

Wilmar International Limited (the “Company” or “Wilmar” and together with its subsidiaries, the “Group”) affirms its commitment to upholding a high standard of corporate governance to safeguard the interests of all its stakeholders. This report sets out the Company’s corporate governance practices and activities in 2019, with specific reference to the guidelines of the Singapore Code of Corporate Governance 2018 (the “Code”). The Company has complied in all material aspects with the principles and provisions of the Code. In so far as any provision has not been complied with, the rationale for varying from the provision is set out in this report.

## **A. BOARD MATTERS**

### **Principle 1: The Board’s Conduct of Its Affairs**

The primary role of the Board is to provide entrepreneurial leadership and set the overall business direction of the Group. The Board constantly seeks to protect long-term shareholder value and enhance the returns to the Company. The Board is committed to continually sustain value creation and broaden the Group’s revenue stream. This is done through diversification into new businesses which are complementary to Wilmar’s core businesses as well as expansion of existing businesses with good prospects for long-term growth. In addition, the Board sets the tone for the Group in respect of ethics, conduct, regulatory compliance and desired organisational culture through the adoption of various Group policies endorsed by the Board.

The Board’s principal duties and responsibilities (besides statutory responsibilities) are to:

1. Set strategic goals (with focus on value creation, innovation and sustainability) of the Group and ensure that the necessary financial and human resources are in place for the Group to meet its objectives;
2. Decide on matters in relation to the Group’s operations which are of a significant nature, consistent with medium and long-term goals to achieve sustainable business performance, taking into account stakeholders’ interests;
3. Oversee the process for evaluating the adequacy of internal controls, risk management, financial reporting and compliance;
4. Review the performance of Management who are responsible for ensuring the timely and effective execution of business strategies and running operations; and
5. Consider sustainability issues, in particular environmental, social and governance factors, in the formulation of the business strategies and corporate policies of the Group.

### **Matters Requiring Board Approval**

Matters that require the Board’s decision and approval include:

1. Strategies and major business proposals of the Group;
2. Acquisitions and disposals of investments, businesses and assets exceeding authorisation limits granted to the Executive Committee (“Exco”);
3. New lines of businesses which complement the core business activities of the Group;
4. Loans and credit lines from banks and financial institutions and market fund-raising exercises for amounts exceeding authorisation limits granted to the Exco;
5. Group written policies (including policies which set out authorisation limits) and terms of reference of the various Board Committees; and
6. Share issuances, interim dividends and other returns to shareholders.

All Directors are expected to objectively discharge their duties and responsibilities as fiduciaries in the best interest of the Company. Directors are updated on the latest relevant statutory and legal requirements from time to time to enable them to discharge their responsibilities effectively and be familiar with current corporate governance best practices to ensure proper accountability within the Company.

### **Delegation of duties by the Board**

To assist the Board in the execution of its duties, the Board has delegated specific authority to the following Board Committees, which function within the respective terms of reference approved by the Board.

# CORPORATE GOVERNANCE

## Executive Committee (“Exco”)

The Exco is made up of two Executive Directors namely, Mr Kuok Khoon Hong (Chairman and Chief Executive Officer) (“CEO”) and Mr Pua Seck Guan (Chief Operating Officer) (“COO”). The Exco oversees the management of the business and affairs of the Group and its duties and responsibilities include the following:

1. Evaluate new business opportunities and submit strategic business proposals, with due consideration given for value creation and upholding sustainability, for approval by the Board;
2. Recommend proposed acquisitions and disposals of investments, businesses and assets, which are not within Exco’s authorisation limits, for approval by the Board;
3. Ensure that the Group operates within the approved budgets, business direction and the approved internal controls put in place by the Group;
4. Formulate the Company’s core values, mission and culture to ensure that obligations to stakeholders are understood and met;
5. Set the direction for key management personnel to manage engagements with key stakeholder groups and recognise and mitigate adverse perceptions which would affect the Company’s business and reputation;
6. General management and operational matters; and
7. Monitoring Group performance.

Other than the Exco, the following Board Committees, which are made up of Independent Directors or a majority of Independent Directors, provide further safeguards to prevent an uneven concentration of power, authority and decision in a single individual:

1. Audit Committee (“AC”) - (Principle 10)
2. Risk Management Committee (“RMC”) - (Principle 9)
3. Nominating Committee (“NC”) - (Principle 4)
4. Remuneration Committee (“RC”) – (Principle 6).

Details of these Board Committees are set out further below in this report.

## Key features of board processes

The Board conducts regular scheduled meetings on a quarterly basis. Ad-hoc meetings are convened, if requested by the Board or if warranted by circumstances deemed appropriate by the Board. All Board and Board Committee meetings are planned and scheduled well in advance, in consultation with the Directors. In between scheduled meetings, matters that require the Board’s approval, are circulated to all Directors for their consideration and decision. As provided for in the Company’s Constitution, Directors may also participate in Board meetings by tele-conferencing and/or video-conferencing. Four Board meetings were held in the financial year ended 31 December 2019 (FY2019).

As part of good corporate governance, all Directors are invited to attend meetings held by the AC and the RMC. For the RC and NC meetings, these are attended only by Independent Directors but with the Board Chairman/CEO participating by invitation for the RC and as a member of the NC. All written resolutions passed and minutes of meetings held by these various Board Committees are circulated to the Board for information and review, including all appropriate recommendations for approval by the Board.

### Attendance at Board and Board Committee Meetings

The attendance of Directors at the Board and Board Committee meetings held in FY2019 is as follows:

	BOARD OF DIRECTORS	AUDIT COMMITTEE	RISK MANAGEMENT COMMITTEE	REMUNERATION COMMITTEE	NOMINATING COMMITTEE
<b>No. of meetings held</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>1</b>	<b>2</b>
<b>Name of Director</b>	<b>Member Attendance</b>	<b>Member Attendance</b>	<b>Member Attendance</b>	<b>Member Attendance</b>	<b>Member Attendance</b>
<b>Executive Directors</b>					
Kuok Khoon Hong	4/4	–	4/4	–	2/2
Pua Seck Guan	4/4	–	–	–	–
Teo La-Mei <sup>(Note 1)</sup>	3/3	–	–	–	–
<b>Non-Executive and Non-Independent Directors</b>					
Kuok Khoon Ean <sup>(Note 2)</sup>	3/4	–	–	–	–
Kuok Khoon Hua	4/4	–	–	–	–
Raymond Guy Young (or in his absence, Juan Ricardo Luciano)	4/4	–	–	–	–
<b>Non-Executive and Independent Directors</b>					
Yeo Teng Yang <sup>(Note 3)</sup>	1/1	1/1	1/1	1/1	1/1
Lim Siong Guan <sup>(Note 3)</sup>	4/4	3/3	3/3	–	1/1
Tay Kah Chye	4/4	4/4	4/4	1/1	2/2
Kwah Thiam Hock	4/4	4/4	–	1/1	2/2
Kishore Mahbubani	4/4	–	–	–	–
Weijian Shan	4/4	–	–	–	–
Teo Siong Seng <sup>(Note 4)</sup>	3/3	–	–	–	–
Soh Gim Teik <sup>(Note 5)</sup>	–	–	–	–	–

Note 1: Ms Teo La-Mei was appointed as an Executive Director of Wilmar on 21 February 2019.

Note 2: Mr Kuok Khoon Ean did not attend one of the board meetings due to a prior engagement.

Note 3: Mr Yeo Teng Yang retired from the Board at the conclusion of the AGM held on 24 April 2019 ("2019 AGM"). Mr Lim Siong Guan replaced Mr Yeo as Lead Independent Director, Chairman of the Risk Management Committee and a member of the AC, RC and NC on the same day (See details under Principle 2).

Note 4: Mr Teo Siong Seng was appointed as a Non-Executive and Independent Director of Wilmar on 1 May 2019.

Note 5: Mr Soh Gim Teik was appointed as a Non-Executive and Independent Director of Wilmar on 1 December 2019.

### Board Orientation and Training

All newly appointed Directors receive a formal letter from the Company setting out the roles and responsibilities of a Director of the Company and a set of guidance notes which explain the duties and obligations of a director under the Singapore Companies Act, the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") and the Securities & Futures Act. Arrangements are made for new Directors who have no prior experience as a director of an issuer listed on the SGX-ST to undergo mandatory training in his or her roles and responsibilities as prescribed by SGX-ST. Newly appointed Directors are also briefed by Management on the business, operations and financial performance of the Group, including corporate governance practices such as disclosure of interests in securities, prohibitions on dealings in the Company's securities and restrictions on disclosure of price and trade sensitive information.

