

## Corporate Governance

Wilmar International Limited (the “Company” or “Wilmar” and together with its subsidiaries, the “Group”) continually seeks to uphold a high standard of corporate governance to safeguard the interests of all its stakeholders. This report outlines the corporate governance practices adopted by the Company with specific reference to the Singapore Code of Corporate Governance 2012 (the “Code”). The Company has complied with most principles and guidelines of the Code. In so far as the guidelines on diversity and setting a maximum limit on listed board appointments for its Directors, the rationale for varying from these guidelines 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, set the overall business direction of the Group and constantly seek to protect the long-term shareholder value and enhance the returns of the Company. The Board is committed to continually sustain value creation through strategic and appropriate business expansion which would broaden the Group’s revenue stream by pursuing business opportunities with good prospects for long-term growth.

In addition to its statutory responsibilities, the Board’s principal duties and responsibilities are to:

1. Set strategic directions and long-term goals of the Group and ensure that the necessary financial and human resources are in place for the Group to meet its objectives;
2. Ensure that decisions and investments are consistent with medium and long-term strategic goals;
3. Oversee the process for evaluating the adequacy of internal controls, risk management, financial reporting and compliance;
4. Review the performance of Management and oversee succession planning for Management; 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.

#### *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.

#### *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 environmental and social sustainability issues, for approval by the Board;
2. Recommend proposed acquisitions and disposals of investments, businesses and assets, which exceed the Exco 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 Company’s values and mission to ensure that obligations to shareholders are understood and met;
5. Identify key stakeholder groups and recognise and mitigate adverse perceptions which would affect the Company’s reputation;
6. General management and operational matters;
7. Monitoring Group performance; and
8. Business development of the Group.

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

1. Audit Committee – (Principle 12)
2. Risk Management Committee – (Principle 11)
3. Nominating Committee – (Principle 4)
4. Remuneration Committee – (Principle 7).

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

### Independent judgment

All Directors exercise due diligence and independent judgment and make decisions objectively in the best interests of the Group. This is one of the performance criteria for the assessment of the contributions of the individual Directors. The Board is satisfied that in FY2017, each of the Directors was able to give sufficient attention to the affairs of the Company and has adequately carried out his duties as a Director of the Company.

### Key features of board processes

The Board conducts regular scheduled meetings on a quarterly basis and 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 in the Company's Constitution, Directors may also participate in Board meetings by tele-conferencing and video-conferencing.

As part of the Company's corporate governance practice, all Directors are invited to attend meetings held by the Audit Committee and the Risk Management Committee. All written resolutions passed and minutes of meetings held by the various Board Committees are circulated to the Board for information and review, with such recommendations as the respective Board Committees consider appropriate, for approval by the Board. While the Board Committees have the delegated power to make decisions within the authority delegated to the respective committees, the ultimate responsibility for the decisions and actions rests with the Board as a whole.

### Attendance at Board and Board Committee Meetings

The attendance of Directors at the Board and Board Committee meetings held during the financial year ended 31 December 2017 ("FY2017") 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>1</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	-	1/1
Pua Seck Guan	4/4	-	-	-	-
<b>Non-Executive Directors</b>					
Martua Sitorus	4/4	-	-	-	-
Kuok Khoon Ean	4/4	-	-	-	-
Kuok Khoon Hua	4/4	-	-	-	-
Juan Ricardo Luciano	4/4	-	-	-	-
George Yong-Boon Yeo <sup>(Note 1)</sup>	4/4	-	-	-	-
<b>Independent Non-Executive Directors</b>					
Yeo Teng Yang	4/4	4/4	4/4	1/1	1/1
Tay Kah Chye	4/4	4/4	4/4	1/1	1/1
Kwah Thiam Hock	4/4	4/4	-	1/1	1/1
Kishore Mahbubani <sup>(Note 2)</sup>	3/4	-	-	-	-

Note 1 – Mr George Yong-Boon Yeo resigned as a director of Wilmar with effect from 31 December 2017.

