

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.

A hybrid meeting will be held for the 62nd AGM on 23 May 2025. The Main Venue will be held at the Grand Ballroom, Sime Darby Convention Centre, No. 1A, Jalan Bukit Kiara, Bukit Kiara, 60000 Kuala Lumpur, Malaysia.

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 FY2024 was RM695,772.37. The amount of audit fees paid to External Auditors by the Company for FY2024 was RM127,227.

(ii) Non-Audit Fees

The amount of non-audit fees paid to External Auditors by the Company for the FY2024 was RM23,600 for the review of Statement of Risk Management & Internal Control.

(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 FY2024 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 20 February 2025.

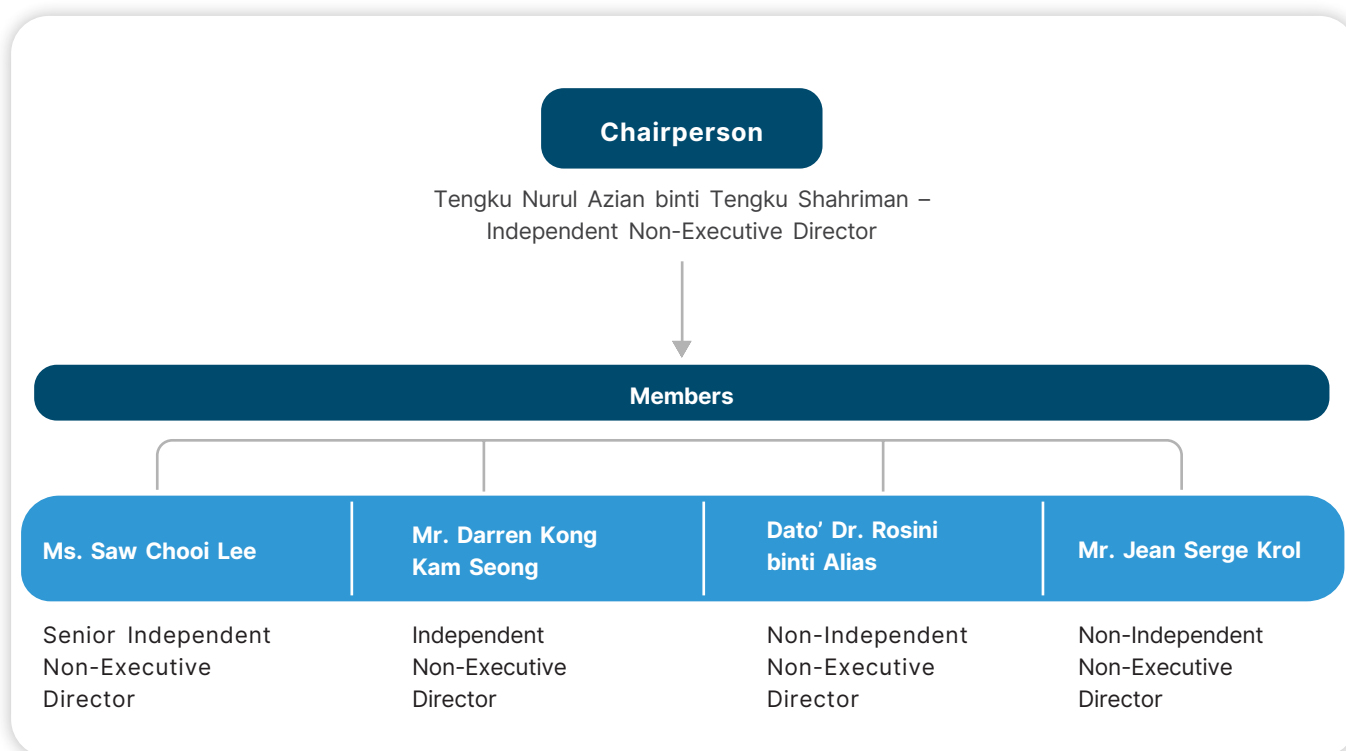
AUDIT AND RISK COMMITTEE REPORT

The Audit and Risk Committee (“Committee”) 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 primary purpose of the 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 Company;
- (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



The Committee 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 18 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 listed 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 was appointed as the Adjunct Professor for Graduate Business School – MBA Programme for Universiti Kebangsaan Malaysia in 2018 and mentors in the Women in Leadership (WIL) programme by Lead-Women Malaysia Organisation.

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 was previously the Chief Operating Officer of AutoCraver

Trading Sdn Bhd, a company providing automotive technology solutions and prior to that, he was the Managing Director, Corporate Strategy & Alliance of a data technology company that specialises in Analytics, Big Data, Machine Learning and Artificial Intelligence.

Dato' Dr. Rosini Binti Alias is a 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 the FrieslandCampina group from 2002 to 2019. In July 2019, he was appointed as the Director of Finance for FrieslandCampina's Specialized Nutrition Business Group and in 2023, he assumed the position of Director of Finance Business Group Asia.

B. TERMS OF REFERENCE

Structure of the Audit and Risk Committee

The Committee's roles and responsibilities are clearly defined in its Terms of Reference. The Terms of Reference is reviewed periodically whereby the latest review was carried out and approved by the Board in November 2024.

The Committee is appointed by the Board and shall comprise of at least three (3) directors. All members should be Non-Executive Directors with Independent Non-Executive Directors making up the majority. The Chairperson of the Board shall not be a member of the Committee. In the event of any vacancy in the Committee (including Chairperson) resulting in non-compliance to the above, the Board shall within three (3) months of the event fill the vacancy. At least one (1) member of the Committee must be a member of the Malaysian Institute of Accountants or have at least three (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 Committee shall be an Independent Non-Executive Director and be elected from amongst the members of the Committee. All members of the Committee, including the Chairperson, will hold office until otherwise determined by the Board.

Authority

The Committee 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

The functions of the Committee are as follows:-

1. 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
 - (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

AUDIT AND RISK COMMITTEE REPORT

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.

- (i) To take note and be informed of the audit tender process that is run by FrieslandCampina globally including ensuring that an objective criterion is established when assessing the appointment of External Auditors;
- (ii) 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;
- (iii) 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;
- (iv) To assess the External Audit firm's measures to uphold audit quality and manage risks including adopting indicators of audit quality;
- (v) 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;
- (vi) To review the External Auditors' Management letter and management's response thereon and ensure management provides information and records in a timely manner;
- (vii) 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;

- (viii) 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; and

- (ix) 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.

2. 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; and
- (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.

3. In relation to Internal Audit and Internal Controls

- (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 programmes 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.
- (ii) Ensure that the Company has an Internal Control Frameworks, and periodically reviews the controls, organises self-assessments and ensures effectiveness of the system. The Global Risk and Control Team coordinates both the Control Design Assessment and the Control Self-Assessment exercise which is performed at different frequencies throughout the

year in accordance with FC's Internal Control Framework (ICF) compliance programme. This programme emphasises on key controls surrounding the financial reporting process, the Company's compliance with applicable laws and internal policies, and the effectiveness of the internal processes. The Global Risk and Control Team shall provide reports on the Internal Control assessment results, deficiencies and controls requiring improvement to the Head of Internal Audit who will share these reports with the Committee during quarterly Committee meetings. The Committee may also request for the Global Risk and Control team to provide reports directly to the Committee when further discussion or inquiries are necessary. Further, the Head of Internal Audit shall raise any disagreements and/or seek alignment on the findings of the reports with management and the Global Risk and Control Team;

- (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 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 and provide the resigning staff member an opportunity to submit his reasons for resigning.

4. 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 to mitigate identified business risks which enables the Company to update key risks direction, identify material economic, environmental, social or governance (EESG) 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;
 - ∞ Enhance and improve corporate governance with a clear, concise and comprehensive structure for the Company;

AUDIT AND RISK COMMITTEE REPORT

- ∞ 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.

5. 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 Committee's Terms of Reference can be found on the Company's website www.dutchlady.com.my

C. MEETINGS AND MINUTES

The Committee shall meet at least four (4) times a year and the quorum for any meeting shall be two (2) members, consisting of Independent Directors. The Managing Director, Finance Director, Head of Internal Audit, Global Risk and Control team member (when required by the Audit and Risk Committee) and other members of the Management Team may attend the meetings at the invitation of the Committee. There shall be at least two (2) meetings a year with External Auditors as well as two (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 Committee if they consider it necessary. Other Board members may attend meetings upon the invitation of the Committee.

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

The Nominating and Remuneration Committee reviews the performance of the Committee annually to determine whether the Committee and its members have carried out their duties in accordance with their terms of reference.

The 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 Committee.

A total of four (4) meetings were held during the financial year 2024. The membership status and attendance record of each of the members are as follows:-

Members	Attendance
Tengku Nurul Azian binti Tengku Shahriman (Chairperson, Independent Non-Executive Director)	4/4
Ms. Saw Chooi Lee (Member, Senior Independent Non-Executive Director)	4/4
Mr. Darren Kong Kam Seong (Member, Independent Non-Executive Director)	4/4
Dato' Dr. Rosini binti Alias (Member, Non-Independent Non-Executive Director)	4/4
Mr. Jean Serge Krol (Member, Non-Independent Non-Executive Director)	4/4

D. SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR

A summary of the key activities carried out by the Committee 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 Committee before submission to the Board for its subsequent approval. In doing so, the Committee 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 Committee also reviewed the External Auditors' ("PricewaterhouseCoopers PLT", or "PwC") annual and interim audit reports, together with accompanying Management responses.

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

The Committee carried out an annual review of the independence, suitability, objectivity and cost effectiveness of PwC 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.

In February 2024, PwC shared its Transparency Report for 2023 with the Committee. The Transparency Report is provided as part of an initiative by the Securities Commission's Audit Oversight Board to enhance transparency and audit quality. The Transparency Report spells out PwC's audit methodology, describes what they do to maintain the right culture, equip their employees with the right training and invest in cutting edge audit tools.

As part of the annual audit exercise, the Committee obtained assurance from PwC 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 Committee remains confident of PwC's independence and suitability.

(c) Risk Management and Internal Controls

The Committee took note of the Company's risk management and the control environment guidelines as implemented using the FC Internal Control Framework and the Enterprise Risk Management programme. In November 2024, the Committee reviewed and accepted a "light touch" Enterprise Risk Assessment. A "light touch" assessment was carried out for FY2024 as the Company's existing action plans were still in progress and sufficient to mitigate the risks identified. It is expected that the next detailed Enterprise Risk Assessment will be carried out in FY2025, in accordance with FC's Enterprise Risk Assessment and Fraud Risk Assessment reporting procedures. This structured approach allows the Company to continuously monitor and manage fraud risks while maintaining alignment with its long-term goals.

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

(d) Going Concern Assessment

The Committee 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 Committee had three (3) meetings with External Auditors and two (2) meetings with them without the presence of Management. The Committee 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 Committee 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 RM23,600 for the review of Statement of Risk Management and Internal Control. The amount of audit fees paid to External Auditors by the Company for FY2024 was RM127,227. As such the non-audit fees make up 15.6% of the total fees paid to the External Auditors.

(f) Internal Audit and Internal Controls

During FY2024, the Committee had four (4) meetings with the Internal Auditor. During the engagements, the Committee 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.

In pursuit of FC's one Global Risk and Control strategy and direction setting, the Internal Auditor also works collaboratively with the Global Risk and Internal Control team to review the risk management process of the FC Group as a whole. The Global Risk & Control Team provides reports on the Internal Control assessment results, deficiencies and controls requiring improvement to the Internal Auditor who shared these reports with the Committee during quarterly Committee meetings. In the event that further discussion or inquiries are necessary, the Global Risk & Control team may provide reports directly to the Committee.

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(g) Governance

The Committee reviewed the Audit and Committee Report and the Statement of Internal Control and Risk Management and recommended to the Board for inclusion in the 2023 Annual Report.

(h) Other Matters

During the financial year, the Committee 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 its report for the year under review to ensure that they were in compliance with the relevant requirements and guidelines
- ∞ reviewed the Circular on the New and 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)

E. INTERNAL AUDIT FUNCTION

The Committee 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 Committee and administratively to the Finance Director. It assists the Committee and Management in the effective discharge of their responsibilities 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 risk management, internal controls and the overall governance processes. 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.

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.

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 Assistant Manager Internal Audit and a Sustainability Control Specialist.

The activities of the Internal Audit function are carried out based on the Internal Audit Plan approved by the Committee which is developed based on the risk profiles identified in accordance with the Company's Risk Management Framework and in consultation with the Management Team. The Committee reviews the extent of the audit scope and coverage of the Internal Audit activities; and the adequacy and competency and the internal audit resources to support the completion of the plan. At the quarterly Committee meetings, the Head of Internal Audit reports to the Committee on the progress of Internal Audit activities and the resource requirements, including interim changes and the impact of resource limitations. The report to the Committee also covers significant risk and control issues, including fraud risks, governance issues and other matters that require the Committee's attention.

In carrying out the audit activities, the Internal Audit function has adopted the International Standards for the Professional Practice of Internal Auditing (IIA Standards) issued by the International Internal Audit Standards Board. The internal audit staff adhere to the Code of Ethics adopted by the IIA which sets out, among others, the principles relevant to the profession and practice of internal auditing and the rules of conduct expected of internal auditors.

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 Committee, and updated where necessary by the Committee;

b Prepared the internal audit programme based on the internal audit plan, for each activity or process to be audited;

c Discussed with auditees, process owners and Management the findings of the audit for each activity or process. Root cause analysis will be assessed before any recommendations are made to mitigate identified risks or improve control workflows;

d Carried out a review on the EESG common material matters;

e Reported to the Committee on a quarterly basis, the results from the internal audit and governance issues identified together with Management Team's response and action plans;

f Followed up on all the action plans agreed from the previous internal audit reports to ensure that all matters arising are adequately addressed by the Management; and

g Attended both internal and external training primarily focused on EESG reporting standards and auditing methodology.

The Internal Audit function also works collaboratively with the Global Risk and Internal Controls team to review the risk management process of the Group as a whole. The total costs incurred by the Internal Audit function in discharging its functions and responsibilities for FY2024 amounted to RM695,772.37. The costs incurred comprised mostly of salaries and departmental overheads.

The ARC had evaluated the performance of the Internal Audit function for FY2024 and was satisfied with the overall performance of the function as it had been effective in performing its duties. The Internal Audit function also provided value added recommendations to the organisation, strengthening its internal controls, improving efficiency of processes whilst enabling cost savings, and was able to function independently.

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 Committee in an effort to enhance and improve its processes of the control environment.