## CORPORATE GOVERNANCE

The Company encourages Directors to participate in seminars, conferences and training programmes which are relevant to their role as directors. Such programmes are funded by the Company. The professional development programmes attended by some Directors in the course of FY2019, as well as in-house briefings organised by the Company Secretary for Board members, include the following:

1. AC Seminar 2019 jointly organised by the Accounting and Corporate Regulatory Authority ("ACRA"), Singapore Exchange ("SGX") and Singapore Institute of Directors ("SID");
2. Regulatory Symposium 2019 organised by SGX;
3. Listed Entity Director Programme organised by SID;
4. Sustainability Updates by Wilmar's Sustainability General Manager;
5. Directors' Conference 2019 organised by SID;
6. Cybersecurity and Digital Disruption briefing by Ernst & Young LLP ("EY"); and
7. Anti-Money Laundering briefing by EY.

The Board is briefed on the strategic and business development of the Group at each quarterly board meeting by the CEO. The Board is also briefed on changes to the accounting standards and regulatory updates by the external auditor, Management and the Company Secretary. The Company also organises on-site visits to the Group's key operating facilities overseas for Directors from time to time so as to enable them to have a better understanding of the Group's businesses.

As part of the Company's continuing efforts to share relevant business updates with the Directors, the Company's Corporate Communications Department circulates to the Board a daily Media Monitoring featuring news articles and reports relevant to the Group's businesses to keep Directors updated on current industry trends and issues. News releases and newsletters issued by the SGX-ST, the Monetary Authority of Singapore, ACRA, the Company's external auditor and advisors, which are relevant to Directors, are also circulated to the Board.

### **Access to complete, adequate and timely information**

The Board receives complete and adequate reports and discussion papers about a week before scheduled Board meetings as well as the AC and RMC meetings and on an on-going basis, enabling them to make timely and informed decisions to discharge their duties and responsibilities effectively. Amongst other reports, the Board is also provided with reports from the internal and external auditors and the Risk Management teams. These reports include key findings arising from interim and completed financial, operations and information technology ("IT") audits and risk assessment reports on key businesses of the Group for review and evaluation.

In addition to members of the Board being briefed by the CEO at every Board meeting, relevant Management personnel are required to attend meetings of the Board and Board Committees to provide insight into matters being discussed at these meetings and to respond to any questions that the Directors may have.

The Board has direct, independent and unrestricted access to Management of the Group, including the Chief Financial Officer ("CFO"), Group Financial Controller, Group Treasurer and Company Secretary at all times. The Board is kept updated on changes to the Management organisation structure and contact details of all key management staff are furnished to the Directors to ensure direct access to Management to promote and facilitate good information flow between the Board and Management. Requests for information from the Board are dealt with promptly by Management. To enable Directors to discharge their duties effectively, they are free to seek independent professional advice, if necessary, at the Group's expense.

The Company Secretary is responsible for, among other things, ensuring that board procedures are observed and that the Company's Constitution and applicable rules and regulations are complied with. The Company Secretary assists the Chairman of the Company in ensuring good information flows within the Board and its Board Committees and between Management and Non-Executive Directors. The approval of the Board is required in respect of the appointment and removal of the Company Secretary pursuant to the Company's Constitution and in accordance with provision 1.7 of the Code.

## Principle 2: Board Composition and Guidance

### Board Size and Board Composition

The Board, through regular reviews by the NC, seeks to ensure an appropriate balance of experience, competencies and knowledge among the Directors to provide effective entrepreneurial leadership to the Company.

The Company has in place a Board Diversity Policy (a copy of which is posted on the Company's website), which advocates meritocracy and endorses the principle of having a board with the appropriate and right balance of skills, knowledge, experience and diversity of perspectives which can contribute effectively to the strategy and growth of the Company. In reviewing Board composition and succession planning, the NC considers the benefits of all aspects of diversity, including diversity of skills, age, experience, gender and knowledge of the Company. A key requirement is that only individuals with broad based experiences and right skills set will be appointed to the Board.

In line with the objectives of the Board Diversity Policy, the Company refreshed the Board through the following changes during FY2019:

1. Ms Teo La-Mei was appointed as an Executive Director on 21 February 2019. She was the first female director appointed to the Board.
2. Mr Yeo Teng Yang retired from the Board on 24 April 2019 after a nearly 13-year tenure and was replaced by Mr Lim Siong Guan, who was appointed to the Board on 1 January 2018, as Lead Independent Director, Risk Management Committee Chairman and a member of the AC, NC and RC.
3. Mr Teo Siong Seng was appointed as a Non-Executive and Independent Director on 1 May 2019.
4. Mr Soh Gim Teik was appointed as a Non-Executive and Independent Director on 1 December 2019.

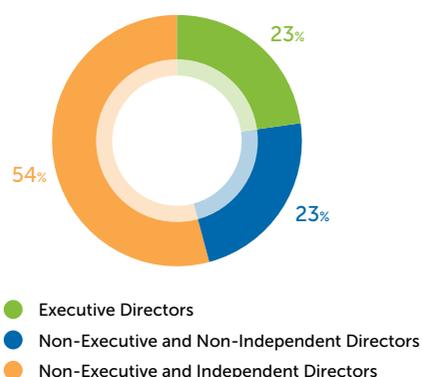
As at the date of this report, the Board now comprises 13 Directors – 12 males and one female Director and a male Alternate Director. Taking into account the complex nature and wide scope of the Group's business and operations, the Board considers a board size of 13 members as appropriate.

The Board is made up of Directors of different nationalities and races, with a wide range in age and skills, experience and qualifications, ranging from banking, finance, insurance, accounting, legal and risk management expertise to industry knowledge, entrepreneurial and management experience relevant to the Group's business. Reflecting the global reach of the Group's business, most of Wilmar's Directors have extensive experience in jurisdictions outside Singapore. Their collective diverse experience and in-depth knowledge of the Group's business operations enable Wilmar to continue to meet the challenges and demands of the global markets in which it operates.

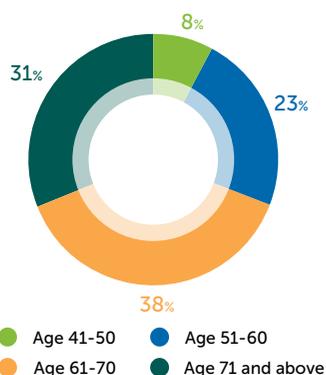
Key information on current Directors is presented in the section entitled "Board of Directors" in the Company's Annual Report 2019 ("Annual Report").

The following charts set out the diversity and balance in the composition of the Wilmar Board as at the end of FY2019:

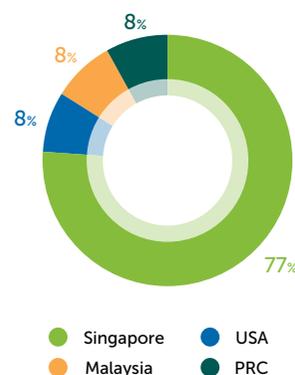
#### Board Independence



#### Age Spread



#### Nationality Spread



Note: The above charts do not include the Alternate Director.

## CORPORATE GOVERNANCE

Non-Executive Directors make up a majority of the Board. With their knowledge and competency in their respective fields, Non-Executive Directors have provided constructive advice and good governance guidance for the Board to discharge its principal functions effectively. During the year, some Independent Directors discussed company matters without key management being present and provided feedback to the Board Chairman after such discussions.

### Board Independence

The NC evaluates the independence of all Independent Directors annually based on Provision 2.1 of the Code and the relevant SGX listing rules. For the year under review, all seven Independent Directors, namely Messrs Lim Siong Guan, Tay Kah Chye, Kwah Thiam Hock, Kishore Mahbubani, Weijian Shan, Teo Siong Seng and Soh Gim Teik completed a declaration of independence form ("Declaration Form"), whereby they were required to assess their independence according to the requirements of the Code and submit to the NC for review.

In addition, the NC has in place a rigorous process for reviewing the independence of Independent Directors who have served on the Wilmar Board for more than nine years. Based on the assessment (which includes separate assessments by each NC member) of the long serving Independent Directors' performance for FY2019, the NC is satisfied that the two Independent Directors, namely Mr Kwah Thiam Hock and Mr Tay Kah Chye, who have served on the Wilmar Board since its inception on 14 July 2006, have continued to maintain independence in their oversight role. Each of the two Independent Directors has recused himself in the determination of his own independence in this review. The Board has collectively taken the view that the abovementioned two Independent Directors, are independent, notwithstanding that they have served more than nine years, as they have demonstrated strong independence in judgment and professionalism, as well as displayed objectivity in their conduct over the years in the discharge of their duties and responsibilities as Independent Directors of the Company.

