

# Corporate Governance

## Overview of Governance Approach

The Dairy Farm Group (Dairy Farm International Holdings Limited and its subsidiaries together known as the 'Group') understands the value of good corporate governance to long-term sustainable success and attaches importance to the corporate stability that strong governance brings, as well as the opportunities that result from it being part of the Jardine Matheson Holdings Limited ('Jardine Matheson') group.

The Group is committed to high standards of governance. The system of governance it has adopted has been developed over many years by the members of the Jardine Matheson group which both the Group and its stakeholders regard as appropriate to the nature of its business and the long-term strategy it pursues in its Asian markets, and is tailored to the Group's size, ownership structure, complexity and breadth of businesses. It enables the Company to benefit from Jardine Matheson's strategic guidance and professional expertise, while at the same time ensuring that the independence of the Board is respected and clear operational accountability rests with the Company's executive management teams. Having an effective corporate governance framework supports the Board in the delivery of the Group's strategy and supports long-term sustainable growth.

## Group Structure

Jardine Matheson is the ultimate holding company of the Group. The structural relationship between Jardine Matheson group and the Group is considered to be a key element of the Group's success. By coordinating objectives, establishing common values and standards, and sharing experience, contacts and business relationships, the Jardine Matheson group companies aim to optimise their opportunities across the Asian countries where they operate.

The Company is incorporated in Bermuda. The retailing interests of the Dairy Farm Group are entirely in Asia. The Company's equity shares have as their primary listing a standard listing on the Main Market of the London Stock Exchange (the 'LSE'), and the Company's primary regulator is the Financial Conduct Authority of the United Kingdom (the 'FCA').

The Disclosure Guidance and Transparency Rules (the 'DTRs') issued by the FCA require that this Report addresses all relevant information about the corporate governance practices applied by the Company and the Group beyond the requirements under Bermuda law.

The Company also has secondary listings in Singapore and Bermuda. As the Company has only secondary listings on these exchanges, the listing rules of such exchanges are not generally applicable. Instead, the Company must release the same information as it is required to release under the rules applicable to it as a standard listed company on the LSE, in compliance with the rules applicable to those exchanges in Singapore and Bermuda.

## Governance and Legal Framework

As a company incorporated in Bermuda, the Company is governed by:

- The Bermuda Companies Act 1981 (the 'Companies Act');
- The Bermuda Dairy Farm International Holdings Limited Consolidation and Amendment Act 1988 (as amended), pursuant to which the Company was incorporated and the Bermuda Dairy Farm International Holdings Limited Regulations 1993 (as amended) was established; and
- The Company's Memorandum of Association and Bye-laws.

## **Governance and Legal Framework** continued

The Bye-laws of the Company can be amended by the shareholders by way of a special resolution at a general meeting of the Company.

The Company's standard listing in London means that it is bound by many of the same rules as premium-listed companies under the UK Listing Rules, the DTRs, the Market Abuse Regulation<sup>1</sup> ('MAR') and the Prospectus Regulation Rules, including in relation to continuous disclosure, periodic financial reporting, disclosure of interests in shares, market abuse and the publication and content of prospectuses in connection with admission to trading or offering securities to the public. The Company is subject to regulatory oversight from the FCA, as the Company's principal securities regulator, and is required to comply with the Admission and Disclosure Standards of the Main Market of the LSE. The Company and its Directors are also subject to legislation and regulations in Singapore relating to insider dealing.

The Company is not required to comply with the UK Corporate Governance Code (the 'Code'), which applies to all premium-listed companies and sets out the governance principles and provisions which are expected to be followed by companies which are subject to the Code.

When the shareholders approved the Company's move to a standard listing from a premium listing in 2014, the Company stated that it intended to maintain certain governance principles on the basis as was then applicable to the Company's premium listing. As a result, the Company has adopted a number of governance principles (the 'Governance Principles') based on the then applicable requirements for a premium listing, which go further than the standard listing requirements.

