

CORPORATE GOVERNANCE

Wilmar is fully committed to maintaining a high standard of corporate governance guided by the principles set out in the Corporate Governance Code 2005 ("Code"). This report describes the practices adopted by the Company.

PRINCIPLE 1

The Board's Conduct of its Affairs

The primary role of the Board is to provide entrepreneurial leadership as well as to manage the Group in the best interest of the shareholders so as to enhance the share value and returns in the long term. It sets the overall business direction of the Group and is committed to continually building on the strength of the Group and harnessing greater synergies through exploring business opportunities with strategic alliances. The Board reviews the strategic plans, business development proposals and risk management policies of the Group directly or through the respective committees.

Apart from its statutory responsibilities, the Board is primarily responsible for:

- Reviewing and approving the Group's business strategies, key operational initiatives, major investment and funding decisions;
- Ensuring that decisions and investments are consistent with medium and long term strategic goals; and
- Overseeing the management of principal risks that may affect the Group's businesses and ensuring that appropriate systems to manage these risks are in place.

The Board had convened four meetings during the financial year. As provided in the Company's Articles of Association, Directors may convene Board meetings by teleconferencing and videoconferencing. To assist the Board in executing its duties, the Board has delegated specific functions to the following Board committees.

1. Executive Committee

The Executive Committee (Exco) oversees the management of the business and affairs of the Group in accordance with its terms of reference approved by the Board, which may be revised from time to time. The members of the Exco are Mr Kuok Khoon Hong (Chairman), Mr Martua Sitorus, Mr Chua Phuay Hee and Mr Teo Kim Yong, all of whom are Executive Directors of the Company.

In addition to the above, the Exco is tasked to supervise the Management's delegated responsibility in the following functions:

- Drawing up the Group's annual budget and business plan for the Board's approval;
- Carrying through approved strategic business proposals;
- Implementing appropriate systems of internal accounting and other controls;
- Adopting suitably competitive human resource practices and compensation policies; and
- Ensuring that the Group operates within the approved budgets.

The Exco meets on an informal basis and all decisions are placed on record by written resolutions.

2. Audit Committee

The Audit Committee (AC) comprises three Independent Directors, Mr Tay Kah Chye (Chairman), Mr Kwah Thiam Hock and Mr Yeo Teng Yang, all of whom have accounting or related financial management expertise and experience. As part of the Company's corporate governance practices, all Directors are invited to attend all AC meetings which are convened at least four times annually. In addition, the AC meets with the external and internal auditors at least once a year without the presence of the Management. Details of functions of the AC are found in Principle 11 of this report.

3. Risk Management Committee

The Risk Management Committee (RMC) is chaired by Mr Yeo Teng Yang, the Lead Independent Director, with Mr Kuok Khoon Hong and Mr Leong Horn Kee as members. The RMC meets no less than four times a year. Members of the Board are also invited to attend the RMC meetings. The RMC would hold informal meetings as and when the need arises.

One of the principal tasks of the RMC is to review existing risk management policies and guidelines and to recommend proposed revisions to the Board for approval. In addition to the above, the RMC reviews risk reports that monitor and control risk exposures on a regular basis to identify new risk exposures that may arise from dynamic changes in the business environment. In carrying out its duties, the RMC is assisted by the Executive Risk Committee (ERC). The ERC reviews the trade positions and the limits to manage overall risk exposure and is thus responsible for monitoring the overall effectiveness of the Group's risk management system. The members of the ERC are Mr Kuok Khoon Hong, Mr Martua Sitorus, Mr Chua Phuay Hee and Mr Teo Kim Yong.

4. Nominating Committee

The Nominating Committee (NC) comprises three Directors, a majority of whom, including the Chairman, are Independent Directors. The members are Mr Kwah Thiam Hock (Chairman), Mr Kuok Khoon Hong and Mr Tay Kah Chye. The NC meets at least once a year. The functions of the NC are enumerated in Principle 4 of this report.