Under the Code, an independent director is one who is independent in conduct, character and judgment, and has no relationship with the Company, its related corporations, its substantial shareholders or its officers, that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement in the best interests of the Company. Besides the Code, the NC has also taken into account the guidance provided by the Corporate Governance Practice Guidance 2018 ("CGPG") in its determination of the independence of Wilmar Independent Directors.

Wilmar Independent Directors are required to disclose to the Wilmar Board their relationships with the Company, its related corporations, its substantial shareholders or its officers, if any, which may affect their independence. If the Board, having taken into consideration the views of the NC, determines that such directors are still independent, notwithstanding the existence of such relationships, it will disclose the reasons for maintaining its view.

This was done in the case of Mr Teo Siong Seng ("Mr Teo") who is the Executive Chairman and Managing Director of Pacific International Lines (Private) Limited ("PIL"), a container shipping company offering container liner service. Together with his immediate family members, Mr Teo holds a 94.01% shareholding interest in PIL. In his annual Declaration Form, he declared that PIL has offered shipping services to Raffles Shipping International Pte. Ltd. ("RSI"), an indirect wholly-owned Wilmar subsidiary and that all contracts were negotiated independently. For FY2018 and FY2019, PIL received freight charges amounting to US\$7.4 million and US\$4.2 million respectively from RSI.

In assessing Mr Teo's independence, the NC has taken into consideration CGPG's guidance and took into account the fact that:

- (a) there is an adequate internal control process in place to appoint the most suitable container liner for the business of RSI in particular and Wilmar in general and all liner services booked by RSI (including PIL) are transacted on arm's length terms and at market price; and
- (b) Mr Teo is not involved in any way in the decisions by RSI or Wilmar to use PIL or for that matter, any container liner company for the shipping of the Wilmar Group's products.

The NC is of the view that Mr Teo should be considered independent, notwithstanding that the value of the transactions between RSI and PIL exceeds S\$200,000 over any financial year.

The Board concurred with NC's view that Mr Teo be considered as independent. The Board, having considered the conduct of Mr Teo in the discharge of his duties and responsibilities as a Director, agreed that the existing business relationship between RSI and PIL would not interfere with the exercise of Mr Teo's independent business judgement in the best interest of Wilmar.

Taking into account the above, the Board concurred with the NC that all seven Independent Directors are considered as independent.

As the number of Independent Directors of the Company made up more than half of the Board composition, this provides a strong and independent element on the Board which facilitates the exercise of independent and objective judgment on its corporate affairs. This is in line with the Code which prescribes that, where the Chairman of the Board is also the CEO, the independent directors should make up a majority of the Board.

The Board is satisfied that in FY2019, all Directors exercised independent judgment and made decisions objectively in the best interests of the Group.

### **Principle 3: Chairman and Chief Executive Officer**

The Chairman and CEO, Mr Kuok Khoon Hong, provides strong leadership to the Group and has been instrumental in transforming Wilmar into one of Asia's largest agribusiness groups. Mr Kuok is overall in charge of the management and strategic direction of the Group while Mr Pua Seck Guan, the COO, oversees and manages the business divisions of the Group and assists Mr Kuok in the development of new businesses.

The Chairman and CEO leads all Board meetings and sets the agenda. He ensures that Board members receive accurate and timely information to enable them to be fully cognizant of the affairs of the Group. He also promotes a culture of openness and solicits contributions from the Board members to facilitate constructive discussions.

All strategic and major decisions relating to the business and management of the Group are jointly and collectively made by the Board. As such, there is a balance of power and authority and no one individual controls or dominates the decision-making process of the Company.

The role of the Chairman and CEO is not separate as there is adequate accountability and transparency reflected by internal controls established within the Group as well as the fact that the majority of the Board comprise independent directors, which adds a greater element of independence to board decisions. The combined role provides the Group with a consistently strong leadership, accelerates decision-making and allows greater flexibility in seizing good growth opportunities ahead of its competition.

Mr Lim Siong Guan, the Lead Independent Director who took over the role from Mr Yeo Teng Yang when Mr Yeo retired on 24 April 2019, avails himself to address stakeholders' concerns through his email address published in the Annual Report for circumstances in which contact through the normal channels of communication with the Chairman and Management are inappropriate or inadequate. Mr Lim also acts as a counter-balance on management issues in the decision-making process.

The Board is of the opinion that there is sufficient independence in its exercise of objective judgment on business affairs of the Group and no one individual has unfettered powers of decision-making, notwithstanding that the roles of Chairman and CEO not being separate.

### **Principle 4: Board Membership**

The members of the NC are:

1. Mr Kwah Thiam Hock (NC Chairman) – Non-Executive and Independent Director;
2. Mr Kuok Khoon Hong – Executive Director;
3. Mr Tay Kah Chye – Non-Executive and Independent Director; and
4. Mr Lim Siong Guan – Non-Executive and Lead Independent Director.

# CORPORATE GOVERNANCE

The NC met twice in 2019. The NC's role is set out in its written terms of reference. The functions of the NC include the following:

1. Review and recommend to the Board all appointments, re-appointments and retirement of Directors (including alternate directors, if applicable);
2. Determine annually, and as and when circumstances require, the independence of its Independent Directors;
3. Review the balance and mix of relevant experience, knowledge, skills as well as attributes of the Directors as well as the size and composition of the Board to meet the business and governance needs of the Group;
4. Evaluate whether or not a Director is able to and has been adequately carrying out his or her duties as a Director of the Company when he or she holds multiple listed company board representations and other principal commitments;
5. Develop a process to conduct formal assessments of the effectiveness of the Board, the Board Committees and Directors;
6. Review and recommend training needs (including professional development programmes) for the Board and its directors;
7. Review the succession plans for the Board and key management personnel; and
8. Review and recommend to the Board the appropriate performance benchmarks for monitoring the share performance of Wilmar, relative to its peers in the same industry and movements in the Singapore Straits Times Index.

## **Directors' time commitment and multiple directorships**

In determining annually whether Directors who hold other non-Group Board appointments are able to carry and have adequately carried out their duties as Directors of the Company, the NC takes into account the results of the assessment of the competencies, commitment and contributions of the individual Director. The NC and the Board are satisfied that in FY2019, each of the Directors was able to give sufficient attention to the affairs of the Company and has adequately carried out his or her duties as a Director of the Company.

While the Board acknowledges that setting a prescriptive limit on listed company board representations may help to address the issue of competing time commitments of Directors, no limit has been set as the Board is of the opinion that a more meaningful measure is the quality of time spent on the Company's matters and the ability to contribute effectively to the Board. The Board is satisfied that each of the Directors is able to carry and has diligently discharged his or her duties as a Director of the Company.

## **Succession planning**

The Board embraces the philosophy that a good Board needs the support of a strong and effective key management team. As part of the process of succession planning, the Company, which is supportive of gender and workforce diversity, will continually train and groom capable staff to fill key positions to bolster the overall strength and depth of the key management team for the Group's global operations.

## **Process for selection and nomination of new Directors**

In line with the NC's guiding principle of selecting the most suitable persons for Director appointments, the NC taps on its network of contacts and recommendations from Directors and/or may engage external professionals to assist with identifying and short-listing the most competent individuals who are capable of contributing to the success of the Group. In the selection process for the appointment of new Directors, the NC also takes into consideration, the diversity in skills, experience, gender, age and industry knowledge as well as the desired competencies of the potential candidate. The objective is to boost the Board's competency in its leadership strength and to add diversity of skills to the existing attributes of the Board. The NC then submits its recommendations to the Board for approval.

### **Rotation and Re-election of Directors**

In accordance with the Constitution of the Company and in compliance with Listing Rule 720(5), one-third of the Directors who have been longest in office since their last re-election, are required to retire by rotation at least once every three years. These Directors are eligible for re-election, subject to approval by the shareholders at the annual general meeting ("AGM"). New Directors will hold office only until the next AGM following their appointments and they will be eligible for re-election. Such Directors are not taken into account in determining the number of Directors who are to retire by rotation.