The key elements of the Governance Principles are as follows:

- When assessing a significant transaction (a larger transaction which would be classified as a class 1 transaction under the provisions of the UK Listing Rules), the Company will engage an independent financial adviser to provide a fairness opinion on the terms of the transaction.
- If the Company carries out a related party transaction which would require a sponsor to provide a fair and reasonable opinion under the provisions of the UK Listing Rules, it will engage an independent financial adviser to confirm that the terms of the transaction are fair and reasonable as far as the shareholders of the Company are concerned.
- Further, as soon as the terms of a significant transaction or a related party transaction are agreed, an announcement will be issued by the Company providing such details of the transaction as are necessary for investors to evaluate the effect of the transaction on the Company.
- At each annual general meeting ('AGM'), the Company will seek shareholders' approval to issue new shares on a non-pre-emptive basis for up to 33% of the Company's issued share capital, of which up to 5% can be issued for cash consideration.
- The Company adheres to a set of Securities Dealing Rules which follow the provisions of MAR with respect to market abuse and disclosure of interests in shares.

<sup>1</sup> The EU Market Abuse Regulation and, with effect from 1st January 2021, the UK Market Abuse Regulation.

## The Management of the Group

### The Board

The Board is responsible for ensuring that the Group is appropriately managed and achieves the strategic objectives it sets, in a way that is supported by the right culture, values and behaviours throughout the Group.

The Directors have the full power to manage the business affairs of the Company, with the exception of matters reserved to be exercised by the Company in general meeting under Bermuda legislation or the Company's Bye-laws. Key matters for which the Directors are responsible include:

- Responsibility for the overall strategic aims and objectives of the Group;
- Establishing the Company's purpose and values;
- Approval of the Group's strategy and risk appetite to align with the Group's purpose and values;
- Approval and oversight of the Group policy framework and approval of appropriate Group policies;
- Approval of the Annual Budget and monitoring of performance against it;
- Oversight of the Group's operations;
- Approval of major changes to Group's corporate or capital structure;
- Approval of major capital expenditure and significant transactions (in terms of size or reputational impact);
- Approval of interim and final financial statements upon recommendation from the Audit Committee, and interim management statements;
- Approval of Annual Report and Accounts;
- Approval of dividend policy and amount and form of interim and final dividend payments for approval by shareholders as required;
- Any significant changes to the Company's accounting policies or practices upon recommendation from the Audit Committee;
- Appointment, reappointment or removal of the external auditor, subject to shareholder approval, upon recommendation from the Audit Committee;
- Approval of matters relating to the AGM (resolutions and shareholder documentation);
- Approval of all shareholder circulars, prospectuses and listing particulars issued by the Company; and
- Approval of material public announcements concerning matters decided by the Board.

Responsibility for certain matters, including the approval of borrowing facilities and of capital expenditure (other than major capital expenditure which is required to be approved by the Board) has been delegated to the finance committee established within the Hong Kong-based Group management company, Dairy Farm Management Services Limited ('DFMS').

### Board Composition and Operational Management

The Board's composition and the way it operates provide stability, allowing the Company to take a long-term view as it seeks to grow its businesses and pursue investment opportunities.

The Chairman has been appointed in accordance with the provisions of the Bye-laws of the Company, which provide that the chairman of Jardine Matheson, or any Director nominated by him, shall be the Chairman of the Company.

## **Board Composition and Operational Management** continued

The Company has a dedicated executive management team led by the Group Chief Executive. The Memorandum of Association of the Company, however, provides for the chairman of Jardine Matheson to be, or to appoint, the Managing Director of the Company. Reflecting this, and the Jardine Matheson group's 78% interest in the Company's share capital, the Group Chief Executive and the Managing Director meet regularly. Similarly, the board of DFMS, and its finance committee are chaired by the Managing Director and include Dairy Farm Group executives as well as Jardine Matheson's deputy managing director, group finance director and group general counsel.

The presence of Jardine Matheson representatives on the Board of the Company and on the board of DFMS, as well as on its audit and finance committees, provides an added element of stability to the Company's financial planning and supervision, enhancing its ability to raise finance and take a long-term view of business development. The presence of Jardine Matheson representatives on the Company's Board and nominations committee and DFMS' audit, finance and remuneration committees also strengthens the ability of management to work effectively together in exploiting the full range of the Jardine Matheson group's commercial strengths.

As at 11th March 2021, the Company comprises 11 Directors, two of whom (18%) – Dr Delman Lee and Clive Schlee – are regarded as Independent Non-Executive Directors. Three further Non-Executive Directors – George J. Ho, Anthony Nightingale and Percy Weatherall – do not have any executive responsibilities, nor have they been an employee of the Company or the Group within the past five years, and they are sufficiently distanced from the day-to-day operations of the Company for the Company to take the view that they are independent Directors, even though they have served on the Board for over nine years. The names of all the Directors and brief biographies appear on pages 50 and 51 of this Report.