5. Remuneration Committee

The Remuneration Committee (RC) comprises Mr Kwah Thiam Hock (Chairman), Mr Kuok Khoon Ean, Mr Yeo Teng Yang and Mr Leong Horn Kee, most of whom are Independent Directors. The roles of the RC are set out in Principle 7 of this report.

The Directors' attendance at Board and Board Committee meetings during the financial year ended 31 December 2008 is set out in the following page:

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	Board of Directors	Audit Committee	Risk Management Committee	Remuneration Committee	Nominating Committee
No. of meetings held	4	4	4	1	1
Name of Director	Member Attendance	Member Attendance	Member Attendance	Member Attendance	Member Attendance
Executive Directors					
Kuok Khoon Hong	4/4	NM	4/4	NM	1/1
Martua Sitorus	4/4	NM	NM	NM	NM
Chua Phuay Hee	4/4	NM	NM	NM	NM
Teo Kim Yong	4/4	NM	NM	NM	NM
Lee Hock Kuan	4/4	NM	NM	NM	NM
Kwok Kian Hai ^(Note 1)	3/4	NM	NM	NM	NM
Non-Executive Directors					
Kuok Khoon Ean	3/4	NM	NM	1/1	NM
Kuok Khoon Ho ^(Note 2)	1/4	NM	NM	NM	NM
John Daniel Rice	3/4	NM	NM	NM	NM
Independent Directors					
Yeo Teng Yang	4/4	4/4	4/4	1/1	NM
Leong Horn Kee	4/4	NM	4/4	1/1	NM
Tay Kah Chye	4/4	4/4	NM	NM	1/1
Kwah Thiam Hock	4/4	4/4	NM	1/1	1/1

Note 1 - Mr Kwok Kian Hai retired from the Company on 30 September 2008.

Note 2 - Mr Kuok Khoon Ho, a nominee of PPB Group Berhad, was appointed a Non-Executive Director on 10 November 2008. He attended the last Board meeting of the year which was held in November 2008.

NM: Not a Member of the Committee

As part of the Company's continuing efforts to update Directors on the changes to regulatory environment, Directors are encouraged to attend relevant seminars and courses at the Company's expense. Regular presentations are made at Board meetings to update Non-Executive Directors on the Group's business activities. In addition, the Company organises on-site visits for Non-Executive Directors to familiarise them with the operations of the various business divisions in key countries. Newly appointed Director(s) are provided with guidance notes setting out their duties and obligations.

PRINCIPLE 2

Board Composition and Guidance

The Board presently has twelve members comprising five Executive Directors and seven Non-Executive Directors. Out of the total of twelve Directors, four (representing one third of the Board composition) of these Directors

are considered "Independent" based on the guidelines under the Code. The Board defines an Independent Director as one who has no relationship with the Group, which would otherwise interfere with the exercise of independent judgment of the Group's affairs. The Board is of the view that it is able to exercise independent judgment on the Group's business operations and provide the Management with an objective perspective on issues. The Board is made up of Directors with a wide range of skills, experience and qualifications in the fields of operations, financial and risk management. Key information about the Directors is presented in the section entitled "Board of Directors" in this annual report.

The composition and the effectiveness of the Board are reviewed on an annual basis by the NC to ensure that there is an appropriate mix of expertise and experience to fulfill its duties.

The Board collectively views that its current size complies with the Code and is effective taking into account the scale and nature of the operations of the Group.

PRINCIPLE 3

Chairman and Chief Executive Officer

The Chairman and Chief Executive Officer (CEO), Mr Kuok Khoon Hong, provides leadership to the Group and is instrumental in its expansion into one of Asia's largest agri-business groups. Mr Kuok has been overall in-charge of the management and strategic direction of the Group since its initial listing in July 2006 through a reverse takeover. All strategic and major decisions made by him are reviewed and approved by the Board.

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 cognisant of the affairs of the Group. He also fosters effective communication and solicits contributions from the Board members to facilitate constructive discussions.