Note 2 – Professor Kishore Mahbubani was unable to attend the Board meeting held in February 2017 due to another pressing engagement.

## Corporate Governance

### **Matters Requiring Board Approval**

The Company has in place internal guidelines setting forth matters that require Board approval. Matters which are specifically reserved for the decision of the Board include:

1. Strategies and major business proposals of the Group;
2. Acquisitions and disposals of investments, businesses and assets which exceed the approved limits granted to the Exco;
3. New lines of businesses which complement the core business activities of the Group;
4. Commitment to loans and lines of credit from banks and financial institutions and market fund-raising exercises for amounts exceeding the approved limits granted to the Exco;
5. Group written policies which also set out matters and limits that require various approving authorities, including Management, various committees and the Board; and
6. Share issuances, interim dividends and other returns to shareholders.

### **Board Orientation and Updates**

All newly appointed Directors receive a formal letter 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 ("SFA"). In addition, the Company makes available to newly appointed Directors, presentations and briefings on the business, operations and financial performance of the Group. New Directors are also briefed on governance practice, in particular, policies on disclosure of interests in securities, prohibitions on dealings in the Company's securities and restrictions on disclosure of price-sensitive information.

The Company encourages Directors to participate in seminars, conferences and training programmes, which are considered beneficial to performing their roles on the Board and its committees, and funds programmes that it facilitates.

The professional development programmes attended by some Directors for FY2017 include the following:

1. Directors Conference organised by Singapore Institute of Directors ("SID");
2. Global Corporate Governance Conference 2017 organised by Securities Investors Association (Singapore);
3. Seminar for Audit Committee 2017 jointly organised by ACRA-SGX-SID;
4. Savvy Singapore – Decoding a digital nation by Ernst & Young LLP ("EY");
5. Conversation for Remuneration Committee Chairman 2017 organised by SID; and
6. Singapore Board of Directors Survey 2017 organised by SID.

On a quarterly basis, the Board is briefed on the strategic and business development of the Group by the CEO. The Board is also briefed on changes to the accounting standards and regulatory updates by the external auditors, Management and the Company Secretary. From time to time, the Company organises on-site visits to the Group's key operating facilities overseas for Directors 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 Corporate Communications Department regularly circulates to the Board, 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, the Accounting and Corporate Regulatory Authority ("ACRA"), the Company's external auditors and advisers, which are relevant to directors, are also circulated to the Board.

## **PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE**

### **Board Size and Board Composition**

The Board, through regular reviews by the Nominating Committee ("NC"), seeks to ensure an appropriate balance of expertise, competencies and attributes among the Directors for providing effective entrepreneurial leadership to the Company. As part of the ongoing renewal of the Board, two new Directors, namely Mr Lim Siong Guan and Mr Weijian Shan were appointed as Independent Non-Executive Directors on 1 January 2018, following the resignation of Non-Executive Director Mr George Yong-Boon Yeo on 31 December 2017. Mr Raymond Guy Young was appointed as an Alternate Director to Mr Juan Ricardo Luciano on 3 November 2017.

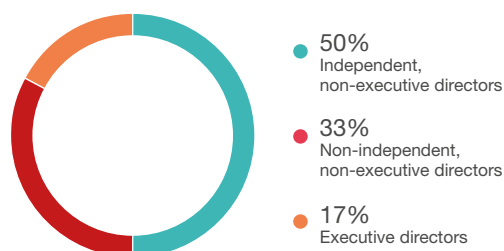
The Board is made up of Directors of different nationalities and races, with a wide range in age and skills, experience and qualifications, ranging from banking, finance, accounting and risk management expertise to industry knowledge, entrepreneurial and management experience relevant to the Group's business. Reflecting the global focus of the Group's business, most of Wilmar's Directors have extensive experience in jurisdictions outside Singapore. The diverse experiences and their 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.