The NC has, in its deliberations on the re-appointment of existing Directors, taken into consideration the relevant Director's contribution and performance. The assessment parameters include attendance record and degree of participation at meetings of the Board and Board Committees as well as the quality of participation and contributions.

The Board has accepted the NC's recommendation to seek approval from shareholders at the forthcoming AGM to re-elect the following Directors, who will be retiring under the respective provisions of the Constitution of the Company and are eligible for re-election:

1. Mr Kwah Thiam Hock (retiring under Article 105);
2. Mr Tay Kah Chye (retiring under Article 105);
3. Mr Kuok Khoon Hua (retiring under Article 105);
4. Mr Kuok Khoon Ean (retiring under Article 105)
5. Mr Teo Siong Seng (retiring under Article 106); and
6. Mr Soh Gim Teik (retiring under Article 106).

### **Principle 5: Board Performance**

The NC conducts formal assessments of the effectiveness of the Board, Board Committees and the contributions of Directors on an annual basis. The NC also reviews the objective performance criteria such as comparison of key performance indicators of the Company with its peers and the Company's share price performance vis-à-vis the Singapore Straits Times Index.

Board assessment is done on a collective basis by requiring each Director to complete an electronic evaluation form which covers areas such as Board processes, Board accountability, Board knowledge of key risk management and internal control issues as well as guidance to Management. The assessment of the effectiveness of Board Committees is done by the respective Board Committee members. As for the appraisal of the contributions of Directors, the evaluation is done collectively based on several factors including Directors' effective contributions and their knowledge of the Group's business operations and regulatory requirements. The reason for adopting a collective evaluation instead of peer evaluation by each Director is to maintain and promote unity amongst board members through constructive communication within the Board. The assessment of the Board Chairman is done through assessment of him in his concurrent role as CEO. The purpose of the annual evaluation is to seek the respective views of the Directors on various aspects of the Board's performance and effectiveness of the contributions of directors. The responses to the assessment factors are discussed at the NC meeting and the summarized results are presented to the Board for review and decision to implement appropriate actions to enhance key areas (if any) that have been identified for improvement.

The NC, having assessed the performance of the Board and Board Committees and the contributions of Directors for FY2019, is pleased to report that there were no significant issues that warrant the Board's attention. The results of the assessments were satisfactory and accepted by the Board.

# CORPORATE GOVERNANCE

## B. REMUNERATION MATTERS

### Principle 6: Procedures for Developing Remuneration Policies

The Remuneration Committee (“RC”) assists the Board to ensure competitive compensation policies and packages are put in place. The scope of the RC covers review of remuneration packages for individual Directors and key management personnel, and also share option plans. The RC is chaired by Mr Kwah Thiam Hock and its members comprise Mr Tay Kah Chye and Mr Lim Siong Guan. All RC members are Independent Directors and no Director is involved in deciding his own remuneration.

In accordance with the RC’s terms of reference, the RC’s responsibilities are to:

1. Review and recommend to the Board, a framework of remuneration for the Board and key management personnel. The framework covers all aspects of remuneration, including but not limited to Directors’ fees, salaries, allowances, bonuses, grant of shares and share options and benefits-in-kind;
2. Review and determine the specific remuneration packages for each Director as well as for the key management personnel;
3. Implement and administer the Company’s share options plan;
4. Review the Group’s obligations arising in the event of termination of the Executive Directors’ and key management personnel’s contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses; and
5. Review the development of senior staff and assess their strengths and development needs based on the Group’s leadership competencies framework, with the aim of building talent and maintaining strong and sound leadership for the Group.

RC members are assisted by the Company’s Human Resources (“HR”) Head, who would provide useful input on publicly available surveys conducted by independent HR Consultants on market expectation of salary increments and bonuses for senior executives. The HR Head also provides benchmarks of remuneration packages paid by comparable companies in various industries so as to ensure that Wilmar’s remuneration packages remain competitive and are in line with market rates and terms.

### Principle 7: Level and Mix of Remuneration

The Group’s remuneration philosophy is aimed at attracting, retaining and motivating Executive Directors and key management personnel of the highest calibre through a framework which aligns rewards with the performance and the achievement of strategic objectives.

The framework consists of a fixed and a variable component. The variable component includes an annual bonus tied to the performance of the individual and the Company, as well as short and long-term incentives in the form of share options designed to strengthen the pay-for-performance framework which serves to reward and recognise key executives’ contributions to the growth of the Company. The RC seeks to ensure that key criteria, namely, company profitability, competitiveness, reasonableness as well as linkage to performance and value creation are satisfied for the executives’ remuneration packages.

The fixed component is determined by benchmarking against similar industries, taking into consideration the individual’s responsibilities, performance, qualification and experience. This fixed base may be presented in a combination of cash and non-cash benefits, at the Group’s discretion. With greater stabilisation in the Group’s business, RC will consider in future some tweaking of the ratio between fixed and variable components of the remuneration package.

These benefits aim to directly align the interests of Directors, senior management and key executives with the interests of shareholders, to improve performance and achieve sustainable growth for the Company and to strengthen the ownership culture among its senior management and key executives in times of rapid globalisation.

Non-Executive Directors and Independent Directors of the Company do not receive any salary. They receive annual Directors' fees, which are subject to the approval of shareholders at the Company's AGM. To align the interests of Non-Executive Directors and Independent Directors with the interests of shareholders, they also participate in the Company's share option scheme. The RC ensures that the Independent Directors are not over-compensated to the extent that their independence may be compromised.

The structure of Directors' fees for FY2019 is as follows:

Fee Structure for Directors' Fees for FY2019

1. A single base fee of S\$80,000 for serving as Non-Executive Director;
2. Additional fee of S\$20,000 for serving as Lead Independent Director; and
3. Additional fee for serving as Chairman/Member on the following Board Committees:

**Chairman's Fee**

NAME OF COMMITTEE	FY2019 S\$
Audit Committee	40,000
Risk Management Committee	40,000
Remuneration Committee	20,000
Nominating Committee	20,000

**Member's Fee**

NAME OF COMMITTEE	FY2019 S\$
Audit Committee	20,000
Risk Management Committee	20,000
Remuneration Committee	10,000
Nominating Committee	10,000

To drive management behaviour and performance as well as to reflect the Company's commitment to protecting shareholder value and to ensure accountability for actions, the remuneration of the key management team and selected senior executives is subject to a clawback scheme which was implemented in May 2014. The clawback scheme allows the Company to reclaim, in exceptional circumstances, the incentive components of the remuneration from these key employees, where negligence, misconduct or fraud has resulted in financial or reputational loss to the Company. The list of key executives subject to the clawback scheme is reviewed from time to time.

# CORPORATE GOVERNANCE

## Principle 8: Disclosure on Remuneration

The breakdown of the remuneration of the Directors and the top five Key Executives of the Company for FY2019 is as follows:

NAME OF DIRECTORS	PROPOSED DIRECTORS' FEE	SALARY**	BENEFITS	AMORTISATION OF SHARE OPTION EXPENSES*	VARIABLE BONUS	TOTAL
Executive Directors	S\$	S\$	S\$	S\$	S\$	S\$
Kuok Khoon Hong	NIL	1,003,650	56,790	293,715	6,000,000	7,354,155
Pua Seck Guan (part-time)	NIL	542,940	39,341	170,310	1,600,000	2,352,591
Teo La-Mei	NIL	625,260	600	146,858	1,000,000	1,772,718
Non-Executive Directors						
Kuok Khoon Ean	80,000	–	–	95,000	–	175,000
Kuok Khoon Hua	80,000	–	–	95,000	–	175,000
Raymond Guy Young <sup>(Note 1)</sup>	80,000	–	–	95,000	–	175,000
Juan Ricardo Luciano <sup>(Note 2)</sup>	–	–	–	–	–	–
Lim Siong Guan <sup>(Note 3)</sup>	148,563	–	–	–	–	148,563
Yeo Teng Yang <sup>(Note 4)</sup>	56,592	–	–	114,000	–	170,592
Tay Kah Chye	160,000	–	–	95,000	–	255,000
Kwah Thiam Hock	140,000	–	–	95,000	–	235,000
Kishore Mahbubani	80,000	–	–	95,000	–	175,000
Weijian Shan	80,000	–	–	–	–	80,000
Teo Siong Seng <sup>(Note 5)</sup>	53,334	–	–	–	–	53,334
Soh Gim Teik <sup>(Note 6)</sup>	6,667	–	–	–	–	6,667

Note 1 – Fee is payable to Archer Daniels Midland Company.