Ben Keswick has been Chairman of the Board since 16th May 2013. John Witt has held the role of Managing Director from 15th June 2020. Ian McLeod has been Group Chief Executive since 18th September 2017. Ben Keswick previously held the roles of Chairman and Managing Director on a combined basis from 16th May 2013. The Board considers that there is a clear division of responsibilities among the Chairman, the Managing Director and the Group Chief Executive in order to ensure an appropriate balance of power and authority.

### **Chairman**

The Chairman's role is to lead the Board, ensuring its effectiveness while taking account of the interests of the Group's various stakeholders, and promoting high standards of corporate governance. The Chairman's principal responsibilities are in the areas of strategy, relationships, governance and people. He leads the Board in overseeing the long-term strategic direction of the Group and approving its key business priorities. His key responsibilities also include:

- Leading the development of the culture and values of the Group;
- Supporting the development and maintenance of relationships with existing and new key business partners, governments and shareholders;
- Ensuring (together with the Managing Director and the Group Chief Executive) an appropriate focus on attracting and retaining the right people and carrying out succession planning for senior management positions;
- Creating a culture of openness and transparency at Board meetings;
- Building an effective Board supported by a strong governance framework;
- Ensuring all Directors effectively contribute to discussions and feel comfortable in engaging in healthy debate and constructive challenge;
- Ensuring all Directors receive accurate, timely and clear information; and
- Promoting effective communication between Executive and Non-Executive Directors.

## Managing Director

The Managing Director acts as chairman of DFMS and of its finance committee, as well as being a member of the Company's nominations committee and the remuneration committee established in DFMS. He has responsibility for representing Jardine Matheson, as the major shareholder in the Company, in its oversight of the day-to-day management by the Group Chief Executive and his leadership team of the businesses.

## Group Chief Executive

The responsibility for running the Group's business and all the executive matters affecting the Group rests with the Group Chief Executive. The implementation of the Group's strategy is delegated to the Company's executive management, with decision-making authority within designated financial parameters delegated to the DFMS finance committee. The Group Chief Executive has day-to-day responsibility for:

- The effective management of the Group's businesses;
- Leading the development of the Company's strategic direction and implementing the agreed strategy;
- Identifying and executing new business opportunities;
- Managing the Group's risk profile and implementing and maintaining an effective framework of internal controls;
- Developing targets and goals for his executive team;
- Ensuring effective communication with shareholders and key stakeholders and regularly updating institutional investors on the business strategy and performance;
- Providing regular operational updates to the Board on all matters of significance relating to the Group's business or reputation;
- Overseeing the Group's capital allocation, business planning and performance;
- Ensuring (together with the Chairman and the Managing Director) an appropriate focus on attracting and retaining the right people and carrying out succession planning for senior management positions; and
- Fostering innovation and entrepreneurialism to drive the Group's businesses forward.

## Non-Executive Directors

The Non-Executive Directors bring insight and experience to the Board. They have responsibility for constructively challenging the strategies proposed by the Executive Directors and scrutinising the performance of management in achieving agreed goals and objectives.

## Board Meetings

The Board usually holds four meetings each year and ad hoc procedures are adopted to deal with urgent matters which arise between scheduled meetings. The majority of Board meetings are usually held in different locations around Asia and one Board meeting is usually held in Bermuda, at the same time as the Company's AGM each May.

In 2020, due to travel restrictions imposed as a result of the pandemic, it was necessary to hold all four Board meetings virtually. The Board receives high quality, up to date information for each of its meetings, which is provided to Directors via a secure online board information portal.

The Company's Directors who do not serve on the board of DFMS and who are based outside Asia will usually visit Asia and Bermuda to discuss the Group's businesses, as well as to participate in the four strategic reviews that precede the regular Board meetings. In 2020, all of these strategic reviews were held virtually as a result of the pandemic. These Directors are not directly involved in the operational management of the Group's business activities, but their knowledge of the Group's affairs, as well as their experience of the wider Jardine Matheson group, provide significant value to the ongoing review by the Company of the Group's businesses and reinforces the Board oversight process.