The Board size has increased to 12, comprising two Executive Directors and ten Non-Executive Directors, of whom six are Independent Directors. There is also one Alternate Director. Taking into account the nature and scope of the Group's business and the number of Board Committees, the Board considers a board size of 12 members as appropriate.

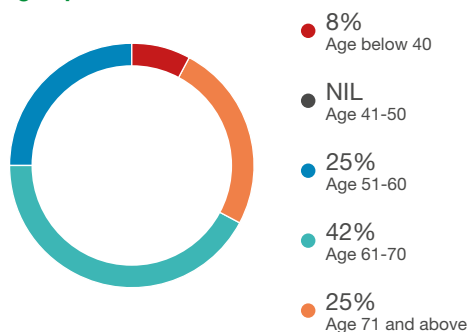
Key information about current Directors is presented in the section entitled "Board of Directors" in the Company's Annual Report 2017 ("Annual Report").

The Company has in place a Board Diversity Policy (a copy of which is posted in the Company's website), which provides that, in reviewing Board composition and succession planning, the NC will consider the benefits of all aspects of diversity, including diversity of skills, experience, gender, age, ethnicity and other relevant factors. The Company has embraced all aspects of diversity in its current Board composition save for the gender diversity. All 12 current Directors and the Alternate Director are males. The Board shares the view of the NC that female directors offer fresh perspectives and will enhance diversity on corporate boards. While the Board is supportive of gender diversity, the Board's collective view is that it should not be the main selection criteria and that board appointments, based on the right blend of skills, ability to contribute effectively and experience relevant to the Group's business, should remain a priority.

#### Board Independence



#### Age Spread



*Note – The above charts do not include the alternate director.*

Non-Executive Directors review quarterly reports on the Group's performance prepared by Management. Non-Executive Directors are well-supported by Management with accurate, complete and timely information to enable them to make informed decisions. With their expertise and competency in their respective fields, Non-Executive Directors have, collectively, provided constructive advice and good governance guidance for the Board to discharge its principal functions effectively.

## Corporate Governance

### Board Independence

The NC evaluates the independence of all Independent Directors annually based on the guidelines in the Code. Each Independent Director is required to state whether he considers himself independent, taking into consideration the Code's definition of an independent director and the guidance with regard to his relationships with the Company as well as the shareholders of the Company as set out in Guideline 2.3 of the Code, the existence of such relationships would deem a Director not to be independent.

In respect of Independent Directors with more than nine-year tenure, the NC has in place a rigorous process for reviewing their independence which includes separate assessments by each NC member. Based on the assessment of the Directors' performance for FY2017, the NC is satisfied that the three Independent Directors, namely Mr Yeo Teng Yang, Mr Tay Kah Chye and Mr Kwah Thiam Hock, who have served on the Wilmar Board since its inception on 14 July 2006, have continued to maintain independence in their oversight role and add value to the Company. Each Independent Director has recused himself in the determination of his own independence in this review.

The Board has collectively taken the view that the abovementioned three Independent Directors, namely Mr Yeo Teng Yang, Mr Tay Kah Chye and Mr Kwah Thiam Hock, 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.

The NC has ascertained that all six Independent Directors do not have any relationships with the Company (including related companies) and its shareholders with 10% or more voting rights in the Company (including their officers). All six Independent Directors are considered as independent for the purpose of the Code.

In assessing the effectiveness of the Board's performance and contributions from individual directors, the Board recognises the advantage of having longer-serving Independent Directors, who would have gained deep insights in the Group's global business operations across various economic and competitive environments and be able to provide valuable contributions to the Board, vis-à-vis the need to introduce fresh perspectives into discussions through the appointment of new Directors.

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

As the number of Independent Directors of the Company made up 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 recommendation in the Code that, where the Chairman of the Board is also the CEO of the Group, the independent directors should make up at least half of the Board.