Note 2 – No fee is payable.

Note 3 – Mr Lim Siong Guan was appointed as Lead Independent Director on 24 April 2019.

Note 4 – Mr Yeo Teng Yang retired as a Wilmar Director on 24 April 2019.

Note 5 – Mr Teo Siong Seng was appointed as a Non-Executive and Independent Director on 1 May 2019.

Note 6 – Mr Soh Gim Teik was appointed as a Non-Executive and Independent Director on 1 December 2019.

## Top 5 Key Executives

NAME	SALARY**	BENEFITS	AMORTISATION OF SHARE OPTION EXPENSES*	VARIABLE BONUS	TOTAL	REMUNERATION BAND
Mu Yankui	21%	–	–	79%	100%	S\$2,750,000 to S\$3,000,000
Rahul Kale	26%	–	6%	68%	100%	S\$2,500,000 to S\$2,750,000
Matthew John Morgenroth	27%	3%	6%	64%	100%	S\$2,250,000 to S\$2,500,000
Thomas Lim Kim Guan	27%	–	6%	67%	100%	S\$2,250,000 to S\$2,500,000
Niu Yu Xin	26%	–	–	74%	100%	S\$2,000,000 to S\$2,250,000

The aggregate remuneration of the top five key executives is S\$12,477,474. The remuneration of the Company's top five key executives takes into account the pay and employment conditions within the industry and is largely performance-related. The Company is of the opinion that it is not in the best interest of the Company to disclose the exact details of their remuneration due to the competitiveness of the industry for key talent.

### Notes:

\* The fair values of the options are estimated at the respective grant dates using trinomial option pricing in the Bloomberg Executive Option Valuation Module and binomial options pricing model respectively.

\*\* The remuneration reported includes all forms of remuneration from the Company and its subsidiaries. Save as disclosed, they do not receive any other remuneration from the Company and its subsidiaries.

## Remuneration of Immediate Family Member(s) of Director(s)

Ms Kuok Yit Li, the sister of Mr Kuok Khoon Hong, Wilmar's Chairman and CEO, is employed as an Executive in the Finance Department. Her remuneration is in the range of S\$50,000 to S\$100,000 for FY2019. Mr Kuok Meng Yuan, an Executive in the Trading Department, is the son of Mr Kuok Khoon Hong, Wilmar's Chairman and CEO. His remuneration for FY2019 was less than S\$50,000.

Save as disclosed, there were no other immediate family members of the Directors employed by the Company.

## C. ACCOUNTABILITY & AUDIT

### Principle 9: Risk Management and Internal Controls

The Board, with the assistance from the RMC and AC, is responsible for the governance of risk by ensuring that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the Group's assets, and determines the nature and extent of the significant risks which the Board is willing to take in achieving strategic objectives.

The RMC assists the Board in overseeing the market, credit and operational risk governance in the Company to ensure that Management maintains a sound system of risk management to safeguard shareholders' interests and the Group's assets. It also determines and proposes to the Board, the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives. Details on risk governance are found in the Risk Management Report on Page 54 of this Annual Report.

The RMC is chaired by Mr Lim Siong Guan, the Lead Independent Director, who is also a member of the AC, NC and RC. The RMC comprises two other Board members, namely Mr Kuok Khoon Hong (Executive Director) and Mr Tay Kah Chye (Non-Executive and Independent Director), who is also the Chairman of the AC. The RMC meets no less than four times a year and also holds informal meetings, as and when the need arises.

# CORPORATE GOVERNANCE

The objectives of the RMC include the following:

1. Review the overall risk management policy/guidelines/framework including environmental and social sustainability issues;
2. Review and recommend risk limits;
3. Determines risk tolerance level for the Group; and
4. Review major non-compliance with risk policies.

In carrying out its duties, the RMC is currently assisted by the Executive Risk Committee (“ERC”). The ERC comprises, Mr Kuok Khoon Hong (CEO), Mr Pua Seck Guan (COO), Mr Charles Loo Cheau Leong (Deputy CFO) and Mr Thomas Lim Kim Guan (Group Head, Edible Oils). The principal duties of the ERC are as follows:

1. Responsible for the monitoring and improvement of the overall effectiveness of the Group’s risk management policies and systems;
2. Review and oversee the implementation of trade positions and limits to manage the Group’s overall market, credit and operational risk exposures;
3. Provide risk management oversight on market risk exposures on commodities and currencies; and
4. Establish the principal considerations in relation to the type of trading partners/customers of the Group and other merchandising policies (with due consideration given to the prevailing environmental sustainability policies mandated by the Company) to ensure that business activities are within the risk tolerance thresholds approved by the Board.

## **Assurance from the CEO and CFO in respect of FY2019 financial statements and records**

The AC reviews the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company. In addition, the AC has received and reviewed a formal assurance from the CEO and CFO that the financial records of the Group have been properly maintained and the financial statements in respect of FY2019 give a true and fair view of the Group’s operations and finances.

## **Opinion on the adequacy and effectiveness of internal control and risk management systems**

The Board has also received assurance from the CEO and CFO that the system of risk management and internal controls in place within the Group is adequate and effective in addressing the material risks faced by the Group in its current business and operating environment, including material financial, operations, compliance and IT risks.

Internal control processes are regularly strengthened to take into account changes to the business needs of the Group. Audit checks are performed by the internal and external auditors while regular reviews are done by Management, the Board and relevant Board Committees. On these bases, the Board, with the concurrence of the AC, is of the opinion that the Group’s internal control and risk management systems were adequate and effective as at 31 December 2019 to address financial, operations, IT and compliance risks which are relevant and material to the Group’s operations.

The Board notes that the system of internal controls provides reasonable, but not absolute assurance that the Group will not be affected by any event that could be reasonably foreseen as it strives to achieve its business objectives. Further, the Board also notes that no system can provide absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error, fraud or other irregularities.

### Dealings in Securities

The Group has in place a set of procedures to advise on the prohibition of dealings in securities by all Directors of Wilmar and employees of the Company and its subsidiaries, which include the following:

1. All Wilmar Directors and employees of the Group are prohibited from dealing in the Company's securities during the period commencing two weeks prior to the announcement of the Group's quarterly results and one month prior to the announcement of the Group's full year results.
2. To further prevent insider trading of Wilmar securities, the quarterly trade blackout periods will be extended by two weeks for certain Management staff, who by virtue of their positions or job functions, may have access to confidential, unpublished information on the Group's financial results. Thus, Management Staff will be prohibited from dealing in Wilmar securities during the period commencing four weeks (instead of two weeks) prior to the announcement of the Group's quarterly results and one month plus two weeks (instead of one month) prior to the announcement of the Group's full year results.
3. The prohibition of dealings by Wilmar Directors and employees of the Group extends to the Company's securities and securities of other companies while they are in possession of price or trade sensitive information or have access to unpublished price or trade sensitive information relating to such securities.

The Company has adopted a written Securities Trading Policy approved by the Board to formalize the above procedures on the dealings in securities by Directors and staff of the Group. A copy of the aforesaid policy is posted on the Company's intranet portal.

Directors and employees are reminded on a quarterly basis to refrain from dealing in the Company's securities on short-term considerations and to observe insider trading laws at all times, even when dealing in securities during the permitted trading period. A set of guidance notes on laws against insider trading is made available to employees of the Group through various communication channels, including dissemination by internal circulars and posting on the Company's intranet portal. These procedures are reviewed and updated from time to time and further strengthened for good corporate governance.

### Principle 10: Audit Committee

The AC comprises three Independent Directors, namely Mr Tay Kah Chye (Chairman), Mr Kwah Thiam Hock and Mr Lim Siong Guan, all of whom have accounting or financial management qualifications, expertise and experience. None of the AC members were previous partners or directors of EY, the Company's external auditor and they do not hold any financial interest in EY.

The Board is of the view that members of the AC have the appropriate qualifications and the relevant accounting, finance, business management and risk management expertise and experience to collectively discharge the AC functions competently.

During FY2019, the AC was briefed regularly by the external auditor on changes in Financial Reporting Standards which are relevant to the Group's businesses.

The main responsibilities of the AC are to assist the Board in discharging its statutory and other responsibilities in overseeing four main areas, namely financial reporting, internal control and risk management systems, internal and external audit processes and Interested Person Transactions ("IPTs").