The Committee's responsibility is to monitor and review the practices and processes performed by Management and the External Auditors. It is not the Committee's duty or responsibility to conduct auditing or accounting reviews. The Committee members are not employees of the Company. Therefore, the Committee 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 is responsible and accountable for the Company's systems of risk management and internal control and for reviewing the effectiveness, adequacy, and integrity of the system. In this regard, the Board is assisted by the Audit and Risk Committee ("ARC") who is responsible for ensuring that appropriate methods and procedures are adopted in the risk management and internal control activities and to obtain the level of assurance required by the Board.

The ARC assists the Board, in overseeing the following operations and processes:-

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 has received assurance from the Managing Director and the Finance Director via the bi-annual Management Statement process, that the Company's risk management and internal control system is adequate and operating effectively, in all material respect. The Board and the ARC have delegated to Management the implementation of risk management system 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 Royal FrieslandCampina ("FC") 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.

Integration of the Enterprise Risk Assessment ("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 Model** is developed to ensure a structured approach is used and clear roles and responsibility is defined between the different roles.

1

Periodic reviews of key business risks, and control measures to mitigate or reduce such risks;

2

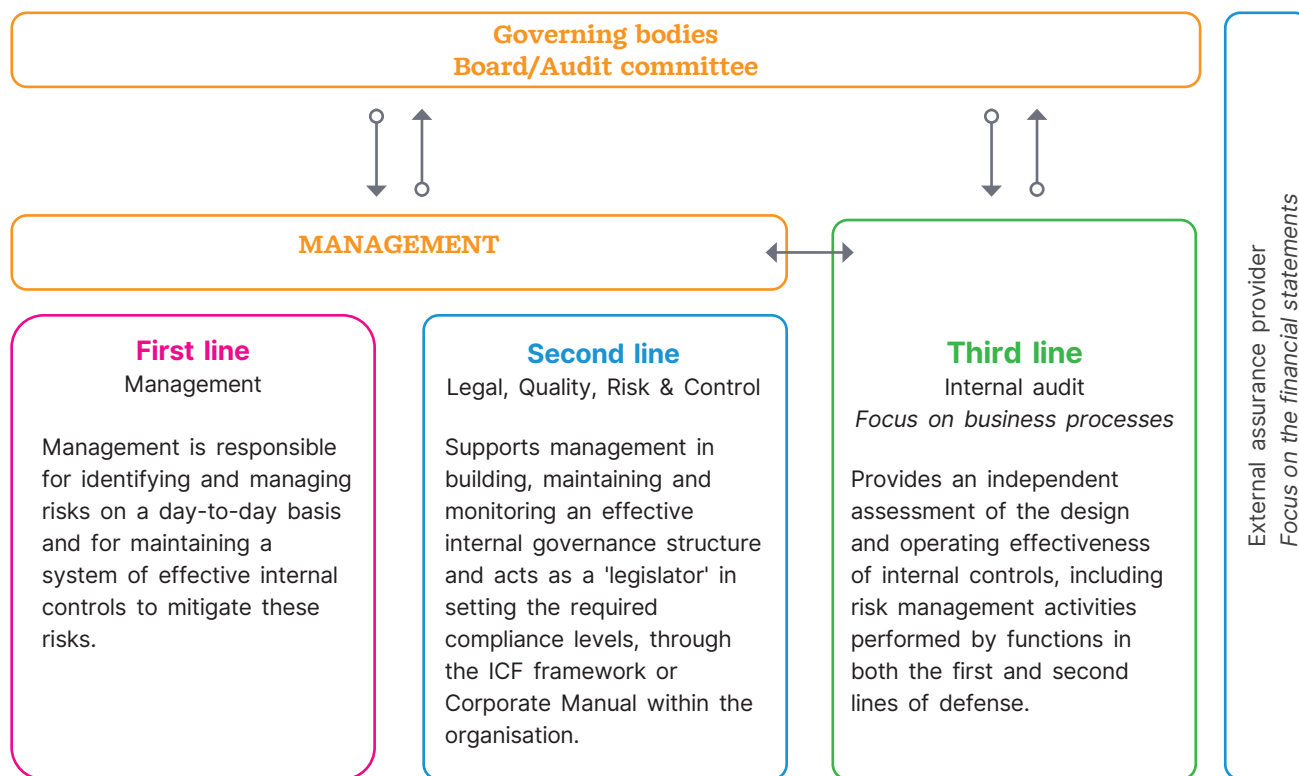
Periodic reviews of the strengths and weaknesses of the overall internal controls system and action plans to address the risk of the weaknesses or key improvement opportunities;

3

Periodic reviews of the business's internal process and operations as reported by the Risk and Control ("R&C") and Internal Audit ("IA") team, including action plans to address the identified control weaknesses and monitor the implementation of its recommendations, and

4

Review any key findings highlighted by the external auditors on control issues identified via their audit-related and non-audit-related work and the scope of their respective reviews and findings.



The above is supported by assurance activities conducted by the external auditors, who are responsible for evaluating and providing independent and reasonable assurance on the organisation's financial reports

The Company's risk management programme is led by the Managing Director and supported by the Management Team and Business Leaders from all functional units of the Company.

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 Company stimulates a culture in which employee risk awareness is continuously addressed through targeted communication and periodic (mandatory) training, while weak areas in its risk management programmes or control measures can be transparently reported and effectively dealt with, for example through the specific dashboards and KPIs and the Company's Speak-Up process.

In providing assurance to the Board of Directors on the Company's adequacy and effectiveness of risk management, the R&C team coordinates a continuous risk dialogue session with all the risk owners and functional heads. These help the Company to:-

- Embed risk management in the mindset and behaviour of employees
- Strengthen risk management capabilities and methods
- Continuously improve risk mitigation
- Unlock expertise/synergies to support business
- Keep things simple (speed, focus, pragmatism)

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

The Enterprise Risk Management (“ERM”) Process

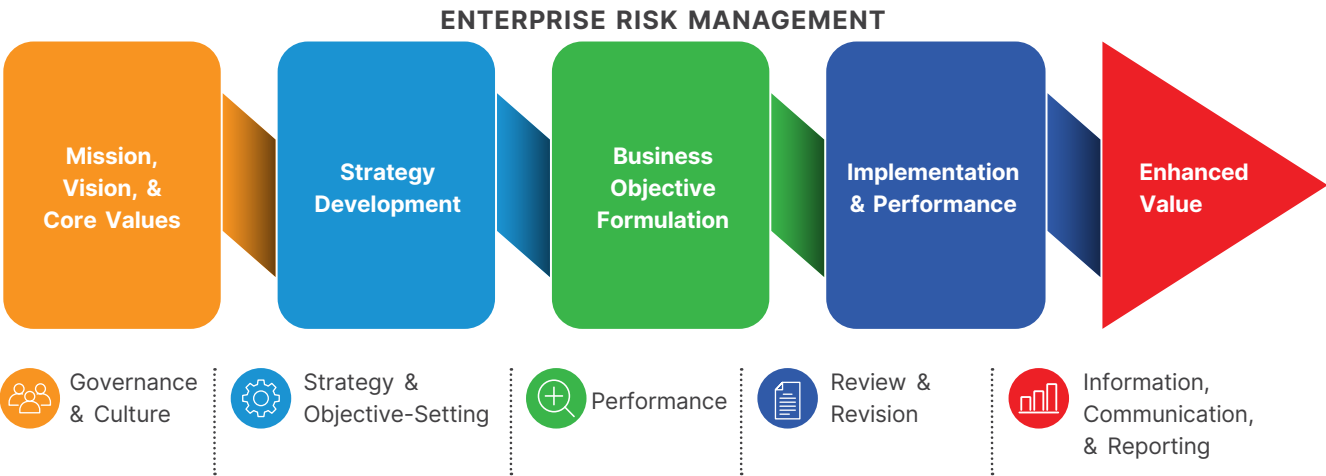
The ERM process involves a systematic application of the risk management methodology to facilitate risk identification, assessment, reporting as well as monitoring and review as described below;

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. In 2024, the Company, via the Group Enterprise Governance, Risk and Compliance (“EGRC”) team, reviewed key risk areas, conducted an overview of risk assessments, and updated the Company’s risk profiles. A Fraud Risk Assessment was not conducted in FY24, as the action plans developed from the FY23 assessment remain relevant and applicable.



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.

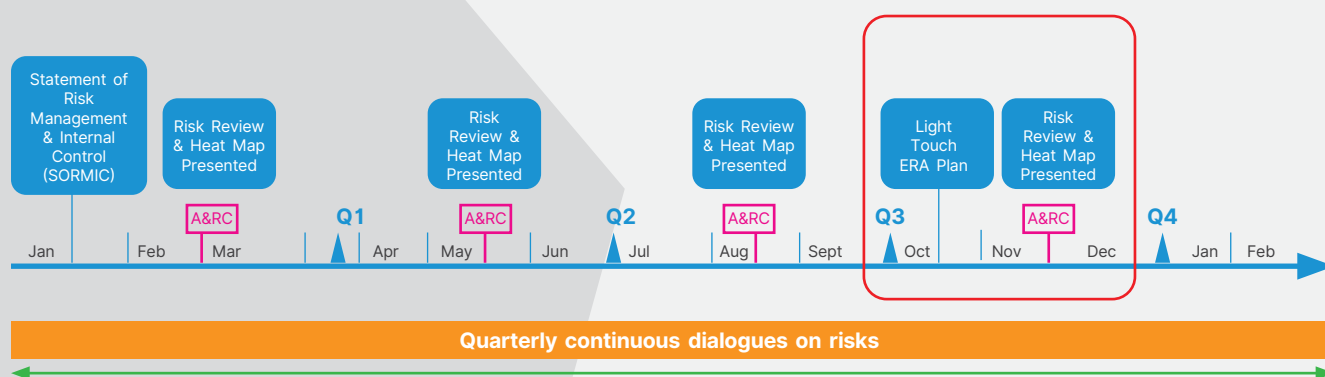


The Company's general risk appetite depends on the risk categories, and is set out in the table below.

Risk Category and Risk Appetite

Risk Category	General 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	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.

Quarterly, the risk profiles are updated by the Management Team and Business Leaders. The updated risk profiles are then tabulated into a heat map, which sets out the priority and focus for risk mitigation strategies based on risk ratings at net levels. The net risk level is determined after taking into consideration the effectiveness of existing controls and risk mitigation plans. This exercise is facilitated by R&C team and is part of the continuous risk dialogue session.



Light Touch ERA planning and Quarterly Continuous Risk Updates.

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 and the Nominating and Remuneration Committee.

As part of the Risk Management Framework, and in line with the MCCG, the Board has an organisational structure with clearly defined lines of accountability and responsibilities and delegated authority to the Board Committees and the Management to ensure they discharge their duties. Matters concerning risk management and internal controls are under the purview of the ARC which is chaired by the ARC Chairperson.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

• Organisational Structure and Responsibility Levels

The Company has an organisational structure with formal lines of responsibility and authorisation procedures within which senior management operates with clear defined accountability.

• 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 made in accordance with authority limits which include approval from Board. Appraisal and monitoring procedures are applied to all major investment decisions, and at times external consultants are used 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.

• 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 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 Company aims 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 (EMS), a systematic management approach to the environmental concerns of the Company, and ISO 45001, the Occupational Health and Safety Management System (OSHMS) for the protection of employees from hazards and the mitigation of work-related injuries and health-related issues.

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.

The Company's code for good business conduct, Compass, is pivotal in managing compliance risk by fostering honest, respectful, and transparent business conduct among employees and third parties. It encompasses guidelines like the Speak-Up Procedure, Fair Competition Policy, and Doing Honest Business Policy. These standards are disseminated to all employees through a robust communication and training programme via an internal learning platform. Moreover, the appointment of local trusted representatives across various departments provides an alternative platform for employees to raise concerns effectively.

Compass is supported globally by FC Corporate Headquarters with an established Integrity Committee and a reporting platform (Speak-Up) 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.

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.

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

• Formalised Strategic Planning and Operating Plan Processes

The Strategic Planning process is led by Royal FrieslandCampina ("FC") and is focused on the 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 annual planning process involves respective functions preparing and reviewing their strategies and activity plans including budgets before a new financial year commences. The annual plan which embeds the budget is reviewed by the Management Team and approved by the Board and the Business Group. Monthly review of performance and expenditure versus the plan is carried out by the Management Team to ensure effectiveness of execution and spends are managed in line with the strategic and financial objectives of the organisation. Performance gaps or key variances, if any, are followed up and addressed by respective functions.

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, improving customer service levels, forecasting accuracy and inventory turnover management.

• Reporting and Review

The Company's Management Team meets on a monthly basis to review business performance, identify, discuss and resolve operational, financial and key management issues. This is then followed by monthly Business Performance Tracker ("BPT") process where key KPIs of the organisation are tracked and reviewed with the Leadership Team of the Company. Last but not least on a quarterly basis results are communicated to employees at the Company's town hall sessions.

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 including its key business performance.

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 as well as the Audit & Risk Committee. By signing off on the Management Statement, it demonstrates the management's accountability over financial and non-financial reporting disclosures including;

- adequacy of the Internal Control Framework ("ICF")
- responsibility for proper Segregation of Duty ("SOD")
- sustainability-related controls 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 Control and Internal Audit reports on a quarterly basis and monitor the status of implementation of corrective actions that are prepared by the R&C and Internal Audit team to address internal control weaknesses.

• Employee Competency and Awareness

On an annual basis, all employees are required to complete the following online courses as part of the Company's efforts to drive awareness and assess their understanding of the respective codes and the underlying principles, the results from the online courses assessment are closely monitored by the HR team.



Compass



Human Rights



Anti-Bribery



Responsible Marketing Code
(selected employees)



Cyber-Security Awareness



Fraud Awareness



Silver & Golden Purchasing Rules



Safety at Work

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

Training and development programmes such as health and safety, psychological safety at work, technical knowledge training, coaching and leadership capability building are organised for employees to ensure that they are equipped with necessary knowledge/skills and kept up to date with the necessary competencies to carry out their responsibilities towards achieving the Company's objectives. The Company leverages on FC's integrated learning platform for employees to access a vast selection of courses ranging from cross functional business skills and digital trends to self-development.

The Company relies on the IT systems to support its operations via data, analysis and reports essential for business decision making. As part of the measures to raise awareness on cyber security, mandatory trainings were conducted for all employees through an online learning platform. A simulated phishing email exercise was also carried out during the year to enhance awareness on phishing and its methods of attack.

• Internal Control Framework (ICF)

The Company has adopted FC's Internal Control Framework (ICF) compliance programme that emphasises on key controls surrounding the financial reporting process, the Company's compliance with applicable laws and internal policies, and the effectiveness of the internal processes.

In an effort to drive the importance and awareness of internal controls, the R&C team continuously creates awareness on the principles of Internal Control Framework (ICF) within the Company.