### 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 and Mr Pua Seck Guan, who was appointed as COO on 1 January 2016 to oversee and manage the business divisions of the Group, 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. Half of the Board now comprise Independent Directors which adds a greater element of independence to the 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 Yeo Teng Yang, the Lead Independent Director since 14 July 2006, continues to avail himself to address shareholders' concerns and acts as a counter-balance on management issues in the decision-making process. Mr Yeo Teng Yang works closely with the other Independent Directors and when necessary, meets with them, without the presence of other Directors, to discuss matters that were deliberated at Board meetings. During the year, Independent Directors met with Management to receive updates on matters discussed at Board Committee meetings and the respective Committee Chairmen (and through the Company Secretary) has provided feedback to the Board Chairman after such meetings.

The Board is of the opinion that there is sufficient independence in its exercise of objective judgment on business affairs of the Group.

#### **PRINCIPLE 4: BOARD MEMBERSHIP**

The members of the NC are:

Mr Kwah Thiam Hock (NC Chairman) – Independent Director;  
Mr Kuok Khoon Hong – Executive Director;  
Mr Tay Kah Chye – Independent Director; and  
Mr Yeo Teng Yang – Lead Independent Director.

The NC meets at least once a year. The NC's role is set out in its written terms of reference. The key terms of reference 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. Review whether or not a Director of the Company is considered independent pursuant to the guidelines set forth in the Code;
3. Review the size and composition of the Board;
4. Evaluate whether or not a Director is able to and has been adequately carrying out his duties as a Director of the Company when he holds multiple board representations;
5. Develop a process and conduct formal assessments of the effectiveness of the Board as a whole, the Board Committees and individual Directors;
6. Review the training needs for the Board;
7. Review the succession plans for the Board and Management; 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 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 FY2017, each of the Directors was able to give sufficient attention to the affairs of the Company and has adequately carried out his 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 adequately carried out his duties as a Director of the Company.

### **Succession planning**

The Board embraces the philosophy that a good Board needs the support of a strong 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 person 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 individual who is 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 and industry knowledge as well as the desired competencies of the potential candidate to supplement the existing attributes of the Board. The NC then submits its recommendations to the Chairman/Board for approval.

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

In accordance with the Constitution of the Company, 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 special contribution.

The Board has accepted the NC's recommendation to seek approval from shareholders at the 2018 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 Martua Sitorus (retiring under Article 105);
2. Mr Kuok Khoon Ean (retiring under Article 105);
3. Mr Juan Ricardo Luciano (retiring under Article 105);
4. Mr Lim Siong Guan (retiring under Article 106); and
5. Mr Weijian Shan (retiring under Article 106).

### **PRINCIPLE 5: BOARD PERFORMANCE**

The NC meets at least once a year to evaluate the overall effectiveness of the Board and the contributions of individual Directors. 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 by way of each Director completing various checklists. The criteria used in the evaluation of the effectiveness of the Board and Board Committees includes Board processes, Board accountability, Board knowledge of key risk management and internal control issues as well as guidance to Management. As for the appraisal of the contributions of individual Directors, the evaluation is based on factors including Directors' commitment and effective contributions and their knowledge of the Group's business operations and regulatory requirements. In view of the foregoing, there is no separate peer evaluation by individual Directors. Moreover, separate peer evaluation by individual Directors may cause disharmony among the Board members. The purpose of the annual evaluation is to seek the respective views of the Directors on various aspects of the Board's performance. The findings 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 individual Directors for FY2017, is pleased to report that there were no significant issues that warrant the Board's attention. The NC noted suggestions to further enhance interactions between Non-Executive Directors and key management personnel through more informal meetings and yearly retreats. The results of the assessments were satisfactory and accepted by the Board.



## **PRINCIPLE 6: ACCESS TO INFORMATION**

The Board is kept informed by Management of all material events and transactions as and when they occur. Analysts' and media reports on the Group are forwarded to the Directors on a regular basis to keep them abreast of current developments and enable them to make informed decisions to discharge their duties and responsibilities effectively.