## Board and Committee Attendance

Directors are expected to attend all Board and Audit Committee meetings. The table below shows the attendance at the scheduled Board and Audit Committee meetings:

	Board	Audit Committee
<b>Current Directors of the Company</b>		
Ben Keswick	4/4	-
John Witt	4/4	2/2
Ian McLeod	3/4	-
Clem Constantine	4/4	-
George J. Ho	4/4	-
Adam Keswick	4/4	-
Dr Delman Lee	4/4	-
Anthony Nightingale	4/4	-
Y.K. Pang	4/4	2/2
Clive Schlee	2/2	-
Percy Weatherall	4/4	-
<b>Directors of DFMS</b>		
Graham Baker <sup>1</sup>	-	1/1
Jeremy Parr <sup>2</sup>	4/4	2/2
<b>Former Directors of the Company</b>		
Mark Greenberg <sup>3</sup>	4/4	2/2
Lord Sassoon <sup>4</sup>	1/1	-

<sup>1</sup> Graham Baker joined the board of DFMS on 15th June 2020.

<sup>2</sup> Jeremy Parr stepped down as a Director of the Company on 3rd December 2020, but remains a director of DFMS.

<sup>3</sup> Mark Greenberg stepped down as a Director on 31st December 2020.

<sup>4</sup> Lord Sassoon retired from the Board on 9th April 2020.

## Appointment and Retirement of Directors

Each new Director is appointed by the Board and the Nominations Committee has been established to assist the Board in such matters. In accordance with the Company's Bye-laws, each new Director is subject to retirement and re-appointment at the first AGM after appointment. Thereafter, Directors are subject to retirement by rotation requirements under the Bye-laws whereby one-third of the Directors retire at the AGM each year. These provisions apply to both Executive and Non-Executive Directors, but the requirement to retire by rotation does not extend to the Chairman or Managing Director.

## **Appointment and Retirement of Directors** continued

Simon Keswick and Lord Sassoon retired from the Board on 1st January 2020 and 9th April 2020, respectively. Clive Schlee was appointed to the Board with effect from 6th May 2020. Ben Keswick stepped down as Managing Director of the Company on 15th June 2020 and remains as the Chairman. He was succeeded as Managing Director by John Witt. Jeremy Parr and Mark Greenberg stepped down from the Board with effect from 3rd and 31st December 2020, respectively.

In accordance with Bye-law 85, Anthony Nightingale and Percy Weatherall retire by rotation at this year's AGM and, being eligible, offer themselves for re-election. In accordance with Bye-law 92, Clive Schlee will also retire and, being eligible, offers himself for re-election. None of the Directors proposed for re-election has a service contract with the Company or its subsidiaries.

## **Company Secretary**

All Directors have access to the advice of the Company Secretary, who is responsible for advising the Board on all governance matters.

## **Committees**

The Board is supported by the activities of its Committees (the Nominations, Remuneration and Audit Committees), which ensure the right level of attention and consideration are given to specific matters. Matters considered by each of the Committees are set out in its respective terms of reference. Copies of these documents can be obtained from the Company's website at [www.dairyfarmgroup.com](http://www.dairyfarmgroup.com).

## **Nominations Committee**

The Board established a Nominations Committee (the 'Nominations Committee') in March 2021. The key responsibilities of the Nominations Committee are to:

- Review the structure, size and composition of the Board and its committees and make recommendations on any appointments in order to maintain a balance of skills, knowledge and experience, as well as a diversity of perspectives;
- Lead the process for Board appointments and nominate suitable candidates to the Board;
- Assess suitable candidates based on merit and objective criteria (giving consideration to the promotion of diversity of backgrounds, knowledge, experience and skills), taking into account their ability to meet the required time commitments;
- Oversee the development of succession pipelines for both the Board and senior management positions, to ensure talent is identified and nurtured to meet the challenges and opportunities facing the Group; and
- Satisfy itself that any skill gaps are addressed in the reviews of Board composition, and that appropriate development opportunities are in place for Directors to keep abreast of market knowledge and industry trends to perform their role effectively.

The Nominations Committee consists of a minimum of three members, selected by the Chairman of the Board. The Chairman of the Board is the chairman of the Nominations Committee. The current members of the Nominations Committee are Ben Keswick, Adam Keswick and John Witt. The Nominations Committee meets at least annually and more often if necessary. It plays a key role in the process of recruiting senior executives. Candidates for appointment as Executive Directors of the Company or for other senior management positions may be sourced internally or externally, including by using the services of specialist executive search or recruitment firms. The aim is to appoint individuals who combine international business knowledge and experience, industry knowledge and experience if possible, and familiarity with, or adaptability to, Asian markets. When appointing Non-Executive Directors, the Committee pays particular attention to the Asian business experience and relationships that they can bring.