On an annual basis, a Risk Based Control Allocation ("RBA") exercise is performed to ensure the right coverage of controls being implemented and assessed within the Company. Thereafter, the assessment cycle starts with a Test of Design ("ToD") exercise to evaluate the control design effectiveness to mitigate the risk, followed by continuous Test of Effectiveness ("ToE") exercise to evaluate the effectiveness of the control execution activity. The R&C team coordinates these 3 exercises (RBA, ToD & ToE) which is performed in sequence annually.

The R&C team discusses non-compliance areas, if any, and control deficiencies with relevant process owners and reports it via an internal monitoring tool whilst ensuring the necessary remediation action plan is in place. Completed action plans are then retested to ensure adequate remediation is in place. Assessment results, 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, regulatory, 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 2024, the Company has also taken the opportunity to update key policies and procedures relating to functions of the business: Finance, Sales, Corporate Affairs & Legal.

To enhance institutional memory and ensure robust retention of key documents and information, the Company embarked on a Document Retention project. As part of this initiative, critical documents within the Supply Chain team were identified and archived systematically.

Additionally, the Company automated the Donation & Sponsorship process to improve efficiency and governance. A policy has been established to provide clear guidelines on this matter, developed in alignment with the Corporate function. These efforts reflect the Company's commitment to maintaining transparency, compliance, and operational excellence.

All localised policies and procedures are reviewed and updated every 2 years by the business owners in consultation with the IA team to gather inputs in areas concerning internal controls and risks. The Company has also developed a SharePoint site where all approved policies and procedures are published, and all employees have been given access to the site. Data privacy and cyber security trainings are conducted for all employees to enhance their understanding and compliance. Additionally, the Company validates the effectiveness of these trainings and raises awareness through regular phishing simulations, which help assess employees' vigilance and reporting capabilities.

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 ARC. 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 every quarter to the ARC.

• Summary of Work Performed by Internal Audit

During 2024, the Internal Audit function completed the audit assignments as approved by the ARC. The audit assignments were inclusive of special reviews and investigative audits as requested by the Management.

The Internal Audit team highlights, to the ARC 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 for ensuring all agreed action plans are addressed within the required timeframe.

The ARC in turn reviews the effectiveness of the system of internal controls in operation and reports the results thereon to the Board.

1

The Board will be informed quarterly of the degree to which the Company's strategic, operational, financial and compliance objectives are being achieved;

2

The internal and external financial reporting do not contain any material misstatement and that the risk management and internal control systems functioned effectively during 2024; and

3

The Company has complied with the relevant legislation and regulations.

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:

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.

The statement was approved by the Board on the 20th February 2025.

DIRECTORS' REPORT

For the financial year ended 31 December 2024

The Directors hereby submit their report and the audited financial statements of the Company for the financial year ended 31 December 2024.

DIRECTORS

The Directors in office during the financial year and during the period from the end of the financial year to the date of the report are:

Saw Chooi Lee
 Dato' Dr Rosini binti Alias
 Tengku Nurul Azian Tengku Shahriman
 Datin Seri Sunita Mei-Lin Rajakumar
 Jean Serge Krol
 Darren Kong Kam Seong
 Ramjeet Kaur Virik A/P Bhagwan Singh
 Corine Danielle Tap

In accordance with Article 105 of the Company's Constitution, Saw Chooi Lee, Ramjeet Kaur Virik A/P Bhagwan Singh and Corine Danielle Tap shall retire by rotation at the forthcoming Annual General Meeting of the Company and being eligible, offer themselves for re-election.

PRINCIPAL ACTIVITIES

The Company manufactures and distributes a wide range of dairy products, such as specialised powders for infant and growing up children, liquid milk in different packaging formats and yoghurts. The Company markets these products under various brand names such as Dutch Lady, Dutch Baby, Frisolac, Friso Gold and Dutch Lady PureFarm. There has been no significant change in the nature of these activities during the financial year.

FINANCIAL RESULTS

	RM'000
Net profit for the financial year	96,647

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year except as disclosed in the financial statements.

ISSUE OF SHARES AND DEBENTURES

There were no changes in the authorised, issued and paid-up capital of the Company during the financial year.

There were no debentures issued during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than the benefits for certain Directors shown under Directors' Remuneration) by reason of a contract made by the Company or by a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

Neither during nor at the end of the financial year was the Company a party to any arrangements whose object was to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016, none of the Directors who held office at the end of the financial year held any shares or debentures in the Company or its holding company or subsidiaries of the holding company during the financial year except as follows:

	Number of ordinary shares		
	As at 1.1.2024	Acquired	As at 31.12.2024
The Company			
Datin Seri Sunita Mei-Lin Rajakumar	2,000	–	–
			2,000

DIVIDENDS

Since the end of the previous financial year, the Company paid:

- a first interim ordinary dividend of 25.00 sen per ordinary share, tax exempt under the single-tier tax system, totalling RM16,000,000 in respect of the financial year ended 31 December 2024 on 20 June 2024; and
- a second interim ordinary dividend of 25.00 sen per ordinary share, tax exempt under the single-tier tax system, totalling RM16,000,000 in respect of the financial year ended 31 December 2024 on 13 December 2024.

The Directors do not recommend any final dividend to be paid for the financial year ended 31 December 2024.

DIRECTORS' REMUNERATION

Directors' remuneration for the financial year as set out in Note 16 to the financial statements are as follows:

	RM'000
Fees	516
Remuneration	1,673
	2,189

INSURANCE EFFECTED FOR DIRECTORS

During the financial year, the total cost of insurance effected for Directors of the Company is RM16,444 (2023: RM19,359).

HOLDING COMPANIES

The immediate and ultimate holding companies are FrieslandCampina DLMI Malaysia Holding BV and Royal FrieslandCampina NV respectively. Both companies are incorporated in the Netherlands.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

DIRECTORS' REPORT

For the financial year ended 31 December 2024

OTHER STATUTORY INFORMATION

- (a) Before the financial statements of the Company were prepared, the Directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets, which were unlikely to be realised in the ordinary course of business including the values of current assets as shown in the accounting records of the Company had been written down to an amount which the current assets might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances:
- (i) which would render the amounts written off for bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent; or
 - (ii) which would render the values attributed to current assets in the financial statements of the Company misleading; or
 - (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate.
- (c) At the date of this report:
- (i) there are no charges on the assets of the Company which have arisen since the end of the financial year which secures the liabilities of any other person; and
 - (ii) there are no contingent liabilities in the Company which have arisen since the end of the financial year.
- (d) No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Company to meet its obligations when they fall due.
- (e) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Company which would render any amount stated in the respective financial statements misleading.
- (f) In the opinion of the Directors:
- (i) the results of the operations of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
 - (ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Company for the financial year in which this report is made.

AUDITORS' REMUNERATION

The auditors' remuneration for the financial year amounted to RM127,227.

AUDITORS

The auditors, PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), have expressed their willingness to accept re-appointment as auditors.

This report was approved by the Board of Directors on 20 February 2025.

Signed on behalf of the Board of Directors:

Ramjeet Kaur Virik A/P Bhagwan Singh

Jean Serge Krol

20 February 2025

STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Note	2024 RM'000	2023 RM'000
Assets			
Property, plant and equipment	3	620,135	503,206
Right-of-use assets	4	3,782	8,473
Intangible assets	5	25,032	27,492
Other receivables	6	2,029	1,987
Deferred tax assets	7	3,426	2,220
Total non-current assets		654,404	543,378
Inventories	8	236,756	241,098
Trade and other receivables	6	122,682	94,343
Prepayments		1,147	1,310
Cash and bank balances	9	47,796	66,152
Derivative financial assets	10	10,947	595
Total current assets		419,328	403,498
Total assets		1,073,732	946,876
Equity			
Share capital	11	64,000	64,000
Retained earnings		437,892	373,245
Total equity		501,892	437,245
Liabilities			
Lease liabilities	4	1,456	3,994
Provision	12	–	375
Borrowings	14	70,205	–
Total non-current liabilities		71,661	4,369
Trade and other payables	13	488,158	482,094
Provision	12	2,185	12,689
Current tax liabilities		6,239	1,123
Lease liabilities	4	2,538	6,961
Derivative financial liabilities	10	–	2,395
Borrowings	14	1,059	–
Total current liabilities		500,179	505,262
Total liabilities		571,840	509,631
Total equity and liabilities		1,073,732	946,876

The accompanying notes form an integral part of the financial statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 December 2024

	Note	2024 RM'000	2023 RM'000
Revenue from contracts with customers – sales of goods recognised point in time		1,445,071	1,442,823
Cost of sales		(957,142)	(1,014,426)
Gross profit		487,929	428,397
Other income		7,347	18,620
Distribution expenses		(197,385)	(170,160)
Administrative expenses		(38,442)	(42,324)
Other expenses		(128,055)	(134,536)
Results from operating activities		131,394	99,997
Interest income		367	1,024
Finance costs		(6,716)	(4,528)
Profit before tax	15	125,045	96,493
Tax expense	17	(28,398)	(24,099)
Net profit for the financial year/Total comprehensive income for the financial year		96,647	72,394
Basic and diluted earnings per ordinary share (sen)	18	151.0	113.1

The accompanying notes form an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2024

	Note	<i>Distributable</i>		
		Share capital RM'000	Retained earnings RM'000	Total Equity RM'000
At 31 December 2023/1 January 2024		64,000	373,245	437,245
Net profit/Total comprehensive income for the financial year		–	96,647	96,647
Dividends to owners of the Company	19	–	(32,000)	(32,000)
At 31 December 2024		64,000	437,892	501,892

Note 11

At 31 December 2022/1 January 2023		64,000	332,851	396,851
Net profit/Total comprehensive income for the financial year		–	72,394	72,394
Dividends to owners of the Company	19	–	(32,000)	(32,000)
At 31 December 2023		64,000	373,245	437,245

The accompanying notes form an integral part of the financial statements.

STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2024

	Note	2024 RM'000	2023 RM'000
Cash flows from operating activities			
Cash receipts from customers and other receivables		1,406,339	1,443,606
Cash paid to suppliers and employees		(1,297,011)	(1,215,808)
Cash generated from operations		109,328	227,798
Income tax paid		(24,488)	(21,191)
Net cash generated from operating activities		84,840	206,607
Cash flows from investing activities			
Purchase of property, plant and equipment	3(b)	(128,089)	(189,308)
Purchase of intangible assets	5(a)	(4,326)	(12,958)
Proceeds from disposal of property, plant and equipment		–	476
Interest received		367	1,024
Net cash used in investing activities		(132,048)	(200,766)
Cash flows from financing activities			
Drawdown of revolving credit	14	73,470	–
Finance costs paid	14	(1,121)	–
Interest paid		(4,256)	(4,041)
Dividends paid	19	(32,000)	(32,000)
Payment for lease liabilities	4	(7,241)	(8,589)
Net cash generated from/(used in) financing activities		28,852	(44,630)
Net decrease in cash and cash equivalents		(18,356)	(38,789)
Cash and cash equivalents at 1 January		66,152	104,941
Cash and cash equivalents at 31 December	9	47,796	66,152

Note to the statement of cash flows

The reconciliation of movement of liabilities to cash flows arising from financing activities is disclosed in Note 4 and Note 14.

Interest paid shown in cash flows from financing activities includes interest paid to a licensed financial institution to enable certain trade customers to pay goods invoiced through a corporate purchasing card issued by the financial institution.

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Dutch Lady Milk Industries Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The address of the principal place of business and registered office of the Company is as follows:

Registered office

Level 5, Quill 9
No 112, Jalan Prof Khoo Kay Kim
46300 Petaling Jaya, Selangor Darul Ehsan

Principal place of business

PT 1585, Persiaran Teknologi 6
Taman Teknologi 2 @ Enstek
71760 Bandar Enstek, Negeri Sembilan

The Company manufactures and distributes a wide range of dairy products, such as specialised powders for infant and growing up children, liquid milk in different packaging formats and yoghurts. The Company markets these products under various brand names such as Dutch Lady, Dutch Baby, Frisolac, Friso Gold and Dutch Lady PureFarm.

These financial statements were authorised for issue by the Board of Directors on 20 February 2025.

1. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

- (i) Standards, amendments to published standards and interpretations that are effective

The Company has applied the following standards and amendments for the first time for the financial year beginning on 1 January 2024:

- Amendments to MFRS 101 'Classification of liabilities as current or non-current' and 'Non-current Liabilities with Covenants'
- Amendments to MFRS 16 'Lease Liability in a Sale and Leaseback'
- Amendments to MFRS 107 and MFRS 7 'Supplier Finance Arrangements'

The adoption of Amendments to MFRS 107 and MFRS 7 'Supplier Finance Arrangements' resulted in changes in accounting policies.

The amendments require new disclosures about the supplier finance arrangements ('SFA') that enable the users to understand the effects of SFA on the Company's liabilities, cash flows and exposure to liquidity risk.

As a result of adopting the amendments, the Company provided new disclosures for liabilities under SFAs as well as the associated cash flows in Note 13.

1. BASIS OF PREPARATION (CONTINUED)

(a) Statement of compliance (continued)

- (i) Standards, amendments to published standards and interpretations that are effective (continued)

Under the transitional provisions of the amendments, the Company is not required to disclose the following information in the first year of adoption:

- comparative information for any reporting periods presented before the beginning of the annual reporting period in which the Company first applies these amendments; and
- the information otherwise required by paragraph 44H(b)(ii)–(iii) of MFRS 107 as at the beginning of the annual reporting period in which the Company first applies these amendments.

The adoption of other amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

- (ii) Standards, amendments to published standards and interpretations that have been issued but not yet effective:

A number of new standards and amendments to standards and interpretations are effective for the financial year beginning after 1 January 2024. None of these is expected to have a significant effect on the financial statements of the Company:

- MFRS 18 'Presentation and Disclosure in Financial Statements' (effective 1 January 2027) replaces MFRS 101 'Presentation of Financial Statements'.
 - The new MFRS introduces a new structure of profit or loss statement.
 - (a) Income and expenses are classified into 3 new main categories:
 - i. Operating category which typically includes results from the main business activities;
 - ii. Investing category that presents the results of investments in associates and joint ventures and other assets that generate a return largely independently of other resources; and
 - iii. Financing category that presents income and expenses from financing liabilities.
 - (b) Entities are required to present two new specified subtotals: 'Operating profit or loss' and 'Profit or loss before financing and income taxes'.
 - Management-defined performance measures are disclosed in a single note and reconciled to the most similar specified subtotal in MFRS Accounting Standards.
 - Changes to the guidance on aggregation and disaggregation which focus on grouping items based on their shared characteristics.