The Board receives all reports and discussion papers about a week before scheduled meetings for Board meetings as well as the Audit Committee and Risk Management Committee meetings, as all Board members are invited to attend these meetings. Amongst other reports, the Board is also provided with reports from the internal and external auditors and the Risk Management Department which 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, Management is required to attend meetings of the Board and Board Committees to provide insight into matters being discussed at Board 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 and Company Secretary at all times. Contact details of all key management personnel are furnished to the Directors to further promote and facilitate good information flow between the Board and Management. Requests for information from the Board are dealt with promptly by Management. In furtherance of the discharge of their duties, Directors may 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, relevant rules and regulations including requirements of the SFA, Singapore Companies Act and SGX-ST Listing Manual, 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 appointment and the removal of the Company Secretary are subject to the Board's approval.

## **B. REMUNERATION MATTERS**

### **PRINCIPLE 7: 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 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 Yeo Teng Yang and Mr Tay Kah Chye. All RC members are Independent Directors and no Director is involved in deciding his own remuneration.

In accordance with the RC 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. Study market trends relating to incentives in remunerating employees and determine performance measures criteria;
3. Review and determine the specific remuneration packages for each Director as well as for the key management personnel;
4. Implement and administer the Company's share options plan;
5. Review the Group's obligations arising in the event of termination of the Executive Directors' and key management personnel's contracts of service and to ensure that such contracts of service contain fair and reasonable termination clauses; and
6. 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.

In discharging their duties, the RC members may seek advice from the Company's Human Resource Department and external consultants, whenever necessary. Market practices and standards are taken into consideration to ensure that the remuneration packages remain competitive.



### PRINCIPLE 8: 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 Board seeks to ensure that key criteria, namely, company profitability, competitiveness, reasonableness, and linkage to performance are satisfied for the executives' remuneration package.

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.

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.

As the Group's compensation policies and practices are clearly stated herein, the Board is of the opinion that a separate Remuneration Report is not required.

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. The RC ensures that the Non-Executive Directors and Independent Directors are not over-compensated to the extent that their independence may be compromised.

The structure of Directors' fees for FY2017 is as follows:

#### Fee Structure for Directors' Fees for FY2017

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	S\$	Member's Fee	S\$
Audit Committee	30,000	Audit Committee	10,000
Risk Management Committee	30,000	Risk Management Committee	10,000
Nominating Committee	10,000	Nominating Committee	5,000
Remuneration Committee	10,000	Remuneration Committee	5,000

To drive Management behavior 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 was made 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 on a yearly basis.

## PRINCIPLE 9: DISCLOSURE ON REMUNERATION

The breakdown of the remuneration of the Directors and the top five Key Executives of the Company for FY2017 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	895,650	70,607	339,525	4,750,000	6,055,782
Pua Seck Guan	Nil	461,340	32,527	67,110	1,000,000	1,560,977
<b>Non-Executive Directors</b>						
Martua Sitorus <sup>(Note 1)</sup> <i>(Stepped down: 31 March 2017 as Executive Deputy Chairman &amp; re-designated as Non-Independent Non-Executive Director)</i>	60,000 (pro-rata fees)	103,260	-	192,500	8,000,000	8,355,760
Kuok Khoon Ean	80,000	-	-	105,500	-	185,500
Kuok Khoon Hua	80,000	-	-	47,500	-	127,500
Juan Ricardo Luciano <sup>(Note 2)</sup>	80,000	-	-	105,500	-	185,500
Raymond Guy Young <sup>(Note 3)</sup> <i>(Appointed: 3 November 2017 as Alternate Director to Mr Juan Ricardo Luciano)</i>	-	-	-	-	-	-
George Yong-Boon Yeo <i>(Resigned: 31 December 2017)</i>	80,000	-	-	105,500	-	185,500
Yeo Teng Yang	150,000	-	-	129,500	-	279,500
Tay Kah Chye	130,000	-	-	105,500	-	235,500
Kwah Thiam Hock	110,000	-	-	105,500	-	215,500
Kishore Mahbubani	80,000	-	-	47,500	-	127,500