## Committees continued

### Remuneration Committee

The Board established a Remuneration Committee (the 'Remuneration Committee') within DFMS in March 2021. The key responsibilities of the Remuneration Committee are to:

- Oversee the formulation of a Group-wide reward strategy and ensure the business implements the reward strategy in alignment with its industry-specific needs;
- Review and approve the compensation of the Group Chief Executive and leadership team of the business;
- Review the terms of and design of performance related incentives (both short- and long-term), including the review and approval of any changes to plan design, targets and metrics;
- Review and approve the overall compensation costs, including salary and bonus budgets, of the business; and
- Remain abreast of trends and developments in executive compensation and corporate governance as they relate to the Group's industry and countries of operation.

The Remuneration Committee consists of a minimum of three members, selected by the Chairman of the Board. The Chairman of the Board is the chairman of the Committee. The current members of the Remuneration Committee are Ben Keswick, John Witt, Graham Baker and John Nolan (Jardines group human resources director). The Group Chief Executive and the Group Human Resources Director will generally attend meetings of the Remuneration Committee. The Remuneration Committee meets at least twice annually and more often if necessary, with its meetings aligned with the key events in the Group's annual remuneration cycle.

### Audit Committee

The Board has established within DFMS an Audit Committee (the 'Audit Committee'), the current members of which are Y.K. Pang, Graham Baker, Jeremy Parr and John Witt. None of them is directly involved in operational management. Graham Baker was appointed as a member of the Audit Committee with effect from 15th June 2020. Mark Greenberg retired as a member of the Audit Committee on 31st December 2020.

The chairman, group chief executive and chief financial officer of DFMS, together with representatives of the internal and external auditors, also attend the Audit Committee meetings by invitation. Other individuals may attend part of a meeting for specific agenda items as appropriate. The Audit Committee meets twice a year and reports to the Board after each meeting.

The role of the Audit Committee is governed by its terms of reference. The Committee's remit includes:

- Independent oversight and assessment of financial reporting processes including related internal controls;
- Risk management and compliance;
- Overseeing the effectiveness of the internal and external audit functions;
- Considering the independence and objectivity of the external auditors; and
- Reviewing and approving the level and nature of non-audit work performed by the external auditors.

Prior to completion and announcement of the half-year and year-end results, a review of the Company's financial information and of any issues raised in connection with the preparation of the results, including the adoption of new accounting policies, is undertaken by the Audit Committee with the executive management and a report is received from the external auditors. The external auditors also have access to the full Board when necessary, in addition to the Group Chief Executive, Chief Financial Officer and other senior executives.



## Committees continued

### Audit Committee continued

The matters considered by the Audit Committee during 2020 included:

- Reviewing the 2019 annual financial statements and 2020 half-yearly financial statements, with particular focus on the impact of COVID-19, provisioning and impairment assessments, assumptions that underpinned key valuation models and effectiveness of financial controls;
- Reviewing the actions and judgements of management in relation to changes in accounting policies and practices, to ensure clarity of disclosures and compliance with new accounting standards;
- Receiving reports from internal audit on the status of the control environment of the Group and its business divisions, and progress made in resolving matters identified in the reports;
- Reviewing the principal risks, evolving trends and emerging risks that affect the Group, and monitoring changes to the risk profile, as well as the effectiveness of risk management measures and crisis management arrangements;
- Receiving updates on the cybersecurity threat landscape and the Group's cybersecurity environment, risk management approach, priorities and control effectiveness;
- Receiving reports from risk management and legal functions on key legal matters and compliance and code of conduct issues, and the actions taken in addressing those issues and strengthening controls;
- Reviewing the annual internal audit plan and status updates;
- Reviewing and approving the revised terms of reference of the Group's internal audit and risk management functions;
- Reviewing the biennial assessment of the effectiveness of PwC;
- Reviewing the independence, audit scope and fees of PwC, and recommending their re-appointment as the external auditor; and
- Conducting a review of the terms of reference of the Audit Committee.