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION (CONTINUED)

(a) Statement of compliance (continued)

(ii) Standards, amendments to published standards and interpretations that have been issued but not yet effective: (continued)

- Management is currently assessing the detailed implications of applying MFRS 18 on the Company's financial statements. From the high-level preliminary assessment performed, the following potential impacts have been identified:
 - Although the adoption of MFRS 18 will have no impact on the Company's net profit, the Company expects that grouping items of income and expenses in the statement of profit or loss into the new categories will impact how operating profit is calculated and reported. From the high-level impact assessment that the Company has performed, the following items might potentially impact operating profit:
 - (a) Foreign exchange differences currently aggregated in 'other income' and 'other expenses' in operating profit might need to be disaggregated with some foreign exchange gains or losses presented below operating profit.
 - (b) MFRS 18 requires the derivative gains or losses to be classified in the same category as the income and expenses affected by the risk that the derivative is used to manage. Although the Company currently recognises some gains or losses in operating profit, there might be a change to where these gains or losses are recognised, and the Company is currently evaluating the need for change.
 - The Company does not expect there to be a significant change in the information that is currently disclosed in the notes because the requirement to disclose material information remains unchanged; however, the way in which the information is grouped might change as a result of the aggregation/disaggregation principles. In addition, there will be significant new disclosures required for:
 - (a) management-defined performance measures;
 - (b) a break-down of the nature of expenses for line items presented by function in the operating category of the statement of profit or loss – this break-down is only required for certain nature expenses; and
 - (c) for the first annual period of application of MFRS 18, a reconciliation for each line item in the statement of profit or loss between the restated amounts presented by applying MFRS 18 and the amounts previously presented applying MFRS 101.

MFRS 18 will be applied retrospectively.

- Amendments to MFRS 9 and MFRS 7 'Amendments to the Classification and Measurement of Financial Instruments' (effective 1 January 2026) have:
 - require financial assets to be derecognised on the date the contractual rights to the cash flows expire and financial liabilities to be derecognised when obligation under the contract is discharged (i.e. the settlement date). In addition, there is an optional exception to derecognise financial liabilities before the settlement date for settlement using electronic payment system if specified criteria are met;
 - clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
 - add new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and
 - update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI).

The amendments are in line with the Company's current practices, where the financial assets are derecognised on the date the contractual rights to the cash flows expire and financial liabilities are derecognised when obligation under the contract is discharged (i.e. the settlement date). It is not expected to have significant effect on the financial statements when the amendments become effective.

1. BASIS OF PREPARATION (CONTINUED)

(a) Statement of compliance (continued)

- (ii) Standards, amendments to published standards and interpretations that have been issued but not yet effective (continued):

The following amendments are not expected to have a significant impact on the financial statements of the Company:

- Amendments to MFRS 121 'Lack of Exchangeability'
- MFRS 19 'Subsidiaries without Public Accountability: Disclosures'
- Annual Improvements to MFRS Accounting Standards for enhanced consistency

(b) Basis of measurement

The financial statements have been prepared under the historical cost convention, as modified by financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements, other than as disclosed in Note 2(g)(iii).

NOTES TO THE FINANCIAL STATEMENTS

2. MATERIAL ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, unless otherwise stated.

(a) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset, import duties and any non-refundable purchase taxes and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain and loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other income" and "other expenses" respectively in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

Freehold land is not depreciated as it has an infinite life.

The estimated useful lives for the current and comparative periods are as follows:

Description	2024	2023
Buildings	10 – 30 years	10 – 25 years
Plant and machinery	5 – 33 years	5 – 33 years
Furniture and equipment	5 – 15 years	5 – 10 years
Motor vehicles	5 years	5 years

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(a) Property, plant and equipment (continued)

(iii) Depreciation (continued)

During the financial year, the Company has revised the useful lives of its assets. Effective 1 September 2024, the revised useful lives apply to new assets acquired as part of the transition to the new facility in Bandar Baru Enstek. Furthermore, the Company has reassessed the useful lives of plant and machinery as well as furniture and equipment in its existing facilities to align with their estimated economic useful lives, taking into account their transferability to the new facility.

As of 31 December 2024, the non-transferrable assets have been written-off.

During the financial year, the estimated total useful lives of certain items of plant and machinery, furniture and equipment that were transferred to the new facilities were revised. The net effect of the changes in the current financial year was a decrease in depreciation expense of RM710,351. Assuming that the assets are held until the end of their estimated useful lives, depreciation in the future years in relation to these assets will be decreased by the following amounts:

Year ending 31 December:	RM'000
2025	1,586
2026	1,586
2027	1,557
2028	1,525

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted as appropriate.

(iv) Impairment

At the end of the reporting period, the Company assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount. See accounting policy Note 2(c) on impairment of non-current assets.

(v) Change in useful life

The useful life and residual value of an item of property, plant and equipment is reviewed regularly and, if expectations are significantly different from previous estimates, the depreciation charge for the current and future periods should be adjusted. A change in the useful life or depreciation method is accounted for prospectively as a change in accounting estimate.

(b) Leases – Accounting by lessee

Leases are recognised as right-of-use (“ROU”) asset and a corresponding liability at the date on which the leased asset is available for use by the Company (i.e. the commencement date).

Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

(i) Reassessment of lease liabilities

The Company is also exposed to potential future increases in variable lease payments that depend on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is remeasured and adjusted against the ROU assets.

NOTES TO THE FINANCIAL STATEMENTS

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(b) Leases – Accounting by lessee (continued)

(ii) Sale and leaseback transactions (seller-lessee)

In a sale and leaseback transaction, the requirements of MFRS 15 'Revenue from Contracts with Customers' are applied to ascertain whether the transfer of an asset to the buyer-lessor qualifies as a sale.

If the transfer of an asset does not satisfy the requirements of MFRS 15 to be accounted for as a sale of the asset, the Company continues to recognise the asset. The consideration received for the transfer of the asset is recognised as a financial liability in accordance with MFRS 9 'Financial Instruments'.

If the transfer of an asset is accounted for as a sale, the Company derecognises the underlying asset and applies lessee accounting requirements to the sold asset if the Company leases it back from the buyer. A right-of-use asset measured at the proportion of the previous carrying amount that relates to the right of use retained is recognised and any gain or loss that relates to the rights transferred to the buyer-lessor is recognised.

If the fair value of the consideration for the sale of an asset does not equal the fair value of the asset, or if the payments for the lease are not at market rates, the Company makes the following adjustments to measure the sale proceeds at fair value:

- (a) any below-market terms shall be accounted for as a prepayment of lease payments; and
- (b) any above-market terms shall be accounted for as additional financing provided by the buyer-lessor to the seller-lessee.

(c) Impairment of non-current assets

The carrying amounts of non-current assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating unit.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or a group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (or a group of cash-generating units) on a *pro rata* basis.

Impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(c) Impairment of non-current assets (continued)

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

(d) Current and deferred income tax

Tax expense for the period comprises current and deferred income tax. The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries, joint ventures and associates operate and generate taxable income.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. This liability is measured using the single best estimate of the most likely outcome.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses or unused tax credits can be utilised.

In the current financial year, the Company decided to amend its accounting policy on the recognition of investment tax allowance ("ITA"). Instead of recognising a deferred tax asset when the tax credit arises, the tax benefit arising from ITA will only be recognised when the tax credit is utilised as a reduction of current tax.

There was no deferred tax assets recognised on the ITA under the previous policy as the Company did not meet the conditions required to claim the ITA in the financial year 2023 and 2024. Hence, the change in accounting policy does not affect the financial information for the current year or previous year.

The Company's rationale for the change in accounting policy is to ensure the accurate timing of tax benefit recognition, thereby preventing the premature recognition of tax benefits that may not be realised.

Deferred and income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

NOTES TO THE FINANCIAL STATEMENTS

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(e) Trade payables

Trade payables represent liabilities for goods or services provided to the Company prior to the end of financial year which are unpaid. Trade payables are classified as current liabilities unless payment is not due within 12 months after the reporting period. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value net of transaction costs incurred, which include transfer taxes and duties. Trade payables are subsequently measured at amortised cost using the effective interest method.

The Company has implemented a supply chain financing programme aimed at optimising working capital efficiency and enhancing relationships with key suppliers. Under this programme, the Company collaborates with financial institutions to provide financing options to its suppliers, allowing them to receive early payment for invoices at a discounted rate. This initiative facilitates improved cash flow management for suppliers while extending payment terms for the Company.

The Company has not derecognised the trade payables that are part of the supplier finance arrangement because neither a legal release was obtained nor the original liability was substantially modified on entering into the arrangement. The arrangement does not significantly extend payment terms beyond the normal terms agreed with other suppliers that are not participating. The Company does not incur any additional security towards the bank on the amounts due to the suppliers.

Consequently, the Company presents the amounts factored to bank within trade payables because the nature and function of the financial liability remain the same as those of other trade payables that are not part of the arrangement. The cash flows associated with the arrangement are included within operating cash flows.

(f) Borrowings and borrowing costs

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the initial recognised amount and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are derecognised from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

General and specific borrowing costs, directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(g) Revenue from contracts with customers

(i) Goods sold

The Company manufactures and distributes a wide range of dairy products, such as specialised powders for infant and growing up children, liquid milk in different packaging formats and yoghurts. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the wholesaler has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

The dairy products are often sold with trade discounts and volume rebates based on aggregate sales. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated trade discounts and volume rebates. Accumulated experience is used to estimate and provide for the discounts, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. No element of financing is deemed present as the sales are made with a credit term ranging from 1 to 60 days, which is consistent with market practice.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(ii) Accounting for refunds

The Company is obliged to refund the purchase price of the product sold in situations where the customer has a contractual right to return the product within a given period. The Company recognised refund liability for returns which was measured based on the sales consideration and the corresponding entry to revenue.

Under MFRS 15, a refund liability for the expected refunds to customers is recognised as an adjustment to revenue and classified as part of the 'trade and other payable' balances.

(iii) Trade spend accruals

Trade spend accruals of RM112.5 million (2023: RM90.9 million), which consists primarily of conditional rebates and promotional discounts, are based on agreed trading terms and promotional activities with trade customers and distributors. Trade spend accruals are recognised under the terms of these agreements, to reflect the expected rebates, promotional activities and historical experience based on estimated sales volume. These accruals are reported within Trade and Other Payables (Note 13). The estimates for these accruals are regularly reviewed by senior management of the Company.

A 5% (2023: 5%) increase in sales volume would have increase the trade spend accrual and decrease post-tax profit by RM5.6 million (2023: RM4.5 million) and RM4.3 million (2023: RM3.5 million) respectively.

NOTES TO THE FINANCIAL STATEMENTS

3. PROPERTY, PLANT AND EQUIPMENT

	Freehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Furniture and equipment RM'000	Capital work-in progress RM'000	Total RM'000
Cost							
At 1 January 2023	60,311	3,773	189,065	170	50,574	221,102	524,995
Additions	-	-	-	-	-	186,819	186,819
Written off	-	-	(5,237)	-	(7,343)	-	(12,580)
Disposal	-	-	(21,348)	(4)	(332)	(6,893)	(28,577)
Transfers	-	380	1,135	-	929	(2,444)	-
At 31 December 2023/ 1 January 2024	60,311	4,153	163,615	166	43,828	398,584	670,657
Additions	-	-	-	-	-	134,997	134,997
Reclassification	-	12	(12)	-	-	-	-
Written off	-	-	(114,926)	-	(25,521)	-	(140,447)
Transfers	-	265,942	182,340	-	6,597	(454,879)	-
Transfers from intangible asset	-	-	-	-	-	5,295	5,295
At 31 December 2024	60,311	270,107	231,017	166	24,904	83,997	670,502
Depreciation and impairment loss							
At 1 January 2023							
Accumulated depreciation	-	3,750	126,956	170	40,597	-	171,473
Accumulated impairment loss	-	-	2,427	-	-	6,893	9,320
	-	3,750	129,383	170	40,597	6,893	180,793
Depreciation for the year	-	24	20,735	-	5,997	-	26,756
Impairment	-	-	177	-	-	-	177
Written off	-	-	(5,046)	-	(7,216)	-	(12,262)
Disposal	-	-	(20,784)	(4)	(332)	(6,893)	(28,013)
At 31 December 2023/ 1 January 2024							
Accumulated depreciation	-	3,774	124,465	166	39,046	-	167,451
Accumulated impairment loss	-	-	-	-	-	-	-
	-	3,774	124,465	166	39,046	-	167,451
Depreciation for the year	-	4,273	16,639	-	2,407	-	23,319
Written off	-	-	(114,882)	-	(25,521)	-	(140,403)
At 31 December 2024							
Accumulated depreciation	-	8,047	26,222	166	15,932	-	50,367
Carrying amounts							
At 31 December 2023	60,311	379	39,150	-	4,782	398,584	503,206
At 31 December 2024	60,311	262,060	204,795	-	8,972	83,997	620,135

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

- (a) Included in property, plant and equipment of the Company are fully depreciated assets, which are still in use, with an aggregate cost of approximately RM13,897,732 (2023: RM86,578,453).
- (b) Payment for purchase of property, plant and equipment

	2024 RM'000	2023 RM'000
Additions during the year	134,997	186,819
Add:		
Unpaid purchase as of prior year	67,135	69,624
Less:		
Unpaid and included under accrued expenses	(58,641)	(46,086)
Unpaid and included under other payables	(15,402)	(21,049)
Payment during the year	128,089	189,308

Contractual commitments

Contractual commitments for acquisition of property, plant and equipment not yet recognised in the financial statements amounted to RM62.5 million (2023: RM98.5 million).

4. RIGHT-OF-USE ASSETS

The Company as a lessee

- (i) Information about ROU assets, lease liabilities, expenses and cash flows related to leases:

ROU assets	Leasehold land and buildings RM'000	Motor vehicles RM'000	Plant and equipment RM'000	Total RM'000
Cost				
At 1 January 2023	7,312	347	3,057	10,716
Additions	4,626	–	3,523	8,149
Derecognition	(3,951)	–	(3,057)	(7,008)
Modification	2,399	–	–	2,399
At 31 December 2023/1 January 2024	10,386	347	3,523	14,256
Derecognition	(5,659)	(347)	–	(6,006)
At 31 December 2024	4,727	–	3,523	8,250
Accumulated depreciation charge				
At 1 January 2023	4,692	197	2,781	7,670
Depreciation for the year	4,069	116	936	5,121
Derecognition	(3,951)	–	(3,057)	(7,008)
At 31 December 2023/1 January 2024	4,810	313	660	5,783
Depreciation for the year	3,776	34	881	4,691
Derecognition	(5,659)	(347)	–	(6,006)
At 31 December 2024	2,927	–	1,541	4,468
Carrying amounts				
At 31 December 2023	5,576	34	2,863	8,473
At 31 December 2024	1,800	–	1,982	3,782

NOTES TO THE FINANCIAL STATEMENTS

4. RIGHT-OF-USE ASSETS (CONTINUED)

The Company as a lessee (continued)

(i) Information about ROU assets, lease liabilities, expenses and cash flows related to leases (continued):

Lease liabilities

	2024 RM'000	2023 RM'000
Balance at 1 January	10,955	8,591
Additions	–	8,067
Interest charged during the year	280	487
Repayment of lease liabilities (included in cash flows from financing activities)	(7,241)	(8,589)
Modification	–	2,399
	3,994	10,955

Lease liabilities are presented in the statement of financial position as follows:

	2024 RM'000	2023 RM'000
Current liabilities	2,538	6,961
Non-current liabilities	1,456	3,994
	3,994	10,955

Charged to statement of profit or loss and other comprehensive income

Expenses related to leases are disclosed in Note 15.