## CORPORATE GOVERNANCE

The operations of the AC are regulated by the AC Terms of Reference. The duties of the AC include the following:

1. Review significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the Group and any formal announcements relating to the Group's financial performance before their submission to the Board;
2. Review and report to the Board at least annually on the adequacy and effectiveness of the Group's risk management systems and internal controls to address financial, operations, IT and compliance risks which are relevant to the Group's operations;
3. Review the adequacy, effectiveness and independence of the Group's IA function at least annually, including the adequacy of IA resources and its appropriate standing within the Group, as well as the scope and the results of the IA procedures;
4. Review terms of engagement, the scope and results of the external audit work, the cost-effectiveness of the audit, and the independence and objectivity of the external auditor;
5. Recommend to the Board the appointment, re-appointment, remuneration and removal of the external auditor to be approved by the shareholders of the Company;
6. Review the Whistleblowing Policy and arrangements by which staff of the Group and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters and ensure that arrangements are in place for such concerns to be raised and independently investigated and for appropriate follow up actions to be taken; and
7. Review IPTs in accordance with the requirements of the SGX-ST Listing Manual and the mandate for IPTs approved by the shareholders of the Company ("IPT Mandate").

The AC has the explicit authority to investigate any matter within its terms of reference and is at liberty to obtain independent professional advice. It has full access to and has the co-operation of Management, as well as reasonable resources to enable it to discharge its duties properly. It also has full discretion to invite any Director or executive officer or any other person to attend its meetings.

The principal activities of the AC during FY2019 are summarised below.

### Financial reporting

All Directors (who are not AC members) and external auditor are invited to attend AC meetings. Various members of the Management team are required to attend AC meetings, as appropriate, to present reports or answer queries.

The AC met four times during FY2019 to review, inter alia, the following:

1. The financial statements of the Company and the Group before each of the announcements of the Company's quarterly and annual results as well as the auditor's report on the annual financial statements. During the process, the AC reviewed, among other things, the key areas of management judgment applied for adequate provision and disclosure, critical accounting policies and any significant changes made that would have an impact on the financial statements; and
2. The external auditor's plans for the purpose of discussing the scope of the audit and reporting obligations before the audit commences. All significant audit findings and recommendations made by the external auditor were discussed, and where appropriate, implementation of such recommendations was followed up with Management.

In the review of the financial statements for FY2019, the AC has discussed with Management, the accounting principles that were applied and their judgment of items that might affect the integrity of the financial statements. The following key audit matters impacting the financial statements were discussed with Management and the external auditor and were reviewed by the AC:

KEY AUDIT MATTERS	HOW AC REVIEWED THESE MATTERS AND WHAT DECISIONS WERE MADE
<b>Impairment assessment on goodwill and brands</b>	<p>The AC considered the approach and methodology applied to the valuation model in goodwill and brands impairment assessment.</p> <p>The AC reviewed the reasonableness of cash flow forecasts, the long-term growth rate and discount rate.</p> <p>The impairment review was also an area of focus for the external auditor. The external auditor has included this item as a key audit matter in its audit report for FY2019. Refer to page 92 of this Annual Report.</p>
<b>Accounting for derivative transactions</b>	<p>The AC considered and reviewed the methodology and assumptions applied to the valuation of the derivative transactions.</p> <p>The accounting for derivative transactions was also an area of focus for the external auditor. The external auditor has included this item as a key audit matter in its audit report for FY2019. Refer to page 93 of this Annual Report.</p>

Following the review and discussions on the financial statements, the AC recommended to the Board to approve the full year financial statements.

During FY2019, the AC had one meeting with the external auditor and internal auditor separately, without the presence of Management. Such meetings enable the external auditor and Group Head of IA to raise issues encountered in the course of their work directly with the AC, in a free and frank manner.

#### External audit processes

The AC manages the relationship with the Group’s external auditor, on behalf of the Board. During FY2019, the AC carried out its annual assessment of the cost-effectiveness of the audit process, together with external auditor’s approach to audit quality and transparency. The AC concluded that the external auditor demonstrated appropriate qualifications and expertise and that the audit process was effective.

The AC has recommended to the Board, the re-appointment of EY, a firm registered with ACRA, as the Company’s external auditor at the forthcoming AGM.

The Board and AC have reviewed and are satisfied that the appointment of different audit firms for certain subsidiaries and associated companies would not compromise the standard and effectiveness of the audit of the Group. Accordingly, the Company has complied with Rule 712 and Rule 715 (read with Rule 716) of the SGX-ST Listing Manual.

# CORPORATE GOVERNANCE

## Auditor independence

In order to maintain the independence of the external auditor, the Group has a specific policy which governs the conduct of non-audit work by the external auditor. This policy prohibits the external auditor from:

1. Performing services which would result in the auditing of their own work;
2. Participating in activities normally undertaken by Management; and
3. Acting as advocate for the Group.

The AC undertook a review of the independence and objectivity of the external auditor through discussions with the external auditor as well as reviewing the non-audit fees paid to the external auditor. An analysis of fees paid in respect of audit and non-audit services provided, by breakdown for the past two years, is disclosed in note 10 of the notes to the financial statements found in this Annual Report.

Having undertaken a review of the non-audit services provided during the year, the AC remains confident that the objectivity and independence of the external auditor are not in any way impaired by reason of the non-audit services which they provide to the Group. The AC is also satisfied that these services were provided efficiently by the external auditor as a result of their existing knowledge of the business.

## Internal audit

The IA Department conducts audit of companies within the Wilmar Group and oversees the work being carried out in the respective key operational jurisdictions by the local IA department. The IA is an independent function within the Group. The Group Head of IA reports directly to the AC functionally.

The IA function adopts the International Standards for the Professional Practice of Internal Auditing (the IIA Standards) issued by the Institute of Internal Auditors.

The AC approves the hiring, removal, evaluation and compensation of the Group Head of IA. The scope of authority and responsibility of the IA function is defined in the AC Terms of Reference.

The primary role of IA function is to assist the Board and Management to meet the strategic and operational objectives of the Group, by providing an independent and objective evaluation of the adequacy and effectiveness of risk management, controls and governance processes. The Group's IA approach is aligned with its risk management objectives by focusing on key financial, operations, compliance and IT risks. The annual IA plan is established in consultation with, but independent of, Management. The annual IA plan is reviewed and approved by the AC. Significant IA findings, recommendations and status of remediation, are circulated to the AC, the Board, the external auditor and relevant Management members.

The Group Head of IA presents the IA findings to the AC and the Board at the AC and Board meetings on a half yearly basis. The AC meets with the Group Head of IA once a year, without the presence of Management. The internal auditors have unfettered access to all the Group's documents, records, properties and personnel, including the AC.

The AC reviewed the adequacy of the IA function and is satisfied that the IA team is effective and adequately resourced.

## Interested person transactions

The AC reviewed the Group's IPTs for FY2019 to ensure that the transactions were carried out on normal commercial terms and are not prejudicial to the interests of the Company or its non-controlling shareholders. On a quarterly basis, Management reports to the AC, the Group's IPTs in accordance with the IPT Mandate.

The Group Head of IA informed the AC that the internal control procedures for determining the transaction prices of IPTs have not changed since the date of the 2019 AGM, at which the IPT Mandate was last renewed.

The AC is satisfied that the internal controls in respect of the identification, evaluation, review, approval and reporting of IPTs are effective.

The aggregate value of transactions entered into by the Group with interested persons as defined in the SGX-ST Listing Manual for FY2019 is as follows:

Name of Interested Person	Nature of relationship	Aggregate value of all Interested Person Transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all Interested Person Transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
		FY2019 US\$'000	FY2019 US\$'000
Archer Daniels Midland Group	Controlling shareholder and its associates	NIL	1,480,128
Associates of Kuok Khoon Ean & Kuok Khoon Hua <sup>#</sup>	Associates of Directors	259	8,141
Kuok Khoon Hong's Associates	Associates of Director	3,613	6,347
PPB Group Berhad and its associates	Controlling shareholder and its associates	141,031	NIL

<sup>#</sup> The IP associates for Mr Kuok Khoon Ean and Mr Kuok Khoon Hua are substantially the same and are not disclosed separately to avoid duplication.

### Whistleblowing policy

The Company has in place a Whistleblowing Policy which covers employees and external parties including customers, suppliers, contractors and anyone who is a stakeholder of the Group. The objective of the Whistleblowing Policy is to provide an avenue for employees and external parties to raise concerns about dishonesty, fraudulent acts, corruption and improper conduct that may cause financial or non-financial loss to the Group, with the assurance that they will be protected from reprisals or victimisation for whistleblowing in good faith. Where whistleblowing results in prevention or recovery of what would otherwise have been monetary damage to the Company, the whistle-blower may be given a reward.

