



WILMAR INTERNATIONAL LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No. 199904785Z)

**RESPONSE TO SGX'S QUERIES ON THE COMPANY'S ANNUAL REPORT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

Wilmar International Limited (the "Company" or "Wilmar") refers to its Annual Report for Financial Year Ended 31 December 2019 ("AR2019"). The Company wishes to provide the following responses to questions received from the Singapore Exchange (the "SGX") on 9 June 2020.

Question

Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in the Code of Corporate Governance 2018 (the "Code"), an explanation on how the practices it had adopted are consistent with the intent of the relevant principle. In this regard:

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a. Provision 3.1 of the Code states that:

"The Chairman and Chief Executive Officer ("CEO") are separate persons to ensure an appropriate balance of power, increased accountability, and greater capacity of the Board for independent decision-making."

We note that the Company has not complied with Provision 3.1 of the Code as the Company's Chairman and CEO position is filled by the same person.

Where the Company's practices deviate from the provisions of the Code, please explicitly state the provision from which it has deviated from and explain how the practices it had adopted are consistent with the intent of Principle 3 of the Code, which requires a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision making.

Company's Response

The Company is aware that it has deviated from Provision 3.1 of the Code which states that "The Chairman and Chief Executive Officer ("CEO") are separate persons to ensure an appropriate balance of power, increased accountability, and greater capacity of the Board for independent decision-making."

The role of the Chairman and CEO of the Company is described at page 63 of the AR2019. Mr Kuok Khoon Hong is the Chairman and CEO of the Company. In Wilmar's case, combining the roles of Chairman and CEO brings about exceptional leadership and clear accountability and unequalled depth of knowledge to deal with the Group's strategic challenges and growth opportunities.

As the Chairman of the Board, Mr Kuok is responsible for leading the Board in an effective, strategic manner and ensuring high standards of corporate governance. As CEO, Mr Kuok delivers the execution of the Company's strategic plans and running the day-to-day management of the Company.

In his dual role, Mr Kuok is responsible for the management of the Wilmar Group, including risk management of its operations as well as business development. Because of the enormous opportunities available to the Group coupled with Mr Kuok's long years of experience in the business, the dual role that he holds, enables him to tap the maximum potential for the Group and grow the business more effectively. The effectiveness of this arrangement is proven by the fact that Wilmar became a Fortune 500 company in 2009, less than 20 years after its inception and has continued to grow its operations with consistent profit, even during difficult times.

With regard to concerns on the overlap in the dual role, there are sufficient safeguards to prevent inappropriate balance of power, lack of accountability and lack of independent decision making by the Board. Mr Kuok, who has a 12.5% interest in the Company, does not have a controlling interest in the Company nor is he able to control members of the Board. The Kuok Group and Archer Daniel Midlands together own nearly 60% of the Company and have 3 members on the Board. The Board is made up of a majority of Independent Directors. The Nominating Committee, Remuneration Committee, Audit Committee and Risk Management Committee comprise either fully or a majority of Independent Directors. There are therefore adequate safeguards in place to prevent an uneven concentration of power and authority in a single individual.

The Board has appointed Mr Lim Siong Guan as the lead independent director to avail himself to address stakeholders' concerns for circumstances in which contact through the normal channels of communication with the Chairman and Management are inappropriate or inadequate.

The Board is of the opinion that there is sufficient independence in its exercise of objective judgment on business affairs of the Group, in compliance with the intent of Principle 3 of the Code. No one individual has unfettered powers of decision-making, notwithstanding that the roles of Chairman and CEO are not separate.

Question

Listing Rule 1207(10C) requires the Audit Committee's comments on whether the internal audit function is independent, effective and adequately resourced. Please also provide information on whether the head of the internal audit function team has the relevant experience and qualifications.