	2024 RM'000	2023 RM'000
Lease payments not recognised as liabilities:		
Expense related to low value leases	5,411	4,126
Expense related to short-term leases	605	277
Expense related to variable leases	–	3
Non-lease components	493	525

(ii) The Company's leasing activities and how these are accounted for

In 2021, the Company completed the disposal of its existing manufacturing land and buildings and subsequently the land and buildings were leaseback and recorded as right-of-use assets. In the current financial year, the lease expired on 30 September 2024 with further extension of one month to 31 October 2024.

The Company leases other offices, motor vehicles, plant and equipment, and office equipment. Rental contracts are typically made for fixed periods of 2 to 4 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

4. RIGHT-OF-USE ASSETS (CONTINUED)

The Company as a lessee (continued)

(iii) Variable lease payment

Variable lease payments relate to payments made for the lease of pallets which are based on the actual usage of the pallets.

(iv) Extension and termination options

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Extension and termination options are included, when possible, to provide the Company with greater flexibility to align its need for access to equipment with the fulfilment of customer contracts.

As of 31 December 2024, there is no potential future (undiscounted) cash outflows that have not been included in lease liabilities.

5. INTANGIBLE ASSETS

	Computer software RM'000	Capital work-in progress RM'000	Total RM'000
Cost			
At 31 January 2023	17,393	12,458	29,851
Additions	–	14,583	14,583
Transfers	85	(85)	–
At 31 December 2023/1 January 2024	17,478	26,956	44,434
Additions	–	4,251	4,251
Written off	(7,152)	–	(7,152)
Transfers	24,046	(24,046)	–
Transfer to property, plant and equipment	–	(5,295)	(5,295)
At 31 December 2024	34,372	1,866	36,238
Accumulated amortisation			
At 1 January 2023	16,670	–	16,670
Amortisation for the year	272	–	272
At 31 December 2023/1 January 2024	16,942	–	16,942
Amortisation for the year	1,416	–	1,416
Written off	(7,152)	–	(7,152)
At 31 December 2024	11,206	–	11,206
Carrying amounts			
At 31 December 2023	536	26,956	27,492
At 31 December 2024	23,166	1,866	25,032

NOTES TO THE FINANCIAL STATEMENTS

5. INTANGIBLE ASSETS (CONTINUED)

(a) Payment for purchase of intangible assets

	2024 RM'000	2023 RM'000
Additions during the year	4,251	14,583
Add:		
Unpaid purchase as of prior year	1,625	–
Less:		
Unpaid and included under accrued expenses	(1,270)	(882)
Unpaid and included under other payables	(280)	(743)
Payment during the year	4,326	12,958

6. TRADE AND OTHER RECEIVABLES

	Note	2024 RM'000	2023 RM'000
Trade			
Trade receivables		118,121	90,096
Less: Loss allowance	6.1	(173)	(2,279)
Net trade receivables		117,948	87,817
Amounts owing by related companies	6.2	3,136	2,537
		121,084	90,354
Non-trade			
Other receivables		1,615	2,146
Deposits		2,012	3,830
		3,627	5,976
		124,711	96,330

Trade and other receivables is presented in the statement of financial position as follows:

	2024 RM'000	2023 RM'000
Current assets	122,682	94,343
Non-current assets	2,029	1,987
	124,711	96,330

6.1 The movements in the loss allowance of trade receivables during the financial year are disclosed in Note 22.4.

6.2 The credit terms of amounts owing by related companies ranged from 0 to 30 days (2023: 0 to 30 days).

7. DEFERRED TAX ASSETS/(LIABILITIES)

Deferred tax assets/(liabilities) are attributable to the following:

	Assets		Liabilities		Net	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Property, plant and equipment	–	–	(29,068)	(6,841)	(29,068)	(6,841)
Right-of-use assets	–	–	(908)	(2,034)	(908)	(2,034)
Inventories	2,721	635	–	–	2,721	635
Receivables	42	558	–	–	42	558
Payables	5,671	6,841	–	–	5,671	6,841
Lease liabilities	959	2,629	–	–	959	2,629
Derivatives	–	432	(2,627)	–	(2,627)	432
Unutilised capital allowance	26,636	–	–	–	26,636	–
Deferred tax assets/(liabilities)	36,029	11,095	(32,603)	(8,875)	3,426	2,220

Movement in temporary differences during the year

	At 1.1.2023 RM'000	Recognised in profit or loss RM'000	At 31.12.2023/ 1.1.2024 RM'000	Recognised in profit or loss RM'000	At 31.12.2024 RM'000
Property, plant and equipment	(11,764)	4,923	(6,841)	(22,227)	(29,068)
Right-of-use assets	(731)	(1,303)	(2,034)	1,126	(908)
Inventories	282	353	635	2,086	2,721
Receivables	28	530	558	(516)	42
Payables	6,646	195	6,841	(1,170)	5,671
Lease liabilities	2,062	567	2,629	(1,670)	959
Derivatives	1,155	(723)	432	(3,059)	(2,627)
Unutilised capital allowance	–	–	–	26,636	26,636
	(2,322)	4,542	2,220	1,206	3,426

Note 17

Note 17

8. INVENTORIES

	2024 RM'000	2023 RM'000
Finished goods	116,966	166,013
Work-in-progress	6,785	1,528
Raw materials	85,219	56,829
Packaging materials	31,653	16,940
Spare parts	2,058	2,434
	242,681	243,744
Provision for obsolescence of inventories	(5,925)	(2,646)
	236,756	241,098

NOTES TO THE FINANCIAL STATEMENTS

9. CASH AND BANK BALANCES

	2024 RM'000	2023 RM'000
Cash and bank balances	47,796	66,152

Bank balances are held at call with licensed banks.

During the financial year, the Company placed deposits with a licensed bank have an average maturity period of 10 days (2023: 12 days) with weighted average interest rate of 1.88% (2023: 2.08%) per annum.

10. DERIVATIVE FINANCIAL ASSET/(LIABILITIES)

	2024			2023		
	Nominal value RM'000	Assets RM'000	Liabilities RM'000	Nominal value RM'000	Assets RM'000	Liabilities RM'000
Derivatives held for trading at fair value through profit or loss						
– Forward exchange contracts	218,037	10,947	–	184,765	595	(2,395)

Forward exchange contracts are used to manage the foreign currency exposures arising from the Company's payables and borrowings denominated in currencies other than the functional currency of the Company. All the forward exchange contracts have maturities of less than one year after the end of the reporting period.

11. SHARE CAPITAL

	Amount 2024 RM'000	Number of shares 2024 '000	Amount 2023 RM'000	Number of shares 2023 '000
Issued and fully paid:				
Ordinary shares with no par value	64,000	64,000	64,000	64,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company and rank equally with regard to the Company's residual assets.

12. PROVISION

	2024 RM'000	2023 RM'000
Employees' pension contribution		
At 1 January	214	164
Addition during the year	40	50
At 31 December	254	214
Restructuring provision		
At 1 January	12,850	17,747
Addition during the year	524	4,523
Reversal during the year	(2,499)	(3,263)
Utilisation during the year	(8,944)	(6,157)
At 31 December	1,931	12,850

Provision is presented in the statement of financial position as follows:

	2024 RM'000	2023 RM'000
Current liabilities	2,185	12,689
Non-current liabilities	–	375
	2,185	13,064

Employees' pension contribution

Provision for employees' pension contribution reflects provisions made for additional contributions to be made to the statutory Employees Provident Fund that would vest upon unionised staff having completed five years of service. The provision has been made on the assumption that all relevant staff will complete their five year term and that therefore their benefits will vest in its entirety.

Restructuring provision

In the prior financial year, the Company recognised a restructuring cost of RM12.9 million related to the discontinuation of milk powder operations at the Petaling Jaya factory and the strategic shift to Ready-to-Drink production at the new manufacturing facility in Bandar Enstek, as well as restructuring provision to optimise the organisational structure. In the current financial year, RM8.9 million of the provision was utilised, and the restructuring provision was partially reversed as the process has been largely settled, with most related payments completed and some affected employees successfully redeployed within the Company. The remaining provision will be settled in 2025.

NOTES TO THE FINANCIAL STATEMENTS

13. TRADE AND OTHER PAYABLES

	Note	2024 RM'000	2023 RM'000
Trade			
Amounts owing to related companies	13.1	73,527	100,035
Trade payables	13.2, 13.3, 13.4	157,527	125,129
Trade spend accrual		112,501	90,852
		343,555	316,016
Non-trade			
Amounts owing to related companies	13.1	325	11,360
Accrued expenses		111,577	116,810
Payroll liabilities		15,562	14,540
Other payables	13.3, 13.4	17,139	23,368
		144,603	166,078
		488,158	482,094

13.1 The current trade and non-trade portion of amounts due to related companies are unsecured, interest free and is subject to credit terms ranged from 0 to 30 days (2023: 0 to 30 days).

13.2 Included in trade payables is refund liability in respect of market returns of RM2.9 million (2023: RM2.6 million).

13.3 The credit term for trade and non-trade payables that are not part of supplier financing arrangement is ranged from 0 to 120 days (2023: 0 to 120 days)

13.4 Included in trade and non-trade payables is an amount of RM52.0 million (2023: RM40.7 million) under a supplier financing arrangement. Out of which, RM16.6 million have been paid by the financier. The credit terms for trade and non-trade payables under supplier financing arrangement is ranged from 90 to 120 days.

14. BORROWINGS

	2024 RM'000	2023 RM'000
Non-current		
<u>Unsecured</u>		
Revolving credits	70,205	–
Current		
<u>Unsecured</u>		
Revolving credits	1,059	–
	71,264	–
Total borrowings	71,264	–

14. BORROWINGS (CONTINUED)

Movements in the borrowings to the cash flow are as follows:

	2024 RM'000	2023 RM'000
At 1 January	–	–
Drawdown of borrowings	73,470	–
Finance costs	2,180	–
Finance costs paid	(1,121)	–
Exchange differences	(3,265)	–
At 31 December	71,264	–

- 14.1 The Company has a total intercompany revolving credit facility of USD35 million (2023: USD26 million). The facilities shall remain in force until expiration on March 2026 (2023: September 2024) and the outstanding balances is payable before expiration.
- 14.2 The weighted average effective interest rates per annum at the end of the reporting period for revolving credit is 5.52% (2023: Nil).

NOTES TO THE FINANCIAL STATEMENTS

15. PROFIT BEFORE TAX

	2024 RM'000	2023 RM'000
Profit before tax is arrived at after charging/(crediting):		
Amortisation of intangible assets	1,416	272
Auditors' remuneration:		
- Statutory audit - current year	127	109
- Other services	24	48
Depreciation of property, plant and equipment*	23,319	26,756
Depreciation of ROU assets	4,691	5,121
Finance costs:		
- Interest expense	4,256	4,041
- Finance charge arising from lease liabilities	280	487
- Finance charge arising from borrowings	2,180	-
Interest income	(367)	(1,024)
Inventories recognised as cost of sales	860,716	918,547
Property, plant and equipment:		
- Loss on disposal	-	88
- Written off	44	318
- Impairment	-	177
Marketing expenses	151,360	123,684
Net gain on derivatives	(12,747)	(3,011)
Net loss/(gain) on foreign exchange:		
- Realised	17,231	(6,568)
- Unrealised	(1,864)	(1,640)
Personnel expenses (including key management personnel):		
- Wages, salaries and others	68,547	68,272
- Contributions to state plans	11,089	11,056
Provision for obsolescence of inventories	3,279	1,469
Rental in respect of (Note 4):		
- Premises	590	317
- Equipment	5,901	4,506
- Vehicles	18	108
Provision for loss allowance of trade receivables	76	2,163
Restructuring provision	(1,975)	1,260

* Included in the depreciation of property, plant and equipment is the accelerated depreciation of RM6.3 million (2023: RM15.2 million).

16. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel compensations are as follows:

	2024 RM'000	2023 RM'000
Directors:		
- Fees	516	515
- Remuneration	1,673	1,524
	2,189	2,039
Other key management personnel:		
- Wages, salaries and others	3,089	4,934
- Contributions to state plans	358	479
	3,447	5,413
	5,636	7,452

Directors' remuneration includes salaries, allowance and all other Directors related expenses.

Other key management personnel comprise persons other than Directors of the Company, having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly.

17. TAX EXPENSE

	Note	2024 RM'000	2023 RM'000
Recognised in profit or loss			
<u>Current tax expense</u>			
- current year		28,189	28,316
- under provision in prior financial year		1,415	325
		29,604	28,641
<u>Deferred tax expense</u>			
Origination and reversal of temporary differences	7	(1,206)	(4,542)
Total income tax expense		28,398	24,099
Reconciliation of tax expense			
Profit before tax		125,045	96,493
Income tax calculated using Malaysian tax rate of 24% (2023: 24%)		30,011	23,158
Non-deductible expenses		438	638
Income not subject to tax		(3,682)	(22)
Over provision in prior financial year		1,534	(1,136)
Prior year tax impact from Bilateral Advance Pricing Arrangement ("BAPA")		97	1,461
		28,398	24,099

NOTES TO THE FINANCIAL STATEMENTS

18. EARNINGS PER ORDINARY SHARE

Basic and diluted earnings per ordinary share

The calculation of basic earnings per ordinary share was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	2024	2023
Net profit for the financial year (RM'000)	96,647	72,394
Average number of ordinary shares in issue ('000)	64,000	64,000
Basic and diluted earnings per ordinary share (sen)	151.0	113.1

There are no potential dilutive ordinary shares in issue as at 31 December 2024 and 2023, and therefore, diluted earnings per share equal basic earnings per share.