Whistleblowing cases reported were objectively assessed and investigation and appropriate remedial measures were taken where warranted, and if substantiated, they were reported to the AC in accordance with the guidelines set out in the Company's Whistleblowing Policy.

The implementation of the Whistleblowing Policy has been communicated to employees of the Group. The Whistleblowing Policy is also posted on the Company's website. On an ongoing basis, the Whistleblowing Policy is covered during staff training as part of the Group's efforts to promote awareness of possible corporate improprieties.

### Compliance-related policies

In addition to the Whistleblowing Policy, the Company has in place other compliance-related policies including Code of Conduct, Code of Ethics and Anti-Fraud Policy, which set out the principles and standards of behaviour that are expected of employees of the Group when dealing with customers, suppliers, business associates and colleagues as well as how the Company deals with fraud incidents. These compliance-related policies also cover the Anti-Bribery and Anti-Corruption policy of the Company.

These policies have been communicated to employees of the Group and are also available on the Company's website. To ensure compliance with these policies, compulsory refresher sessions on compliance-related topics are organised for employees on a regular basis via an e-learning application developed by the Company's HR Department.

# CORPORATE GOVERNANCE

## D. SHAREHOLDERS' RIGHTS AND ENGAGEMENT

### Principle 11: Shareholder Rights and Conduct of General Meetings

#### Shareholder Rights

The Company is committed to treating all shareholders fairly and equitably to facilitate the exercise of their ownership rights and to provide them with adequate, timely and sufficient information pertaining to changes in the Group's business which could have a material impact on the Company's share price.

All shareholders receive the Company's annual report and notice of AGM as well as Letter to Shareholders and notice(s) of extraordinary general meeting(s) ("EGMs") (where applicable) within the prescribed notice periods set out in the Company's Constitution and the prevailing laws and regulations. The notices are also released via SGXNet and published in local newspapers, as well as uploaded on the Company's website.

Besides exercising their voting rights at the general meetings convened by the Company, shareholders are encouraged to participate actively and also voice their concerns on any matters relating to the Company and the Group.

#### Conduct of Shareholders' Meetings

The Board supports and encourages active shareholder participation at shareholders' meetings. Shareholders are informed of the shareholders' meetings through notices of shareholders' meetings, releases via SGXNet, publication in local newspapers, as well as postings on the Company's website. The shareholders' meetings provide shareholders the opportunity to share their views, meet the Board and senior management, and to interact with them.

As part of the Company's commitment towards more environmentally-friendly and sustainable practices, it discontinued the practice of mailing out CD-ROMS for its annual reports and circulars in 2018. The Company will continue to notify shareholders on how they can access the electronic versions of these reports on the Wilmar website. Physical copies of the Company's annual reports and circulars will continue to be made available upon request.

The Constitution allows a shareholder who is a relevant intermediary (as defined in the Singapore Companies Act), which includes bank nominees, licensed custodians and the Central Provident Fund ("CPF") Board, to appoint more than two proxies to attend and vote on its behalf at shareholders' meetings. This enables indirect investors including shareholders, who hold the Company's shares through the CPF Investment Scheme and the Supplementary Retirement Scheme, to attend and vote at shareholders' meetings in person. Shareholders who are not relevant intermediaries are allowed to appoint up to two proxies to attend and vote on their behalf at shareholders' meetings.

As the authentication of shareholder identity information and other related security issues remain a concern, voting in absentia by mail, email or fax has not been implemented.

In compliance with the Companies Act, all resolutions tabled at the Company's shareholders' meetings are separate and voted on individually. The Company has implemented poll voting for all shareholders' resolutions since 2016. All shareholders present are briefed on the voting procedures before the start of the meeting. The voting process is conducted in the presence of an independent scrutineer. Prior to the start of the shareholders' meetings, the scrutineer will review the proxies and the electronic poll voting system.

For the 2019 AGM and EGM held on the same day, all Directors (except Mr Kuok Khoo Hua) and senior management of the Company, external legal advisors and auditor were present at the AGM and EGM held by the Company to address queries from shareholders who attended the meetings. At the start of the AGM, Wilmar's CFO presented an update on the Group's progress and financial highlights. The presentation is available on the websites of SGX and the Company for the benefit of shareholders who were unable to attend the AGM. All resolutions were put to vote by poll. The results of the poll voting were published instantaneously at the AGM and EGM and announced via the SGXNet after the conclusion of the AGM and EGM. Minutes of general meetings which include relevant and substantial comments from shareholders relating to the agenda of the meetings and responses from Directors are also available on the Company's website.

### **Dividend policy**

The Company has been declaring dividends twice a year to its shareholders at half-year and year-end since 2008. In considering the level of dividend payments, the Board takes into account various factors including but not limited to the projected levels of capital expenditure and other investment plans, as well as the Group's working capital requirements and general financial condition. For FY2019, the Board has recommended a final dividend of S\$0.095 per ordinary share, bringing the total dividend for the year to S\$0.125 per share, representing a dividend payout of around 45% of its net profits.

### **Principle 12: Engagement with Shareholders Communication with Shareholders**

#### **Disclosure of information on a timely basis**

The Company is committed to maintaining high standards of corporate disclosure and transparency. The Company has an Investor Relations Policy (a copy of which is posted on the Company's website) to ensure that all material information is disclosed in a comprehensive, accurate and timely manner through the release of announcements and media releases posted on the SGX website. Shareholders and the investing public can access the Company's announcements, media releases, presentation materials disseminated at briefings and other corporate information that have been uploaded on its website [www.wilmar-international.com](http://www.wilmar-international.com). The website provides an effective method of reaching a wide audience and also allows users to sign up for alerts to such disclosures, providing an easy and timely way to stay updated on the Company's latest corporate developments.

To ensure a level playing field and provide confidence to shareholders, unpublished price and trade sensitive information is not selectively disclosed. In the event that unpublished material information is inadvertently disclosed to a select group in the course of the Group's interactions with the investing community, a media release or announcement will be released to the public via SGXNet.

#### **Interaction with shareholders**

The Group has a dedicated investor relations (IR) team which focuses on facilitating communications with shareholders and analysts on a regular basis and attending to their queries or concerns in a timely manner. The Company's website provides contact details for investors to submit their feedback and raise any questions.

The IR team participates in investor seminars and conferences both locally and overseas, together with key management personnel, to keep the market and investors apprised of the Group's corporate developments and financial performance.

During FY2019, the IR team, together with senior management, engaged with over 150 Singapore and foreign investors at conferences, roadshows as well as one-on-one and group meetings. The aim of such engagements is to:

1. Provide shareholders and investors with relevant information promptly, to enable them to have a better understanding of the Group's businesses and performance; and
2. Solicit feedback from the investment community, including shareholders, on a range of strategic and topical issues. Such engagements provide invaluable insights to the Board and Management on investors' views and concerns. It also helps the Group to identify areas of improvement for investor communication.

# CORPORATE GOVERNANCE

## E. MANAGING STAKEHOLDERS RELATIONSHIPS

### Principle 13 – Engagement with Stakeholders

The Board has adopted an inclusive approach by balancing the needs and interests of material stakeholders, beyond shareholders. This is done through the following methods:

- a) identifying and managing relationships with material stakeholder groups;
- b) delineation of key focus areas in relation to management of stakeholder relationships; and
- c) maintaining a current corporate website to communicate and engage with stakeholders.