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. The single leadership arrangement ensures that the decision-making process for seizing good growth prospects for the Group would not be unnecessarily impeded. With Mr Yeo Teng Yang's role as the Lead Independent Director, who avails himself to address shareholders' concerns and acts as a counter balance in the decision-making process, the Board is of the opinion that there is sufficient independence in its exercise of objective judgment on the business affairs of the Group.

PRINCIPLE 4

Board Membership

The principal functions of the NC are as follows:

1. To review nominations of new Director appointments based on selection criterion such as the incumbent's credentials and his skills and contributions required by the Company.

2. To review and recommend to the Board the retirement and re-election of Directors in accordance with the Company's Articles of Association.
3. To determine annually whether a Director is "Independent", guided by the independent guidelines contained in the Code.
4. To decide whether a Director is able to and has adequately carried out his duties as a Director of the Company, in particular whether the Directors concerned have multiple board representations or if they are in conflict with the interests of the Company.
5. To decide how the Board's performance may be evaluated and propose objective performance criteria.

Board appointments are approved by way of written resolutions based on the recommendations of the NC.

During the financial year, the Board has, upon the recommendation of the NC, appointed Mr Kuok Khoon Ho as Non-Executive Director in place of Mr Kwok Kian Hai who retired from the Company.

In accordance with the Company's Articles of Association, one third of the Directors (who have been longest in office since their last re-election or appointment), except for the Managing Director (or any equivalent appointment, howsoever described), 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 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.

In line with the recommendation of the Code, Mr Kuok Khoon Hong, who is not required under the Company's Articles of Association to retire by rotation,

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has nevertheless submitted himself for re-election at the forthcoming AGM. Messrs Yeo Teng Yang, Tay Kah Chye and Kwah Thiam Hock, who are retiring by rotation in accordance with Article 104, have been nominated for re-election at the forthcoming AGM.

Mr Kuok Khoon Ho, who was appointed as a Director after the last AGM, has submitted himself for re-election at the forthcoming AGM.

The NC has reviewed the independence of the four Directors, namely Messrs Yeo Teng Yang, Leong Horn Kee, Tay Kah Chye and Kwah Thiam Hock, and is satisfied that there is nothing that would affect their roles as Independent Directors.

The NC is of the view that although some Directors have other Board representations, they are able to and have adequately carried out their duties as Directors of the Company.

PRINCIPLE 5

Board Performance

The NC issues a Board Assessment Checklist to all Directors for the evaluation of the Board's effectiveness as a whole. In appraising the Board's effectiveness, the assessment is based on factors including the Board's understanding of the Group's business operations, development of strategic directions and the effectiveness of Board meetings to facilitate discussion and decision on critical and major corporate matters. The collated findings are reported and recommendations are made to the Board for consideration and for further improvements to help the Board to discharge its duties more effectively.

Although the Directors are not evaluated individually, the factors taken into consideration with regards to the re-nomination of Directors for the current year include their attendance and contributions made at these meetings.

PRINCIPLE 6

Access to Information

The Board is informed by the 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 an on-going basis.

The Board has separate, independent and unrestricted access to the Management of the Group at all times. Requests for information from the Board are dealt with promptly by the Management.

The Board is provided with complete, adequate and timely information prior to Board Meetings. The Company Secretary attends all Board meetings and is responsible to ensure that established procedures and all relevant statutes and regulations that are applicable to the Company are complied with. The Company Secretary works together with the respective divisions of the Company to ensure the Company complies with all relevant rules and regulations.

PRINCIPLE 7

Procedures for Developing Remuneration Policies

The RC has been delegated the authority to review and recommend to the Board on remuneration policies and packages for the Directors and key executives of the Group. The aim is to build capable and committed management teams through competitive compensation, and retain a pool of talented executives to meet the current needs and future growth of the Company. The RC is also responsible for the administration of the Company's share option scheme. During the year, the Company granted 18.17 million Wilmar shares under the Wilmar Executives' Share Option Scheme to senior executives of the Company.