## Remuneration

The Board has overall responsibility for setting remuneration across the Group, ensuring it is appropriate and supports the Group's strategy, creating value for stakeholders. The Remuneration Committee has been established to assist the Board in these remuneration matters. The Company's policy is to offer competitive remuneration packages to its senior executives. It is recognised that, due to the nature of the Group and its diverse geographic base, a number of its senior executives are required to be offered international terms and the nature of the remuneration packages is designed to reflect this. Executive Directors joining from outside the Group may be offered an initial fixed-term service contract to reflect any requirement for them to relocate.

Directors' fees, which are payable to all Directors other than the Group Chief Executive and the Chief Financial Officer, are decided upon by shareholders in general meeting as provided for by the Company's Bye-laws.

### Remuneration in 2020

For the year ended 31st December 2020, the Directors received from the Group US\$8.5 million (2019: US\$8.5 million) in Directors' fees and employee benefits, being:

- US\$0.8 million (2019: US\$0.8 million) in Directors' fees; and
- US\$6.4 million (2019: US\$6.3 million) in short-term employee benefits including salary, bonuses, accommodation and deemed benefits in kind;
- US\$0.1 million (2019: US\$0.1 million) in post-employment benefits; and
- US\$1.2 million (2019: US\$1.3 million) in share-based payments.

The information set out in the section above headed 'Remuneration in 2020' forms part of the audited financial statements.

### **Share Schemes**

Share-based long-term incentive plans have also been established to provide incentives for Executive Directors and senior managers. Share options are granted by the scheme trustee after consultation between the Chairman and the Group Chief Executive as well as other Directors as they consider appropriate. Share options are not granted to Non-Executive Directors. In December 2018 a new cash-based long-term incentive plan was implemented for senior management, in order to align their remuneration with shareholders' interests by rewarding the delivery of strong EPS growth over the next five years. Payouts under the plan will also be dependent on the achievement of appropriate targets linked to the health of the business and the sustainability of earnings growth.

### **Insurance and Indemnification**

The Company purchases insurance to cover its Directors against their costs in defending themselves in civil proceedings taken against them in that capacity and in respect of damages resulting from the unsuccessful defence of any proceedings. To the extent permitted by law, the Company also indemnifies its Directors. Neither insurance nor indemnity arrangements provide cover where the Director has acted fraudulently or dishonestly.

### **Risk Management and Internal Control**

The Board has overall responsibility for the Group's systems of risk management and internal control. The Board has delegated to the Audit Committee responsibility for providing oversight in respect of risk management activities. The Audit Committee considers the Group's principal risks and uncertainties and potential changes to the risk profile and reviews the operation and effectiveness of the Group's systems of internal control (financial, operational and compliance) and the procedures by which these risks are monitored and mitigated.

The Audit Committee considers the systems and procedures on a regular basis, and reports to the Board semi-annually. The systems of internal control are designed to manage, rather than eliminate, business risk; to help safeguard the Group's assets against fraud and other irregularities; and to give reasonable, but not absolute, assurance against material financial misstatement or loss.

Executive management is responsible for the implementation of the systems of internal control throughout the Group, and a series of audit committees at an operational level and the internal audit function monitor the effectiveness of the systems.

The Group has an established risk management process which is reviewed on a regular basis and covers all business units within the Group. This includes the maintenance of risk registers which detail the emerging and existing risks to the future success of the business and the relevant key controls and mitigating factors which address those risks. These are reviewed on a regular basis.

The internal audit function also monitors the approach taken by the business units to risk. The internal audit function is independent of the operating businesses and reports its findings, and recommendations for any corrective action required, to the Audit Committee.

The principal risks and uncertainties facing the Company are set out on pages 149 and 150.

## **Delegations of Authority**

The Group has in place an organisational structure with defined lines of responsibility and delegation of authority. There are established policies and procedures for financial planning and budgeting, information and reporting systems, assessment of risk; and monitoring the Group's operations and performance. The information systems in place are designed to ensure that the financial information reported is reliable and up to date.

The Group's 50% associate, Maxim's Caterers Limited ('MCL'), has a separate board, audit committee, risk management and internal audit structure. The Group is represented on the board of MCL, at which reviews of strategy, operations, budgets and major investments are undertaken. The MCL board has delegated to the MCL group's audit and risk management committees and its audit department responsibility for reviewing areas of major risk and the effectiveness of the internal control procedures.

## **Whistleblowing Policy**

The Group has a whistleblowing policy covering the process by which employees can report, in confidence, matters of serious concern. The Audit Committee has responsibility for overseeing the effectiveness of the formal procedures for employees to raise such matters and is required to review any reports made under those procedures which are referred to it by the internal audit function.