### TOP 5 KEY EXECUTIVES

Name	Salary**	Benefits	Amortisation of Share Option Expenses*	Variable Bonus	Total	Remuneration Band
Rahul Kale	27%	-	8%	65%	100%	S\$2,250,000 to S\$2,500,000
Matthew John Morgenroth	29%	4%	8%	59%	100%	S\$2,000,000 to S\$2,250,000
Thomas Lim Kim Guan	32%	-	9%	59%	100%	S\$1,750,000 to S\$2,000,000
Yee Chek Toong	39%	1%	10%	50%	100%	S\$1,250,000 to S\$1,500,000
Kenny Beh	40%	-	11%	49%	100%	S\$1,000,000 to S\$1,250,000

The aggregate remuneration of the top five Key Executives is S\$8,697,825. The remuneration of the Company's top five Key Executives takes into account the pay and employment conditions within the industry and is performance-related. The Company is of the opinion that it is not in the best interest of the Company to disclose the 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 salary amounts shown are inclusive of Central Provident Fund contributions. 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.

Note 1 - Mr Martua Sitorus stepped down on 31 March 2017 as Executive Deputy Chairman but remained on the Board as Non-Independent Non-Executive Director. His remuneration includes a retirement gratuity of S\$7,000,000 in recognition of his dedicated service and valuable contributions as Executive Director, Chief Operating Officer and Executive Deputy Chairman and as co-founder of Wilmar.

Note 2 - Fee is payable to Archer Daniels Midland Company.

Note 3 - No fee is payable.

### 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 FY2017.

## C. ACCOUNTABILITY AND AUDIT

### PRINCIPLE 10: ACCOUNTABILITY

The Management provides the Board with management reports and financial accounts on a regular basis and as the Board may require, from time to time, so as to enable it to make a balanced and informed assessment of the Group's performance, financial position and prospects on a quarterly basis. The Board approves the dissemination of the Group's quarterly and full year financial results, which present a balanced and informed assessment of the Group's performance, position and prospects, via the Singapore Exchange Network ("SGXNet").

The Board is also updated on changes in legislation and regulatory compliance by Management, the Company Secretary and external auditors to ensure that the Group complies with the relevant regulatory requirements.

## PRINCIPLE 11: RISK MANAGEMENT AND INTERNAL CONTROLS

The Board, with the assistance from the Risk Management Committee (“RMC”) and Audit Committee (“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 AC is responsible for making the necessary recommendations to the Board such that an opinion regarding the adequacy and effectiveness of the risk management and internal control systems of the Group can be made by the Board in the annual reports of the Company, in accordance with the requirements set out in the SGX-ST Listing Manual and the Code. In this regard, the AC is complemented by the RMC, which was established on 14 July 2006 as part of the Group’s efforts to strengthen its risk management processes and policy framework.

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 51.

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

The objectives of the RMC include the following:

1. Review the overall risk management policy/guidelines/framework and in particular, the adequacy and effectiveness of the risk management policies and systems for market, credit and Operational risks governance 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 Ho Kiam Kong (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.

The Internal Audit (“IA”) Department, on an annual basis, prepares an audit plan which focuses on material internal control systems including financial, operations, IT and compliance controls, and risk management. The IA Department’s audit plan complements the audit plan prepared by the external auditors. The IA Department also provides advice on security and controls in major new systems development, recommends improvements to effectiveness and economy of operations, and contributes to risk management processes. The IA Department also monitors interested person transactions.

Significant audit findings and recommendations made by the internal and external auditors are reported to the AC and are discussed at the AC meetings. The IA Department follows up with the respective divisions/unit heads on all recommendations to ensure timely remediation of audit issues and reports the status to the AC on a regular basis. In addition to the above, material non-compliance or lapses in internal controls together with the appropriate actions taken to eradicate similar incidents in the future, are reported to the AC on an ongoing basis.