In discharging their duties, the RC members have access to advice from the human resources department and external advisers as and when it deems necessary. To ensure that the remuneration package is competitive and sufficient to attract, retain and motivate key executives, the RC also takes into consideration industry practices and norms in the compensation review.

PRINCIPLES 8 & 9

Level and Mix of Remuneration & Disclosure on Remuneration

Remuneration of Directors

A breakdown showing the level and mix of each individual Director's remuneration for the financial year ended 31 December 2008 is as follows:

Name of Directors	Directors' Fee (%)	Salary (%)	Benefits (%)	Variable Bonus (%)	Total (%)	Remuneration Band
Executive Directors						
Kwok Kian Hai*	Nil	6%	68%	26%	100%	S\$7,250,000 to S\$7,500,000
Kuok Khoon Hong	Nil	20%	1%	79%	100%	S\$3,250,000 to S\$3,500,000
Martua Sitorus	Nil	23%	-	77%	100%	S\$2,500,000 to S\$2,750,000
Lee Hock Kuan	Nil	30%	1%	69%	100%	S\$1,750,000 to S\$2,000,000
Teo Kim Yong	Nil	36%	1%	63%	100%	S\$1,250,000 to S\$1,500,000
Chua Phuay Hee	Nil	37%	1%	62%	100%	S\$1,000,000 to S\$1,250,000
Non-Executive Directors						
Kuok Khoon Ean	Nil	-	-	-	-	Not applicable
Kuok Khoon Ho	Nil	-	-	-	-	Not applicable
John Daniel Rice	Nil	-	-	-	-	Not applicable
Independent Non-Executive Directors						
Yeo Teng Yang	100%	-	-	-	100%	S\$250,000 and below
Leong Horn Kee	100%	-	-	-	100%	S\$250,000 and below
Tay Kah Chye	100%	-	-	-	100%	S\$250,000 and below
Kwah Thiam Hock	100%	-	-	-	100%	S\$250,000 and below

*Mr Kwok Kian Hai's remuneration includes a gratuity for his 27 years of service with the Group.

Directors' fees in respect of the financial year ended 31 December 2008 are subject to approval by shareholders at the forthcoming AGM.

No employee of the Group who is an immediate family member of a Director was paid a remuneration that exceeded S\$150,000 during the financial year ended 31 December 2008.

Remuneration of Key Executives

The remuneration of the Company's top five executives takes into account the pay and employment conditions within the industry and is performance related. 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.

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PRINCIPLE 10

Accountability of the Board and Management

The Board is responsible to shareholders, the public and the regulatory authorities in providing a balance and comprehensive assessment of the Company's performance and prospects. The Management provides the Board with management reports and accounts of the Group's performance, financial position and prospects on a quarterly basis. Both the Board and the Management will continually strive towards maximising sustainable value to the shareholders of the Company.

Shareholders are provided with quarterly results available through the SGX-ST website. The Company's latest events and announcements are posted on its website.

PRINCIPLE 11

Audit Committee

The operations of the AC are regulated by its charter. The Board is satisfied that the members of the AC have sufficient accounting, financial, management expertise or experience to discharge their duties.

The members of the AC perform the following functions:

- To review the criteria for the appointment of a professional public accounting firm as the external auditors to the Company;
- To review with the external auditors, their evaluation of the system of internal accounting controls;
- To review and approve, the scope and results of the external audit, its cost effectiveness and the independence and objectivity of the external auditors;
- To review with the external auditors, their audit report, findings and recommendations. Where the external auditor also supply a substantial volume of

non-audit services to the Company, to review the nature and extent of such services to maintain the independence of the auditors;