## **Directors' Responsibilities in respect of the Financial Statements**

The Directors are required under the Companies Act to prepare financial statements for each financial year and to present them annually to the Company's shareholders at the AGM. The financial statements are required to present fairly, in accordance with International Financial Reporting Standards ('IFRS'), the financial position of the Group at the end of the year and the results of its operations and its cash flows for the year then ended. The Directors consider that applicable accounting policies under IFRS, applied on a consistent basis and supported by prudent and reasonable judgements and estimates, have been followed in preparing the financial statements. The financial statements have been prepared on a going concern basis.

## **Code of Conduct**

The Group conducts business in a professional, ethical and even-handed manner. Its ethical standards are clearly set out in its Code of Conduct, which is a set of guidelines to which every employee must adhere and is reinforced and monitored by an annual compliance certification process, and is modelled on the Jardine Matheson group's code of conduct. The Code of Conduct requires that all Group companies comply with all laws of general application, all rules and regulations that are industry specific and proper standards of business conduct. The Code of Conduct prohibits the giving or receiving of illicit payments and requires that all managers must be fully aware of their obligations under the Code of Conduct and establish procedures to ensure compliance at all levels within their organisations.

The Company's policy on commercial conduct underpins the Group's internal control process, particularly in the area of compliance. The policy is set out in the Group's Code of Conduct.

## **Inclusion and Diversity**

The Code of Conduct also encourages inclusion and diversity, and requires all employees to be treated fairly, impartially and with dignity and respect. As a multinational Group with a broad range of businesses operating across Asia, the Group believes in promoting equal opportunities in recruiting, developing and rewarding its people regardless of race, gender, nationality, religion, sexual orientation, disability, age or background. The scale and breadth of the Group's businesses necessitate that they seek the best people from the communities in which they operate most suited to their needs.

## Directors' Share Interests

The Directors of the Company in office on 11th March 2021 had interests\* as set out below in the ordinary share capital of the Company. These interests include those notified to the Company in respect of the Directors' closely associated persons\*.

Ian McLeod	199,171
Clem Constantine	100,000
George J. Ho	2,098,804
Anthony Nightingale	34,183
Percy Weatherall	200,000

\* Within the meaning of MAR

In addition, Ian McLeod held deferred share awards in respect of 398,343 ordinary shares issued pursuant to the Company's share-based long-term incentive plans.

## Substantial Shareholders

As a non-UK issuer, the Company is subject to the provisions of the DTRs which require that a person must in certain circumstances notify the Company of the percentage of voting rights attaching to the share capital of the Company that person holds. The obligation to notify arises if that person acquires or disposes of shares in the Company which results in the percentage of voting rights which the person holds reaching, exceeding, or falling below, 5%, 10%, 15%, 20%, 25%, 30%, 50% and 75%.

The Company has been informed of the holding of voting rights of 5% or more attaching to the Company's issued ordinary share capital by Jardine Strategic Holdings Limited ('Jardine Strategic'), which is directly interested in 1,049,589,171 ordinary shares carrying 77.58% of the voting rights. By virtue of its interest in Jardine Strategic, Jardine Matheson is also interested in the same ordinary shares. Apart from this shareholding, the Company is not aware of any holders of voting rights of 5% or more attaching to the issued ordinary share capital of the Company as at 11th March 2021.

There were no contracts of significance with corporate substantial shareholders during the year under review.

## Related Party Transactions

Details of transactions with related parties entered into by the Company during the course of the year are included in note 33 to the financial statements on page 99.

## Securities Purchase Arrangements

The Directors have the power under the Companies Act and the Company's Memorandum of Association to purchase the Company's shares. Any shares so purchased shall be treated as cancelled and, therefore, reduce the issued share capital of the Company. When the Board reviews the possibility for share repurchases, it will take into consideration the potential for the enhancement of earnings or asset values per share. When purchasing such shares, the Company is subject to the provisions of MAR.

## Annual General Meeting

The 2021 AGM will be held on 5th May 2021. The full text of the resolutions and explanatory notes in respect of the meeting are contained in the Notice of Meeting which accompanies this Report. A corporate website is maintained containing a wide range of information of interest to investors at [www.dairyfarmgroup.com](http://www.dairyfarmgroup.com).