19. DIVIDENDS

Dividends paid by the Company:

	Sen per share	Total amount RM'000	Date of payment RM'000
2024			
Single tier first interim 2024 ordinary	25.00	16,000	20.06.2024
Single tier second interim 2024 ordinary	25.00	16,000	13.12.2024
Total amount		32,000	
2023			
Single tier first interim 2023 ordinary	25.00	16,000	22.06.2023
Single tier second interim 2023 ordinary	25.00	16,000	13.12.2023
Total amount		32,000	

20. OPERATING SEGMENTS

The Company operates principally in Malaysia and in one major business segment being manufacturing and distribution of a wide range of dairy products. The Company's Board of Directors (the chief operating decision maker) reviews internal management reports in respect of this segment at least on a quarterly basis.

Accordingly, no segment information is provided as the financial position and performance are as already shown in the Statement of Financial Position and Statement of Profit or Loss and Other Comprehensive Income.

At the end of the financial year, there were no significant concentrations of revenue other than three major customers with net revenues of approximately RM593.0 million (2023: three major customers with net revenues of approximately RM606.1 million). These customers contribute to approximately 41% (2023: 42%) of the net revenues in the financial statements or 21%, 10% and 10% respectively (2023: 20%, 11% and 11% respectively).

21. RELATED PARTIES

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly. Key management personnel include all the Directors of the Company, and certain members of senior management of the Company. The key management personnel compensation are shown in Note 16.

The immediate and ultimate holding companies are FrieslandCampina DLMI Malaysia Holding BV and Royal FrieslandCampina NV respectively. Both companies are incorporated in the Netherlands.

Related party transactions and balances

The significant related party transactions of the Company are shown below. The balances related to the below transactions are shown in Note 6, Note 13 and Note 14.

	2024 RM'000	2023 RM'000
Management fee paid to fellow subsidiary - Koninklijke FrieslandCampina NV (Comp)	(148)	(148)
Purchases of fully packed dairy products and raw materials from fellow subsidiaries		
- FrieslandCampina Nederland B.V.	(198,938)	(257,980)
- P.T. Frisian Flag Indonesia	(311,399)	(237,929)
- FrieslandCampina Domo B.V.	(93,237)	(107,425)
- FrieslandCampina Thailand	(10,444)	(3,522)
Sales of fully packed dairy products to fellow subsidiaries		
- FrieslandCampina Domo B.V.	1,831	1,850
- FrieslandCampina (Singapore) Pte Ltd	-	408
- FrieslandCampina Amea Pte. Ltd	-	2,616
Borrowings from fellow subsidiary - Koninklijke FrieslandCampina NV (Comp)	73,470	-

NOTES TO THE FINANCIAL STATEMENTS

21. RELATED PARTIES (CONTINUED)

Related party transactions and balances (continued)

The significant related party transactions of the Company are shown below. The balances related to the below transactions are shown in Note 6, Note 13 and Note 14 (continued).

	2024 RM'000	2023 RM'000
Interest charged by fellow subsidiary - Koninklijke FrieslandCampina NV (Comp)	(2,180)	–
Know-how, trademark license and management support fees paid to fellow subsidiary - FrieslandCampina Nederland B.V.	(40,720)	(42,010)
Information, communication and technology services paid to fellow subsidiary - FrieslandCampina Nederland B.V.	(17,853)	(16,363)
Finance shared services paid to fellow subsidiary - FrieslandCampina Service Centre Asia Pacific Sdn Bhd	(2,762)	(1,914)
Shared services fee received from fellow subsidiary - FrieslandCampina Service Centre Asia Pacific Sdn Bhd	290	231

22. FINANCIAL INSTRUMENTS

22.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

- (a) Amortised costs ("AC"); and
- (b) Fair value through profit or loss ("FVTPL"):

	Carrying amount 2024 RM'000	AC 2024 RM'000	FVTPL 2024 RM'000	Carrying amount 2023 RM'000	AC 2023 RM'000	FVTPL 2023 RM'000
Financial assets						
Trade and other receivables	124,711	124,711	–	96,330	96,330	–
Derivative financial assets	10,947	–	10,947	595	–	595
Cash and bank balances	47,796	47,796	–	66,152	66,152	–
	183,454	172,507	10,947	163,077	162,482	595

22. FINANCIAL INSTRUMENTS (CONTINUED)

22.1 Categories of financial instruments (continued)

	Carrying amount 2024 RM'000	AC 2024 RM'000	FVTPL 2024 RM'000	Carrying amount 2023 RM'000	AC 2023 RM'000	FVTPL 2023 RM'000
Financial liabilities						
Trade and other payables	(485,229)	(485,229)	–	(479,524)	(479,524)	–
Derivative financial liabilities	–	–	–	(2,395)	–	(2,395)
Borrowings	(71,264)	(71,264)	–	–	–	–
	(556,493)	(556,493)	–	(481,919)	(479,524)	(2,395)

22.2 Net gains and losses arising from financial instruments

	2024 RM'000	2023 RM'000
Net gains/(losses) from:		
Fair value through profit or loss	12,747	3,011
Financial assets measured at amortised costs	(2,117)	(4,239)
Financial liabilities measured at amortised cost	(19,676)	6,750
	(9,046)	5,522

22.3 Financial risk management

The Company has exposure to the following risks relating to financial instruments:

- Credit risk
- Funding and liquidity risk
- Market risk

22.4 Credit risk

Credit risk is the risk of a financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company has adopted a policy of only dealing with creditworthy customers, based on evaluation of the customers' financial condition and credit history, as a means of mitigating the risk of financial loss from defaults. The Company's exposure to credit risk arises principally from its receivables from customers and related companies and deposits placed with licensed banks.

NOTES TO THE FINANCIAL STATEMENTS

22. FINANCIAL INSTRUMENTS (CONTINUED)

22.4 Credit risk (continued)

Trade receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. The Company performs credit evaluations on customers requiring credit over a certain amount.

The Company has entered into an arrangement with a licensed financial institution to enable certain trade customers to pay goods invoiced through a corporate purchasing card issued by the financial institution. This has resulted in the financial institution assuming the debts to the Company and credit risk is effectively transferred to the financial institution.

A significant portion of these trade receivables are regular customers that have been transacting with the Company. The Company uses ageing analysis to monitor the credit quality of the trade receivables. Any trade receivables having significant balances past due more than 60 days which are deemed to have higher credit risk, are monitored individually.

The Company's approach to the expected loss rates are based on the payment profiles of sales over a period of 60 months before reporting date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified the GDP and retail volume growth to be the most relevant factors.

The expected loss rate is depicted in the table below:

Age profile	Not past due	Past due 1-7 days	Past due 7-14 days	Past due 14-30 days	Past due 31-90 days	Past due more than 90 days
%	0.01	0.10	1.00	1.50	2.5	10.00

No significant changes to estimation techniques or assumptions were made during the reporting period.

Changes to loss allowance

The movements in the loss allowance of trade receivables during the financial year were:

	2024 RM'000	2023 RM'000
At 1 January	2,279	116
Bad debt written off	(2,182)	–
Increase in loss allowance recognised in profit and loss during the financial year	76	2,163
At 31 December	173	2,279

There were no significant changes to the gross carrying amount that contributed to changes in loss allowances. The allowance account in respect of trade receivables is used to record expected credit losses and individual impairment losses. Unless the Company is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the trade receivable directly.

22. FINANCIAL INSTRUMENTS (CONTINUED)

22.4 Credit risk (continued)

Trade receivables (continued)

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables is represented by the gross carrying amounts in the statement of financial position. The following table contains an analysis of the credit risks exposure for which expected credit loss is recognised:

	Gross RM'000	Individual impairment RM'000	Expected credit loss RM'000	Net RM'000
2024				
Not past due	86,206	–	(6)	86,200
Past due 1 – 7 days	16,581	–	(5)	16,576
Past due 7 – 14 days	7,391	–	(18)	7,373
Past due 14 – 30 days	5,180	–	(52)	5,128
Past due 31 – 90 days	2,180	–	(19)	2,161
Past due over 90 days	583	–	(73)	510
	118,121	–	(173)	117,948
2023				
Not past due	75,619	–	(6)	75,613
Past due 1 – 7 days	4,869	–	–	4,869
Past due 7 – 14 days	3,525	–	(15)	3,510
Past due 14 – 30 days	1,127	–	(2)	1,125
Past due 31 – 90 days	2,411	–	(27)	2,384
Past due over 90 days	2,545	(2,204)	(25)	316
	90,096	(2,204)	(75)	87,817

The individually impaired receivables relate to customers who are under ongoing litigation.

Other receivables and deposits

Credit risk on other receivables and deposits are mainly arising from deposits paid to suppliers. The Company monitors the exposure to credit risk on individual basis. Other receivables and deposits are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include amongst others, the failure of a debtor to engage in repayment plan with the Company, and a failure to make contractual payments or refund. Nevertheless, other receivables and deposits that are written off could still be subject to enforcement activities.

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS

22. FINANCIAL INSTRUMENTS (CONTINUED)

22.4 Credit risk (continued)

Related company balances

Risk management objectives, policies and processes for managing the risk

The Company undertakes trade and non-trade transactions with a number of related companies. The Company monitors the repayment from its related companies on a regular basis.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position. The Company regularly follows up on timely settlement of the amount owing by related companies. The related companies are not required to place any collateral with the Company.

As at the end of the reporting period, there was no indication that the amounts owing by related companies are not recoverable as substantially all of these amounts are aged less than a year.

Deposits placed with licensed banks

Risk management objectives, policies and processes for managing the risk

Credit risk arises from deposits with licensed banks and financial institutions. The deposits are placed with credit-worthy financial institutions with high credit rating. The Company considers the risk of material loss in the event of non-performance by a financial counterparty to be unlikely.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the Company has only placed deposits with domestic licensed banks. The maximum exposure to credit risk is represented by the carrying amounts in the statement of financial position.

As deposits are only placed with licensed banks, management does not expect the banks to fail to meet their obligations.

The deposits placed with licensed banks are unsecured.

22.5 Funding and liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's exposure to liquidity risk arises principally from its borrowings and various payables.

The Company maintains a level of cash and cash equivalents including intercompany loan and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

In the current financial year, the Company is in a net current liabilities position of RM80.9 million in which the Company has reassessed the cash flow and funding requirements for the upcoming 12 months. This reassessment ensures the Company's capability to fulfil financial obligations and utilise available facilities efficiently. The Company is employing cash generated from its operations and working capital to fund the property, plant & equipment investments into the new production facility at Bandar Enstek. Should there be any short-term shortfall in working capital, the Company has sufficient committed undrawn overdraft facilities and an intercompany credit facility that can be utilised.

22. FINANCIAL INSTRUMENTS (CONTINUED)

22.5 Funding and liquidity risk (continued)

The Company has an intercompany credit facility of USD35 million (approximately RM157.5 million) as part of its financial infrastructure to obtain loans internally when the need arises. The intercompany revolving credit facility expires March 2026. The purpose of these arrangements is to ensure that, when necessary, the Company can access funds from other entities within its corporate structure, fostering financial stability and strategic resource allocation.

	2024 RM'000	2023 RM'000
Undrawn committed credit facilities		
Expiring within one year	26,871	122,200
Expiring beyond one year	84,526	19,200
	111,397	141,400

It is not expected that the cash flows included in the maturity analysis below could occur significantly earlier, or at significantly different amounts.

Maturity analysis

The table below summarises the maturity profile of the Company's financial liabilities as at the end of the reporting period based on the undiscounted contractual payments:

	Carrying amount RM'000	Contractual interest rate/coupon RM'000	Contractual cash flows RM'000	Under 1 year RM'000	Over 1 year but not later than 5 years RM'000
2024					
Non-derivative financial liabilities					
Trade and other payables	485,229	–	485,229	485,229	–
Lease liabilities	3,994	379	4,373	2,662	1,711
Borrowings	71,264	5,126	76,390	5,172	71,218
	560,487	5,505	565,992	493,063	72,929
2023					
Non-derivative financial liabilities					
Trade and other payables	479,524	–	479,524	479,524	–
Lease liabilities	10,955	1,171	12,126	7,752	4,374
Derivative financial liabilities					
Forward exchange contracts	2,395	–	2,395	2,395	–
	492,874	1,171	494,045	489,671	4,374

NOTES TO THE FINANCIAL STATEMENTS

22. FINANCIAL INSTRUMENTS (CONTINUED)

22.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices that will affect the Company's financial position or cash flows.

22.6.1 Currency risk

The Company is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the functional currency of the Company. The main currencies giving rise to this risk are United States Dollar ("USD") and Euro ("EUR").

Risk management objectives, policies and processes for managing the risk

The Company uses forward exchange contracts to hedge its foreign currency risk. The forward exchange contracts have maturities of less than one year after the end of the reporting period.

Exposure to foreign currency risk

The Company's exposure to foreign currency (a currency which is other than the functional currency of the Company) risk, based on carrying amounts as at the end of the reporting period was:

	Denominated in	
	USD RM'000	EUR RM'000
2024		
Amounts owing by related companies	187	372
Cash at bank	536	–
Trade payables	(8,091)	(10,888)
Amounts owing to related companies	(52,764)	(1,739)
Borrowings	(71,264)	–
	(131,396)	(12,255)
2023		
Amounts owing by related companies	2,511	71
Cash at bank	5,764	–
Trade payables	(10,330)	(27,908)
Amounts owing to related companies	(98,924)	(6,613)
	(100,979)	(34,450)

22. FINANCIAL INSTRUMENTS (CONTINUED)

22.6 Market risk (continued)

22.6.1 Currency risk (continued)

Currency risk sensitivity analysis

A 10% (2023: 10%) strengthening of RM against the following currencies at the end of the reporting period would have increased equity and post-tax profit by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Company considered to be reasonably possible at the end of the reporting period. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

	Increase/(Decrease)			
	Equity		Profit	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
USD	9,986	7,674	9,986	7,674
EUR	931	2,618	931	2,618

A 10% (2023: 10%) weakening of RM against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant. The movements in other currency exchange rates are not expected to have any significant effect on the profit or loss.

22.6.2 Interest rate risk

The Company does not have fixed rate borrowings. The Company's variable rate borrowings are primarily its overdraft facility and revolving credit which are exposed to a risk of change in cash flows due to fluctuation in market interest rate. The Company places short term deposits with licensed banks which are not significantly exposed to risk of changes in interest rates. Short term receivables and payables are not significantly exposed to interest rate risk.

A change of 25 basis point in interest rate at the end of the reporting period would have decreased equity and post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Increase/(Decrease)			
	Equity		Profit	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Increase in 25 basis points in market interest rates	(186)	–	(186)	–
Decrease in 25 basis points in market interest rates	186	–	186	–

NOTES TO THE FINANCIAL STATEMENTS

22. FINANCIAL INSTRUMENTS (CONTINUED)

22.6 Market risk (continued)

22.6.3 Other price risk

Other price risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, excluding risks arising from interest rate changes or currency fluctuations. The Company's exposure to other price risk primarily relates to commodity price risk, specifically fluctuations in the price of dairy raw materials.