### **Assurance from the CEO and CFO in respect of FY2017 financial statements and records**

The CEO and the CFO have given the Board the assurance that:

1. The financial records of the Group have been properly maintained and the financial statements in respect of FY2017 give a true and fair view of the Group's operations and finances; and
2. The system of risk management and internal controls in place within the Group is adequate and effective in addressing the material risks in the Group in its current business and operating environment, including material financial, operations, compliance and IT risks.

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

On the basis that the internal controls processes are regularly strengthened to take into account changes to the business needs of the Group, and audit checks performed by the internal and external auditors, and regular reviews performed by Management, the Board and relevant Board Committees, the AC and the Board are of the opinion that the Group's internal control and risk management systems were adequate and effective as at 31 December 2017 to address financial, operations, IT and compliance risks which are relevant 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 by all Directors and staff of the Company and its subsidiaries in:

1. 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; and
2. The Company's securities and securities of other companies while in possession of price-sensitive information or having access to unpublished price information relating to such securities.

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 13: INTERNAL AUDIT**

The IA Department 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 and to the CFO administratively.

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 auditors and relevant Management members.

The IA Department, headed by Mr Patrick Tan, meets the Standards for the Professional Practice of Internal Auditing of the Institute of Internal Auditors. The professional competence of the internal auditors is maintained or upgraded through training programmes, conferences and seminars that provide updates on auditing techniques, regulations, financial products and services. The IA function is staffed with suitably qualified and experienced professionals with diverse operational and financial experience, who are at the level of manager and above. The AC is satisfied that the IA function has adequate resources to perform its functions effectively.

The Group Head of IA presents the IA findings to the AC and the Board at the AC and Board meetings half yearly. 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.

## **PRINCIPLE 12: AUDIT COMMITTEE**

The AC comprises three Independent Directors, namely Mr Tay Kah Chye (Chairman), Mr Kwah Thiam Hock and Mr Yeo Teng Yang, 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 FY2017, the AC was briefed regularly by the external auditors 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").

The operations of the AC are regulated by the AC Terms of Reference and their duties 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 and effectiveness 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 the scope and results of the external audit work, the cost-effectiveness of the audit, and the independence and objectivity of the external auditors;
5. Recommend to the Board the appointment, re-appointment and removal of the external auditors to be approved by the shareholders of the Company; and
6. 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 authorised to obtain independent professional advice. It has full access to and 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.

## Corporate Governance

The principal activities of the AC during FY2017 are summarised below.

### Financial reporting

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

The AC met four times during FY2017 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 auditors' 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 auditors' 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 auditors were discussed, and where appropriate, implementation of such recommendations was followed up with Management.

In the review of the financial statements, 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 auditors and were reviewed by the AC:

Key Audit Matters	How AC reviewed these matters and what decisions were made
Impairment assessment on goodwill and brands	<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 auditors. The external auditors have included this item as a key audit matter in its audit report for FY2017. Refer to page 87 of this Annual Report.</p>
Accounting for derivative transactions	<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 auditors. The external auditors have included this item as a key audit matter in its audit report for FY2017. Refer to page 88 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 FY2017, the AC had one meeting with external auditors and internal auditors separately, without the presence of Management. These meetings enable the external auditors 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 auditors, on behalf of the Board. During FY2017, the AC carried out its annual assessment of the cost-effectiveness of the audit process, together with the external auditors' approach to audit quality and transparency. The AC concluded that the external auditors 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 the 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 auditors 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.

### **Auditor independence**

In order to maintain the independence of the external auditors, the Group has a specific policy which governs the conduct of non-audit work by the external auditors. This policy prohibits the external auditors 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 auditors through discussions with the external auditors as well as reviewing the non-audit fees paid to them. 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 auditors 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 auditors as a result of their existing knowledge of the business.

### **Internal audit**

During FY2017, the AC reviewed and assessed the adequacy of the Group's system of internal controls and regulatory compliance through discussion with Management, the Group Head of IA and external auditors.