Company's Response

The Company refers to page 74 of the AR2019. The Company stated that the Internal Audit Department is an independent function within the Group and the Group Head of Internal Audit reports directly to the Audit Committee functionally. The Audit Committee has reviewed the adequacy of the Internal Audit function and is satisfied that the Internal Audit team is independent, effective and adequately resourced. The Audit Committee approves the hiring, removal, evaluation and compensation of the Group Head of Internal Audit. Information on the relevant experience and qualifications of the Group Head of Internal Audit is appended below: -

Mr Patrick Tan Soo Chay has been the Head of Internal Audit of the Company since 2001. Prior to that, he was with the WBL Group of companies from 1995 to 2001 as Internal Audit Manager. He was with an international accounting firm from 1992 to 1995. He graduated from Nanyang Technological University with a Bachelor of Accountancy degree. Mr Tan is a Chartered Accountant with the Institute

of Singapore Chartered Accountants and also a member of the Institute of Internal Auditors, Singapore. He was awarded the “Internal Audit Excellence Award” by the SIAS, IIA and SMU in 2011. This award honors Singapore’s top 5 listed companies that have put in place an effective internal audit function which enhances corporate governance, risk management and internal controls of the business.

Question

Listing Rule 210(5)(a) requires directors who have no prior experience as a director of an issuer listed on the Exchange to undergo training in the roles and responsibilities of director of a listed issuer as prescribed by the Exchange. We note that Ms Teo La-Mei, Mr Teo Siong Seng and Mr Soh Gim Teik had been appointed to your Board on 21/02/2019, 01/05/2019 and 01/12/2019 respectively. Please disclose if Ms Teo, Mr Teo and Mr Soh had attended trainings as required, the date of the training(s) attended, and if no trainings have been attended, the reason why.

Company’s Response

Ms Teo La-Mei, who was appointed on 21 February 2019, has no prior experience as a director of an issuer listed on the Exchange. She attended the Listed Entity Director Programme organized by the Singapore Institute of Directors from 22 July 2019 to 25 July 2019. As Company Secretary and Group Legal Counsel of Wilmar since August 2009, she is responsible for the Wilmar Group’s legal and corporate secretarial functions and is familiar with the functions of the Board and its responsibilities.

Mr Teo Siong Seng, who was appointed on 1 May 2019, has prior experience as a director of an issuer listed on the Exchange as stated in the Company’s announcement dated 29 April 2019. Mr Teo is currently an independent director of Keppel Corporation Limited and two companies listed on the Hong Kong Stock Exchange. Therefore, Mr Teo is not required to undergo the compulsory training in the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.

Mr Soh Gim Teik, who was appointed on 1 December 2019, has prior experience as a director of an issuer listed on the Exchange as stated in the Company’s announcement dated 29 November 2019. Mr Soh is currently an independent director of BBR Holdings (S) Ltd and the lead independent director of KS Energy Limited, both of which are listed on the Exchange. Therefore, Mr Soh is not required to undergo the compulsory training in the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.

Question

Listing Rule 1207(19(c)) states that:

“(c) A listed issuer and its officers should not deal in the listed issuer’s securities during the period commencing two weeks before the announcement of the Issuer financial statements for each of the first three quarters of its financial year and one month before the announcement of the Issuer’s full year financial statements (if required to announce quarterly financial statements), or one month before the announcement of the Issuer’s half year and full year financial statements (if not required to announce quarterly financial statements).”

We note the Company’s security dealing policy on page 71 of the FY2019 Annual Report. Going forward, please comply fully with the requirements of the listing rule for the subsequent years for annual reporting.

Company's Response

The Company has been in compliance with the best practices on dealings in its securities by the listed issuer and its officers set out in SGX Listing Rule 1207(19) as described below:

- (i) As disclosed in page 71 of the AR2019, the Company has a written Securities Trading Policy to formalize procedures on the dealings in securities (including those of the Company) by Directors and staff of the Group.
- (ii) As per the existing Share Purchase Mandate approved by the Company at its annual general meeting on 24 April 2019, the Company will not buy any of its shares pursuant to the Share Purchase Mandate during the periods stipulated in SGX Listing Rule 1207(19)(c).

The Company's policy on dealing in its securities to be disclosed in its next Annual Report will be expanded to include the prohibitions for the Company and its officers.

Issued by
WILMAR INTERNATIONAL LIMITED
11 June 2020