The Company is exposed to an overall weighted average price change (2024: decreased 8%; 2023: decreased 23%) in the two key materials.

To mitigate this risk, the Company has implemented a pricing strategy by fixing milk purchase prices with its related company five months in advance based on prevailing market rates.

The Company does not have exposure to equity price risk as it does not hold significant investments in equity securities.

The Company is not exposed to any other price risk.

22.7 Fair value information

The carrying amounts of cash and cash equivalents and short term receivables and payables reasonably approximate their fair values due to the relatively short term nature of these financial instruments.

The carrying amounts of lease liabilities and borrowings reasonably approximate their fair value.

The table below analyses financial instruments carried at fair value together with their carrying amounts shown in the statement of financial position.

	Fair value of financial instruments carried at fair value				Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	RM'000
2024					
Financial assets					
Forward exchange contracts	–	10,947	–	10,947	10,947
2023					
Financial assets					
Forward exchange contracts	–	595	–	595	595
Financial liabilities					
Forward exchange contracts	–	(2,395)	–	(2,395)	(2,395)

22. FINANCIAL INSTRUMENTS (CONTINUED)

22.7 Fair value information (continued)

Level 1 fair value

Level 1 fair value is derived from quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the asset or liability.

Derivatives

The fair value of forward exchange contracts is based on the quoted price provided by the licensed banks with which the foreign exchange contracts are entered into.

23. CAPITAL MANAGEMENT

The Company defines capital as share capital (Note 11) and this is unchanged from the prior year.

The Company's objectives when managing capital are to maintain a strong capital base and safeguard the Company's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Company defines as results from operating activities divided by total equity attributable to owners of the Company. The Board of Directors also monitors the level of dividends to shareholders.

The return on capital at 31 December 2024 and 31 December 2023 were as follows:

	2024	2023
Results from operating activities (RM'000)	131,394	99,997
Total equity attributable to owners of the Company (RM'000)	501,892	437,245
Return on capital (%)	26.2	22.9

The Company monitors and maintains a prudent level of total equity attributable to the owners of the Company to ensure it is adequate to balance the support for future development of the business and the payment of dividends to owners of the Company.

STATEMENT BY DIRECTORS

pursuant to Section 251(2) of the Companies Act 2016

We, Ramjeet Kaur Virik A/P Bhagwan Singh and Jean Serge Krol, two of the Directors of Dutch Lady Milk Industries Berhad, do hereby state that in the opinion of the Directors, the financial statements set out on pages 174 to 211 are drawn up so as to give a true and fair view of the financial position and financial performance of the Company for the financial year ended 31 December 2024 in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

Ramjeet Kaur Virik A/P Bhagwan Singh

Jean Serge Krol

20 February 2025

STATUTORY DECLARATION

pursuant to Section 251(1)(b) of the Companies Act 2016

I, Kai Roelof Maria Henricus De Klerk, the Officer primarily responsible for the financial management of Dutch Lady Milk Industries Berhad, do solemnly and sincerely declare that the financial statements set out on pages 174 to 211 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named in Petaling Jaya, Selangor Darul Ehsan on 20 February 2025.

Kai Roelof Maria Henricus De Klerk

Before me:

COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF DUTCH LADY MILK INDUSTRIES BERHAD
(Incorporated in Malaysia)

Registration No. 196301000165 (5063-V)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Dutch Lady Milk Industries Berhad ("the Company") give a true and fair view of the financial position of the Company as at 31 December 2024, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

What we have audited

We have audited the financial statements of the Company, which comprise the statement of financial position as at 31 December 2024, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including material accounting policies, as set out on pages 174 to 211.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the financial statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and other ethical responsibilities

We are independent of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Our audit approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements of the Company. In particular, we considered where the Directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which the Company operates.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF DUTCH LADY MILK INDUSTRIES BERHAD
(Incorporated in Malaysia)
Registration No. 196301000165 (5063-V)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p>Use of estimates in revenue recognition arising from rebates and discounts given to customers</p> <p>Revenue is recognised net of rebates and discounts. Rebates and discounts recognised are based on the expected entitlement earned up to reporting date under each customer trading agreement and promotions run.</p> <p>The Company has two categories of rebates and discounts where estimates are used:</p> <ul style="list-style-type: none"> - Conditional rebates - Promotional discounts <p>Conditional rebates and promotional discounts are triggered when certain conditions are met. The amount payable is based on conditions achieved, multiplied by rates contracted with each customer in their trading agreements.</p> <p>During the financial year, the Company incurred rebates and promotional discounts totalling RM343.6 million. A total of RM112.5 million of these rebates and discounts were included in accruals as at 31 December 2024.</p> <p>We focused on this area because of the high volume of transactions incurred during the financial year and estimation involved in determining the appropriate amount of accruals as at financial year end and especially in relation to those promotions and campaigns that were still ongoing at the financial year end and those in which the actual data with regards the conditions to be met have not been confirmed.</p> <p>Refer to Note 1(d) (Use of estimates and judgements) and Note 2(g)(iii).</p>	<p>We read and understood the key terms and conditions of significant contracts with customers regarding the rebates.</p> <p>We evaluated and tested the operating effectiveness of controls in relation to the authorisation of rebates and promotional activities and the determination of year end accruals.</p> <p>We traced samples of rebates and discounts incurred during the year to customers' claims.</p> <p>We evaluated the reasonableness of management's estimates on meeting volume or sales targets in relation to conditional rebates and promotional discounts. For selected samples we have performed the following:</p> <ul style="list-style-type: none"> (a) comparison of actual sales volume and values achieved by the customer against the sales volume and values recorded, or (b) traced sample of accruals made to customers' contracts and relevant supporting documents. <p>There were no material exceptions noted from our procedures.</p>

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF DUTCH LADY MILK INDUSTRIES BERHAD
(Incorporated in Malaysia)
Registration No. 196301000165 (5063-V)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Information other than the financial statements and auditors' report thereon

The Directors of the Company are responsible for the other information. The other information comprises the Directors' Report and the 2024 Annual Report, which we obtained prior to the date of this auditors' report, and Overview, Key Highlights 2024, Chairperson's Perspective, Managing Director's Report, Finance Director's Analysis, Market & Product Review, Sustainability Statement, Sustainability Performance Report, Board at a Glance, Corporate Governance Overview Statement, Audit & Risk Committee Report and Analysis of Shareholdings, which is expected to be made available to us after that date. Other information does not include the financial statements of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Company does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial statements

The Directors of the Company are responsible for the preparation of the financial statements of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Company, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF DUTCH LADY MILK INDUSTRIES BERHAD
(Incorporated in Malaysia)
Registration No. 196301000165 (5063-V)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- (d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

Kuala Lumpur
20 February 2025

ANG GUAT IM
03515/08/2026 J
Chartered Accountant

ANALYSIS OF SHAREHOLDINGS

ANALYSIS OF SHAREHOLDINGS AS AT 14 MARCH 2025

Class of Shares	Ordinary shares		
Voting Rights	On show of hands	:	1 vote
	On a poll	:	1 vote for each share held

DISTRIBUTION SCHEDULE OF SHAREHOLDERS

Size of Holdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Shareholding
Less than 100 shares	540	8.31	2,366	0.0
100 to 1,000 shares	4,071	62.66	1,907,312	3.0
1,001 to 10,000 shares	1,637	25.20	5,424,069	8.5
10,001 to 100,000 shares	216	3.32	5,850,746	9.1
100,001 to 3,199,999(*)	31	0.48	13,800,707	21.6
3,200,000 & above(**)	2	0.03	37,014,800	57.8
	6,497	100.00	64,000,000	100.0

Note:

* – Less than 5% of Issued Holdings

** – 5% and above of Issued Holdings

Name of 30 Largest Shareholders	No. of Shares	% of Holdings
1. FrieslandCampina DLMI Malaysia Holding B.V. **	32,614,800	50.96
2. Amanahraya Trustees Berhad ** Amanah Saham Bumiputera	4,400,000	6.88
3. Amanahraya Trustees Berhad ** Amanah Saham Malaysia	2,565,000	4.01
4. Cimsec Nominees (Tempatan) Sdn Bhd CIMB for Siva Kumar A/L M Jeyapalan (PB)	1,715,100	2.68
5. Maybank Nominees (Tempatan) Sdn Bhd Maybank Trustees Berhad for Public Regular Savings Fund (N14011940100)	1,166,000	1.82
6. Citigroup Nominees (Tempatan) Sdn Bhd ** Employees Provident Fund Board	1,037,769	1.62
7. Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Aun Huat & Brothers Sdn Bhd (E-IMO/BCM)	763,400	1.19
8. Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (Islamic)	650,638	1.02
9. CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Tan Kian Aik (PB)	585,700	0.92
10. Amanahraya Trustees Berhad ASN Umbrella for ASN Equity 3	567,200	0.89

ANALYSIS OF SHAREHOLDINGS

Name of 30 Largest Shareholders		No. of Shares	% of Holdings
11.	Yong Siew Lee	550,000	0.86
12.	HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Siva Kumar A/L M Jeyapalan	500,000	0.78
13.	Citigroup Nominees (Asing) Sdn Bhd Exempt an for Citibank New York (Norges Bank 22)	496,300	0.78
14.	Yeo Khee Bee	442,900	0.69
15.	Cimsec Nominees (Tempatan) Sdn Bhd CIMB for Sharon A/P S I Josop (PB)	311,700	0.49
16.	Amanahraya Trustees Berhad Amanah Saham Bumiputera 3 - Didik	200,000	0.31
17.	Neoh Choo Ee & Company Sdn Bhd	200,000	0.31
18.	Chow Kok Meng	160,000	0.25
19.	Cartaban Nominees (Tempatan) Sdn Bhd Exempt an for Standard Chartered Bank Malaysia Berhad (Wealth Management) (Tempatan)	157,200	0.25
20.	Yayasan Guru Tun Hussein Onn	156,300	0.24
21.	Cimsec Nominees (Tempatan) Sdn Bhd CIMB for Muthukumar A/L Jeyapalan (PB)	150,000	0.23
22.	Hong Leong Assurance Berhad as Beneficial Owner (Unitlinked DP)	148,500	0.23
23.	Pacific Trustees Berhad Exempt an for Et Smart Wealth Sdn Bhd (Client's Account)	143,800	0.23
24.	AAHA Management (M) Sdn Bhd	130,000	0.20
25.	Hong Leong Assurance Berhad as Beneficial Owner (Unitlinked FLF)	122,900	0.19
26.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Mahesh A/L Siva Kumar (PB)	122,000	0.19
27.	Amanahraya Trustees Berhad Public Islamic Treasures Growth Fund	119,100	0.19
28.	Wong So-Ch'i	111,200	0.17
29.	Wong So Haur	111,000	0.17
30.	Wong Wai Kong	106,000	0.17
Total		50,504,507	78.91

SUBSTANTIAL SHAREHOLDERS AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

Name	Direct	%	Indirect	%
1. FrieslandCampina DLMI Malaysia Holdings B.V.	32,614,800	50.96	0	0
2. Amanahraya Trustees Berhad Amanah Saham Bumiputera	4,400,000	6.88	0	0

DIRECTORS SHAREHOLDINGS

Name	Direct	%	Indirect	%
1. Datin Seri Sunita Mei-Lin Rajakumar	2,000	0.00	—	0.00
2. Ramjeet Kaur Virik	—	—	—	—
3. Saw Chooi Lee	—	—	—	—
4. Corine Danielle Tap	—	—	—	—
5. Dato' Dr. Rosini binti Alias	—	—	—	—
6. Tengku Nurul Azian binti Tengku Shahrman	—	—	—	—
7. Jean Serge Krol	—	—	—	—
8. Darren Kong Kam Seong	—	—	—	—

PARTICULARS OF PROPERTIES AS AT 31 DECEMBER 2024

Location of Property	PT 1585 & PT 1586, Mukim Bandar Baru Enstek, Daerah Seremban, Negeri Sembilan
Brief description	Factory buildings, office complex and warehouse
Approximate land area	1,419,759 sq ft.
Tenure leasehold land	Freehold land
Date of acquisition	17.12.2020
Age of property	N/A
Net Book Value (RM)	60.311 million

RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

Related Party	Nature of Transaction	Value of Transactions from 26 May 2023 to 31 Dec 2023 RM'000
FrieslandCampina Nederland B.V., and/or FrieslandCampina Domo B.V., the Netherlands	Purchase by DLMI of fully packed dairy products and raw materials	215,270
P.T. Frisian Flag Indonesia, Indonesia	Purchase by DLMI of fully packed dairy products including products and raw materials	187,316
FrieslandCampina Foremost (Thailand) Pte Ltd, Thailand	Purchase by DLMI of fully packed dairy products and raw materials	3,522
FrieslandCampina Nederland B.V., the Netherlands and/or FrieslandCampina Domo B.V., the Netherlands	Sale by DLMI of fully packed dairy products	904
FrieslandCampina Foremost (Thailand) Pte Ltd, Thailand	Sale by DLMI of fully packed dairy products	–
FrieslandCampina Nederland B.V., the Netherlands	Payment of fees by DLMI for know-how, Trademark licence and Management support	19,126
FrieslandCampina DLMI Malaysia Holding B.V., the Netherlands	Payment of fees by DLMI for corporate management fees	112
FrieslandCampina B.V., the Netherlands	Payment of fees by DLMI for shared ICT and communication services	10,432
FrieslandCampina Service Centre Asia Pacific Sdn. Bhd. Malaysia	Payment of fees by DLMI for shared finance and procurement services	1,042
FrieslandCampina Service Centre Asia Pacific Sdn. Bhd. Malaysia	Receipt of fees by DLMI for the provision of shared corporate services	289
Royal FrieslandCampina N.V., the Netherlands	Interest on inter-company credit facility	–

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Sixty-Second Annual General Meeting ("62nd AGM") of the Company will be carried out in a hybrid format, whereby Main Venue will be at Grand Ballroom, Sime Darby Convention Centre, No. 1A, Jalan Bukit Kiara, Bukit Kiara, 60000 Kuala Lumpur, Malaysia and the meeting will be equipped with live streaming and online remote voting on Friday, 23 May 2025 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 2024, together with the Reports of the Directors and Auditors thereon (Please refer to Explanatory Note to the Agenda (i)). | |
| 2. To approve the payment of Directors' fees of up to RM500,000 for the financial year ending 31 December 2025, 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 2025 (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:

(a) Ms. Saw Chooi Lee; and
(b) Ms. Corine Danielle Tap | Resolutions 3, and 4 |
| 5. To re-elect Veronika Winanti Wahyu Utami who retires pursuant to Rule 86.3 of the Constitution of the Company. | Resolution 5 |
| 6. To re-appoint PricewaterhouseCoopers PLT (AF: 1146) as the Company's Auditors for the ensuing year 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 |
| <p>"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 25 April 2025 which are necessary for the Company's day-to-day operations subject to the following:-</p> <ul style="list-style-type: none"> (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 (ii) the aggregate value of such transactions conducted pursuant to the Shareholders' Mandate during the financial year will be disclosed in the Integrated Annual Report for the said financial year; <p>AND THAT such approval shall continue to be in force until:</p> <ul style="list-style-type: none"> (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; | |

NOTICE OF ANNUAL 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

25 April 2025

NOTES

1. *The Sixty-Second Annual General Meeting ("62nd AGM") will be conducted in a hybrid format, physically held at Grand Ballroom, Sime Darby Convention Centre ("Main Venue") and will be equipped with live streaming and online remote voting via Remote Participation and Electronic Voting ("RPEV") facilities which are available on the meeting platform at <https://meeting.boardroomlimited.my>. With RPEV facilities, members may exercise their rights to participate and vote at the 62nd AGM through the following modes of communication: i) Typed text in the Meeting Platform ii) E-mail questions to finance.dept@frieslandcampina.com prior to the Hybrid Meeting iii) You may submit questions in advance on the AGM resolutions and Integrated Annual Report 2024 not later than 10.00 a.m. on Thursday, 22 May 2025 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 62nd AGM to facilitate the Hybrid Meeting. Please follow the procedures set out in the Administrative Guide for the 62nd AGM below to register, participate and vote remotely via RPEV facilities.*
2. *A Member entitled to attend and vote at the 62nd 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.*
3. *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.*
4. *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.*
5. *For the purpose of determining members who shall be entitled to attend the 62nd AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a Record of Depositors as at **16 May 2025** ("General Meeting Record of Depositors"). Only depositors whose names appear on the Record of Depositors as at **16 May 2025** shall be entitled to attend the said meeting or appoint proxies to attend and vote on their behalf.*
6. *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 11th 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.*
7. *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 62nd 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 payment of the increased Directors' fees and the payment of benefits for the financial year ending 31 December 2025. The amount of Fees and Benefits to be paid in FY2025 are as follows:

Directors' Fees and Benefits	2024 (per annum)	2025 (per annum)
Chairperson's Fees	RM129,865	RM136,358
Non-Executive Directors' fees (other than FC DLMI's Nominee Directors)	RM74,026	RM76,247
Chairperson of Audit & Risk Committee fees	RM9,117	RM9,573
Member of Audit & Risk Committee fees (other than FC DLMI's Nominee Directors)	RM6,078	RM6,260
Chairperson of Nominating & Remuneration Committee fees	RM1,824	RM1,915
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 2025.

(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 the retiring Directors meets the criteria for appointment and re-appointment of directors as set out in the Directors' Fit and Proper Policy; and (ii) The retiring Director's performance and contribution based on the Directors' Peer Assessment results.

For item (i), the NRC considered and found that the retiring Directors each met the criteria for appointment and re-appointment of directors set out in the policy.

For item (ii), the NRC found that Ms. Saw Chooi Lee and Ms. Corine Danielle Tap had performed well based on the performance criteria evaluated. Ms. Veronika Winanti Wahyu Utami was appointed on the Board on 15 April 2025 and as such the performance evaluation carried out for FY2024 is not applicable.

In addition, as Ms. Saw Chooi Lee is an Independent Non-Executive Director, the NRC also considered her declaration of independence given in January 2025.

Based on the above, the Board approved the NRC's recommendation and supports the re-election of Ms. Saw Chooi Lee and Ms. Corine Danielle Tap who retire in accordance with Rule 105 of the Company's Constitution, and the re-election of Veronika Winanti Wahyu Utami who retires in accordance with Rule 86.3 of the Company's Constitution.

NOTICE OF ANNUAL GENERAL MEETING

(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 25 April 2025.

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)

The candidate recommended by the Board to be re-appointed as a Director at the 62nd AGM pursuant to Rule 86.3 of the Constitution of the Company is:

Name	Position	Age	Nationality
Veronika Winanti Wahyu Utami	Director	45	Indonesian

Profile of Veronika Winanti Wahyu Utami

Veronika Utami was appointed as a Non-Independent Executive Director with effect from 15 April 2025. She holds a degree in Industrial engineering from the University of Indonesia where she graduated cum laude predicate.

Veronika Utami has been appointed as Dutch Lady Milk Industries Berhad's Managing Director with effect from 15 April 2025. She joined the FrieslandCampina group of companies in August 2022 as Frisian Flag Indonesia's Marketing Director for Consumer Dairy & Specialized Nutrition. Prior to joining Frisian Flag Indonesia, she spent 20 years at Unilever which she joined in 2002. Whilst at Unilever, she took on many marketing leadership roles in Indonesia and the region. Amongst others, she was appointed the Fabric Cleaning Director for Southeast Asia and New Zealand at Unilever Asia Pte Ltd from January 2018 to March 2019, and she was the Vice President/General Manager of the Unilever Indonesia Home Care Business from April 2019 to July 2022.

She does not have any direct or deemed interests in the shares of the Company or its subsidiaries and does not hold any directorships in any public companies. There are no family relationships with any other director or substantial shareholder of the Company nor any personal interest in any business arrangement involving the Company. Save and except for traffic offences, if any, she has not been convicted for any offences within the past 10 years.

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 62nd 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 SIXTY-SECOND ANNUAL GENERAL MEETING ("62ND AGM")

Meeting Platform	: https://meeting.boardroomlimited.my
Day and Date	: Friday, 23 May 2025
Time	: 10.00 a.m.
Main Venue & Broadcast Venue	: Grand Ballroom, Sime Darby Convention Centre, No. 1A, Jalan Bukit Kiara, Bukit Kiara, 60000 Kuala Lumpur, Malaysia
Mode of Communication	: 1) Typed text in the Meeting Platform. 2) E-mail questions to finance.dept@frieslandcampina.com prior to the Meeting. 3) Submit question via Boardroom Smart Investor Portal at https://investor.boardroomlimited.com prior to the Meeting.

INTEGRATED ANNUAL REPORT 2024




- Members are encouraged to download a digital copy of the Integrated Annual Report 2024 from the Company's website in the interest of preserving the environment. The Integrated Annual Report 2024 can be downloaded from the Company's website www.dutchlady.com.my.
- If you need a copy of the printed Integrated Annual Report 2024, kindly complete the enclosed Request Slip and send the same to the Company's Share Registrar, Boardroom Share Registrars Sdn Bhd.
- Any request for the Integrated Annual Report 2024 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 62nd 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 participate in the Hybrid Meeting yourself, please do not submit any Proxy Form. You will not be allowed to participate in the Hybrid Meeting together with a proxy appointed by you.
- If you have submitted the Proxy Form prior to the Hybrid Meeting and subsequently decide to appoint another person or wish to participate in the Hybrid Meeting yourself, please write in to bsr.helpdesk@boardroomlimited.com to revoke the earlier appointed proxy forty-eight (48) hours before the Meeting.

NOTICE OF ANNUAL GENERAL MEETING

POLL VOTING (FOR HYBRID MEETING)

1. 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).
2. For the purposes of this AGM, the remote participation and e-voting will be carried out via the following voting devices:-
 - a. Personal smart mobile phones 
 - b. Tablets  or
 - c. Laptops 
3. There are 2 methods for members and proxies who wish to use their personal voting device to vote as follows:-
 - a. Using QR Scanner Code given in the email to you **OR**
 - b. Using website URL <https://meeting.boardroomlimited.my>
4. 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.
5. 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

6. Please note that this option is available to **(i) individual member; (ii) corporate shareholder; (iii) Authorised Nominee; and (iv) Exempt Authorised Nominee.**
7. 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.
8. 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.]

- a. Access website <https://investor.boardroomlimited.com>
- b. Click <<Login>> and click <<Register>> to sign up as a user.
- c. Please select the correct account type i.e. sign up as “Shareholder” or “Corporate Shareholder”.
- d. Complete registration and upload softcopy of MyKAD (front and back) or Passport in JPEG, PNG or PDF format. Upload the authorisation letter if for Corporate Shareholder.
- e. Please enter a valid email address and wait for Boardroom’s email verification.
- f. Once your email address is verified, you will be re-directed to Boardroom Smart Investor Portal for verification of mobile number. Click on <<Request OTP Code>> and an OTP code will be sent to the registered mobile number. You will need to enter the OTP code and click <<Enter>> to complete the process.
- g. Your registration will be verified and approved within one (1) business day and an email notification will be provided.

Step 2 – Submit Request for Remote Participation User ID and Password

[Note: The registration for remote access will be opened on 25 April 2025]

Individual Members

- Login to <https://investor.boardroomlimited.com> using your user ID and password above.
- Select “Meeting Event(s)” from main menu and select the correct Corporate Event “Dutch Lady Milk Industries Berhad 62nd Annual General Meeting.
- Read and agree to the terms and conditions.
- Enter your CDS account and thereafter submit your request.

Corporate Shareholders, Authorised Nominee and Exempt Authorised Nominee

1) Via email

- Write in to 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.

2) Via Boardroom Smart Investor Portal

- Login to <https://investor.boardroomlimited.com> using your user ID and password from Step 1 above.
- Select “Dutch Lady Milk Industries Berhad 62nd Annual General Meeting” from the list of Meeting Event and click “Enter”.
- Click on “**Submit eProxy Form**”.
- Select the company you would like to represent.
- Proceed to download the file format for “**Submission of Proxy Form**” from the investor portal.
- Prepare the file for the appointment of proxies by inserting the required data.
- Proceed to upload the duly completed proxy appointment file.
- Review and confirm your proxy appointment and click “**Submit**”.
- Download or print the eProxy form as acknowledgement.

Step 3 – Login to Meeting Portal

[Please note that the quality of the connectivity to the 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 Meeting portal will be open for login starting one (1) hour before the commencement of Hybrid Meeting at 10:00 a.m. on 23 May 2025.
- b. Follow the steps given to you in the email along with your remote access user ID and password to login to the 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 Chairperson announces the closure of the Hybrid Meeting.
- e. You can now logout from Meeting Portal.

NOTICE OF ANNUAL GENERAL MEETING

LIVE WEBCAST, QUESTION AND VOTING AT THE HYBRID MEETING

The Login User Guide for participation, posing questions and voting at the 62nd 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 in the Hybrid Meeting are able to view the Company's presentation or slides via the live web-streaming.

The Chairperson 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 62nd 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 62nd 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 hybrid 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 hybrid 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 if you have queries pertaining to the remote participation and electronic voting, prior to the Hybrid Meeting.



PROXY FORM

CDS Account	No. of shares

DUTCH LADY MILK INDUSTRIES BERHAD

(Registration No.196301000165 (5063-V))

(incorporated in Malaysia under the then Companies Ordinances, 1940 – 1946)

I/We _____
(full name in block letters, NRIC No./Company No.)

of _____

being a member/members of DUTCH LADY MILK INDUSTRIES BERHAD hereby appoint:-

Full name (in block letters)	NRIC / Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Email Address			

And/or (delete as appropriate)

Full name (in block letters)	NRIC / Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Email Address			

or failing him/her, the Chairperson of the Meeting as my/our proxy to vote for me/us and on my/our behalf at the Sixty-Second Annual General Meeting of the Company which will be held in a hybrid format, physically at Grand Ballroom, Sime Darby Convention Centre, No. 1A, Jalan Bukit Kiara, Bukit Kiara, 60000 Kuala Lumpur, Malaysia ("Main Venue") and will be equipped with live streaming and online remote voting from the Main Venue, on Friday, 23 May 2025 at 10 a.m. and any adjournment thereof, in respect of my/our shareholding in the manner indicated below:-

RESOLUTION NO.	RESOLUTION	FOR	AGAINST
Resolution 1	Proposed payment of Directors' fees for the financial year ending 31 December 2025, to be paid quarterly		
Resolution 2	Proposed payment of Directors' benefits (other than Directors' fees) for the financial year ending 31 December 2025		
Resolution 3	Re-election of Ms. Saw Chooi Lee		
Resolution 4	Re-election of Ms. Corine Danielle Tap		
Resolution 5	Re-election of Ms. Veronika Winanti Wahyu Utami		
Resolution 6	Re-appointment of PricewaterhouseCoopers PLT as the Company's Auditors		
Resolution 7	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		

Please indicate with an "X" in the space provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific instruction, your proxy will vote or abstain as he/she thinks fit.

Signed thisday of 2025

.....
Signatures(s) of Shareholder/Attorney
(if Shareholder is a corporation, this
part should be executed under seal or
under the hand of its officer or attorney
duly authorised)

Notes:-

1. The Sixty-Second Annual General Meeting ("62nd AGM") will be conducted in a hybrid format, physically at Grand Ballroom, Sime Darby Convention Centre ("Main Venue"), equipped with live streaming from the Main Venue with online remote voting via Remote Participation and Electronic Voting ("RPEV") facilities which are available on the meeting platform at <https://meeting.boardroomlimited.my>. With RPEV facilities, members may exercise their rights to participate and vote at the 62nd AGM through the following modes of communication: i) Typed text in the Meeting Platform ii) E-mail questions to finance.dept@frieslandcampina.com prior to the Hybrid Meeting iii) You may submit questions in advance on the AGM resolutions and Integrated Annual Report 2024 not later than 10.00 a.m. on Thursday, 22 May 2025 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 62nd AGM to facilitate the Hybrid Meeting. Please follow the procedures set out in the Administrative Guide for the 62nd AGM below to register, participate and vote remotely via RPEV facilities.
2. A Member entitled to attend and vote at the Annual General Meeting 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.
3. 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.
4. 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.
5. For the purpose of determining members who shall be entitled to attend the 62nd AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a Record of Depositors as at **16 May 2025** ("General Meeting Record of Depositors"). Only depositors whose names appear on the Record of Depositors as at **16 May 2025** shall be entitled to attend the said meeting or appoint proxies to attend and vote on their behalf.
6. 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 11th 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.
7. 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 Sixty-Second AGM will be put to vote by way of poll.

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Affix
Stamp

DUTCH LADY MILK INDUSTRIES BERHAD

(Registration No. 196301000165 (5063-V))

c/o Boardroom Share Registrars Sdn Bhd
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan
Malaysia

Please fold here to seal



DUTCH LADY MILK INDUSTRIES BERHAD

(196301000165 / 5063-V)

Level 5, Quill 9, 112, Jalan Prof. Khoo Kay Kim
46300 Petaling Jaya
Selangor Darul Ehsan, Malaysia

www.dutchlady.com.my