How the engagement with stakeholders is undertaken and executed is described in the following summary table:

STAKEHOLDERS	INTERESTS/ KEY CONCERNS OF STAKEHOLDERS	WILMAR'S RESPONSE	METHODS OF ENGAGEMENT
Employees	<ul style="list-style-type: none"> <li>• Fair workplace practices</li> <li>• Career advancement</li> <li>• Learning and development</li> <li>• Instilling Wilmar core values and sense of belonging</li> <li>• Women empowerment &amp; equitable employment</li> <li>• Health and safety</li> <li>• Welfare of families and children</li> <li>• Education for children</li> <li>• Better direct communication with management</li> </ul>	<ul style="list-style-type: none"> <li>• User-friendly internal platform to promote employees' welfare</li> <li>• Reward for performance</li> <li>• Wilmar Equal Opportunity policy sets out its commitment to provide equal opportunity in all aspects of employment.</li> <li>• Provide opportunity for career development and advancement</li> <li>• Employee engagement initiatives and events</li> <li>• The Wilmar Women's Charter defines the Women's Committee structure which provides an avenue to address issues specific to women in the workforce, and for these to be raised with management in a comprehensive manner.</li> <li>• Wilmar has a Health &amp; Safety policy across all operations. This ensures a safe working environment in workplaces as well as other areas under Wilmar's management, such as workers' housing and Wilmar's facilities including schools and clinics. In addition, many of Wilmar's own operations are Health &amp; Safety certified, or certified to sustainability production standards which include specific requirements for Health &amp; Safety.</li> <li>• In Wilmar's oil palm plantation and mill operations, housing (with electricity and running water) is provided to all workers and their families. This includes access to schools supported by Wilmar, creche services for children under school-going age, school bus services and access to playground facilities.</li> <li>• Wilmar has in place grievance procedures at each workplace. For the plantation operations, Wilmar partnered with Roundtable on Sustainable Palm Oil ("RSPO") to pilot "Ulula" in 2019, a phone-based system for workers to raise grievances directly to management.</li> <li>• Wilmar has a whistleblowing policy where employees of the Wilmar Group may, in confidence, raise concerns about possible corporate improprieties.</li> </ul>	<ul style="list-style-type: none"> <li>• Employee Learning &amp; Development Programmes</li> <li>• Health and Wellness activities publicised on the Company's Intranet portal</li> <li>• Company- and Department-wide social and team-building activities</li> <li>• Announcements and memos from HR and management where appropriate</li> <li>• In the countries where Wilmar operates, the HR Department has relationships with unions and has regular meetings with local union chapters and their members within Wilmar's operations.</li> <li>• Women's Committees meet once a quarter to discuss issues specific to their operations.</li> <li>• Wilmar organizes a variety of employee gatherings in all operations throughout the year. This provides a direct avenue for engagement between employees and management.</li> </ul>

STAKEHOLDERS	INTERESTS/ KEY CONCERNS OF STAKEHOLDERS	WILMAR'S RESPONSE	METHODS OF ENGAGEMENT
<b>Shareholders and the Investing Public</b>	<ul style="list-style-type: none"> <li>Accurate and timely updates on company's strategy, business and financial performance</li> <li>Business outlook</li> </ul>	<ul style="list-style-type: none"> <li>Practise good corporate governance, transparency and disclosure</li> <li>Provide accurate and timely updates via SGXNet, the Company's website and regular meetings with the investing community</li> </ul>	<ul style="list-style-type: none"> <li>Annual General Meeting</li> <li>Quarterly updates on financial results</li> <li>Participation in investor conferences and meetings</li> <li>Annual sustainability update sessions</li> <li>Responding to investor/ shareholder queries via email and telephone</li> <li>Corporate website – including dedicated sections for Investors &amp; Media and Sustainability as well as functions to subscribe for email alerts to the latest corporate developments and to request for information.</li> </ul>
<b>Customers</b>	<ul style="list-style-type: none"> <li>Quality of products, food safety</li> <li>Customer's sustainability policy</li> <li>Supply chain management</li> </ul>	<ul style="list-style-type: none"> <li>Group Quality Control system and regular audit and training</li> <li>Company to comply with customer's sustainability policy</li> <li>Ensure smooth and timely supply of products</li> </ul>	<ul style="list-style-type: none"> <li>Online Customer Response System for feedback on quality and service</li> <li>Regular direct engagement between Group Commercial and Sustainability teams and customers</li> <li>Integrated supply chain planning</li> </ul>
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>Support for sustainability requirements under No Deforestation, No Peat, No Exploitation ("NDPE") policy</li> <li>Balancing development needs and no deforestation requirements</li> </ul>	<ul style="list-style-type: none"> <li>Wilmar engages constructively with all suppliers for sustainability improvement. This engagement with suppliers is built into the process of supplier monitoring for NDPE policy compliance and has been in place since 2014.</li> <li>Wilmar's updated NDPE policy contains elements of how smallholders and local communities can be engaged in various respects to meet Wilmar's sustainability requirements. In addition, Wilmar continues to engage with Non-Government Organisations ("NGOs") to discuss cases that are linked to community and smallholder development.</li> </ul>	<ul style="list-style-type: none"> <li>Proactive engagement through local offices and in collaboration with NGOs</li> <li>Online sustainability reporting</li> <li>Wilmar has regular sessions and workshops with suppliers to explain sustainability requirements and to share Wilmar's own knowledge and examples on sustainability.</li> <li>Wilmar's membership in trade associations and sustainable production roundtables ensures Wilmar is in constant interface with suppliers on relevant issues.</li> </ul>
<b>Government/ Regulators/ Associations</b>	<ul style="list-style-type: none"> <li>Social responsibility</li> <li>Require Wilmar to comply with local regulations</li> </ul>	<ul style="list-style-type: none"> <li>All business is done according to local laws.</li> </ul>	<ul style="list-style-type: none"> <li>Comply with existing laws through implementing policies, guidelines and procedures to ensure adherence and continuous sustainability of business</li> </ul>

# CORPORATE GOVERNANCE

STAKEHOLDERS	INTERESTS/ KEY CONCERNS OF STAKEHOLDERS	WILMAR'S RESPONSE	METHODS OF ENGAGEMENT
Civil society	<p><b>Environmental NGOs</b></p> <ul style="list-style-type: none"> <li>Deforestation</li> <li>Loss of wildlife and their habitat</li> <li>Contribution of agriculture to climate change</li> <li>Transparency of concession maps</li> </ul> <p><b>Social NGOs</b></p> <ul style="list-style-type: none"> <li>Livelihood of smallholders and local communities</li> <li>Respect of customary lands &amp; restitution</li> <li>Human Rights for communities and employees</li> <li>Women's empowerment &amp; equitable employment</li> <li>Protecting Children's Rights</li> <li>Protection of Human Rights Defenders</li> </ul> <p><b>Labour Unions</b></p> <ul style="list-style-type: none"> <li>Fair wages</li> <li>Human Rights for employees</li> <li>Safe working conditions</li> <li>Improvement of industrial relations</li> </ul>	<ul style="list-style-type: none"> <li>Wilmar has a comprehensive NDPE policy which represents requirements for Wilmar's own operations as well as that of its suppliers. In 2019, the NDPE policy was updated to include more specifics on a deforestation cut-off date of 31 December 2015 (requiring recovery plans for land clearing after this date), and adoption of approach where verified actual deforestation or peat development after 1 January 2019 will have direct consequence on the business relationship. The No Exploitation component of the policy incorporates respect of Free, Prior and Informed Consent (FPIC), as well as respect for labour rights. The principle of FPIC is that a community has the right to give or withhold their consent to operations on lands which they hold.</li> <li>Wilmar has a comprehensive Human Rights Framework; Child Protection Policy; Women's Charter; and Whistleblowing Policy.</li> <li>All Wilmar's employees are covered with clear employment terms &amp; conditions, and these terms spell out work conditions. In countries where Wilmar has active labour unions, the terms &amp; conditions are negotiated with the unions. Where unions are restricted by regulation, Wilmar provides alternative avenues for workers to organise and collectively bargain.</li> </ul>	<ul style="list-style-type: none"> <li>Wilmar regularly meets with NGOs several times a year to discuss updates on Wilmar's sustainability commitments.</li> <li>Wilmar consults across civil society in the development of key policies and procedures linked to sustainability.</li> <li>As members of the RSPO, European Palm Oil Alliance (EPOA), Roundtable on Responsible Soy (RTRS), Bonsucro (the global sugarcane platform) and Tropical Forest Alliance (TFA), Wilmar interfaces with many NGOs and other civil society in dialogue.</li> <li>Wilmar respects the right to collective bargaining and as a result, it has local chapters of unions in its operations. Wilmar maintains open and constructive dialogue with various trade and workers unions, as well as union confederations.</li> </ul>

## MATERIAL CONTRACTS

During the financial year, there were no material contracts entered into by the Company or any of its subsidiaries involving the interests of any Director or a controlling shareholder of the Company, except for those IPTs announced via SGXNet from time to time in compliance with the SGX-ST Listing Manual.

Save as mentioned above, there are no other material contracts entered into by the Company or any of its subsidiaries involving the interest of the Director or controlling shareholder, which are either subsisting at the end of FY2019 or, if not then subsisting, entered into since the end of the previous financial year ended 31 December 2018.

Dated: 13 March 2020