The AC considered and reviewed with Management and the Group Head of IA the following:

1. Annual IA plans to ensure that the plans covered sufficiently a review of the internal controls of the Group;
2. Significant IA observations and Management's response thereto; and
3. Budget and staffing for the IA function.

The AC reviewed the adequacy of the IA function and is satisfied that the IA team is adequately resourced. The AC also reviewed the training costs and programmes attended by the internal auditors to ensure that IA staff continue to update their technical knowledge and auditing skills.

### **Interested person transactions**

The AC reviewed the Group's IPTs for FY2017 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 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 last 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.

## Corporate Governance

The aggregate value of transactions entered into by the Group with interested persons as defined in the SGX-ST Listing Manual for FY2017 are as follows:

Name of Interested Person	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)
	FY2017 US\$'000	FY2017 US\$'000
Archer Daniels Midland Group	NIL	2,684,705
Pua Seck Guan	NIL	NIL
Associates of Kuok Khoo Hong & Martua Sitorus	4,168	26,524
Associates of Kuok Khoo Ean & Kuok Khoo Hua*	1,177	35,296
Martua Sitorus' Associates	NIL	279,230
Kuok Khoo Hong's Associates	6,938	1,340
PPB Group Berhad	91,088	NIL
Kuok Brothers Sdn Berhad	590	NIL

# The IP associates for Mr Kuok Khoo Ean and Mr Kuok Khoo 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.

All whistleblowing cases reported were objectively assessed and investigation and appropriate remedial measures were taken, where warranted. Whistleblowing matters, if substantiated, are reported to the AC. The IA Department will report to the AC immediately on matters requiring immediate or urgent attention.

The implementation of the Whistleblowing Policy has been communicated to employees of the Group and the Whistleblowing Policy is 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 fraud control.

### 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, other business associates and colleagues as well as how the Company deals with fraud incidents.

These policies have also been communicated to employees of the Group and are also available on the Company's website.

## **D. SHAREHOLDERS' RIGHTS AND RESPONSIBILITIES**

### **PRINCIPLE 14: 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 reports and notices of AGMs as well as Letter to Shareholders and notices of extraordinary general meetings ("EGMs") 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.

### **PRINCIPLE 15: 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 values dialogue sessions with its shareholders. In addition to the AGM, which used to be the main forum for dialogue with shareholders, the Company has held four "Investor Day" events in the last few years. The aim of these events is to provide shareholders with a better understanding of the Group's operations and offer them the opportunity to air their views and have their concerns addressed.

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 latest corporate developments.

To ensure a level playing field and provide confidence to shareholders, unpublished price 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, together with key management personnel, to keep the market and investors apprised of the Group's corporate developments and financial performance.

During FY2017, the IR team, together with senior management, engaged with over 220 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.

#### ***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 FY2017, total dividend declared was S\$0.10 per share, representing a dividend payout of around 39% of its net profits.

## **PRINCIPLE 16: 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.

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 still remain a concern, voting in absentia by mail, email or fax has not been implemented.

In accordance with the provisions of the Singapore Companies Act, every matter requiring approval from the shareholders is proposed as a separate resolution and is voted on individually. Each item of special business included in every Notice of AGM is accompanied by an explanation for the proposed resolution.

All resolutions were voted by electronic poll since 2016 AGM. All shareholders present were briefed on the voting procedures before the start of the meeting. The voting process was 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 2017 AGM, Directors and senior management of the Company, external legal advisors and auditors were present at the AGM held by the Company to address queries from shareholders who attended the AGM. All resolutions were put to vote by poll. The results of the poll voting were published instantaneously at the AGM and announced via the SGXNet after the conclusion of the AGM. Minutes of general meetings that include relevant and substantial comments from shareholders relating to the agenda of the meetings and responses from Directors are available upon request.

## **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 FY2017 or, if not then subsisting, entered into since the end of the previous financial year ended 31 December 2016.

Dated: 16 March 2018