- To review and approve the financial statements of the Company and the consolidated financial statements of the Group for submission to the Board of Directors for approval;
- To review the assistance given by the Company's officers to the external auditors;
- To nominate external auditors for re-appointment;
- To ensure that the internal audit function is adequately resourced and has appropriate standing within the Group. For the avoidance of doubt, the internal audit function can be either in-house, outsourced to a reputable accounting/auditing third-party firm or performed by a major shareholder, holding company, parent company or controlling enterprise with an internal audit staff;
- To review the scope and results of the internal audit procedures;
- To ensure the adequacy of the audit function annually;
- To ensure that a review of the effectiveness of the Company's material internal controls, including financial, operational and compliance controls, and risk management is conducted annually;
- To review Interested Person Transactions; and
- To meet with the external and internal auditors without the presence of the Management at least once a year.

The AC has explicit authority to investigate any matters

within the scope of its duties, and power to obtain independent professional advice. It has been given full access to and co-operation by the Management and reasonable resources to discharge its duties properly and full discretion to invite other Directors or executives to attend its meetings.

During the last financial year, the AC met four times to review, inter alia, the following:

- The financial statements of the Company and the Group before each of the announcements of the Company's quarterly results. 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 financials;
- 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 were followed up with the Management;
- The independence and objectivity of the external auditors through discussions with the external auditors as well as reviewing the nature and volume of non-audit services provided by them. The AC is satisfied that such services do not affect the independence or objectivity of the external auditors;
- The internal audit findings raised by the internal auditors. During the process, material non-compliance and internal control weaknesses were reviewed and discussed. The AC ensured that appropriate follow-up actions had been taken regularly with the Management on outstanding internal audit issues; and

- The reporting on Interested Person Transactions to ensure that current procedures for monitoring of Interested Person Transactions had been complied with. These transactions are reviewed quarterly with the internal auditors and annually with the external auditors. The AC is satisfied that the guidelines and review procedures established to monitor Interested Person Transactions have been complied with.

The AC has recommended the re-appointment of Ernst & Young as the Company's external auditors at the forthcoming AGM.

PRINCIPLES 12 & 13

Internal Controls and Audit

Reporting to the AC, the internal audit department carried out internal audit reviews and performed checks and compliance tests of the Group's systems of internal control, including financial and operational controls and risk management. Ad-hoc reviews are also conducted on areas of concern identified by the Management and the AC.

The internal audit department, headed by Mr Patrick Tan, has unrestricted access to all records, properties, functions and co-operation from the Management and staff as necessary to effectively discharge its responsibilities, and is independent of the activities it audits.

The Board is of the view that the Group currently has an adequate internal control system in place to provide reasonable but not absolute assurance that there is no material loss or financial misstatement, assets are safeguarded, proper accounting records are maintained, and financial information used with the business and for publication is reliable. The Board notes that no system of internal control could provide absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error, losses, fraud or other irregularities.

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PRINCIPLES 14 & 15

Communication with Shareholders

The Board's policy is that all shareholders should be equally informed of all major developments impacting the Group. All shareholders of the Company whose names are registered in the Depositor Register and the Registry of Members are entitled to attend the general meetings of the Company. They are encouraged to meet with the Board and the Management so as to have a greater insight of the Group's developments.

The Company also communicates with its shareholders through holding formal media and analysts briefings for the Group's quarterly results chaired by the Chairman and CEO together with key Management members. Regular updates on information about the Company are released through the SGX network.

Dealings In Securities

The Group has in place procedures for prohibiting dealings in the Company's shares by all staff while in possession of price sensitive information and during the period commencing two weeks prior to the announcement of the Company's quarterly results and one month prior to the announcement of the Company's full year results. Directors and executives are also expected to observe insider-trading laws at all times even when dealing in securities during the permitted trading period.

Interested Person Transactions

The Group has established a procedure for recording and reporting Interested Person Transactions. Details of significant interested person transactions for the year ended 31 December 2008 are set out below:

Name of Interested Person	Aggregate value of all Interested Person Transactions during the year under review (excluding transactions less than SGD100,000 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 SGD100,000)
	FY 2008 US\$'000	FY 2008 US\$'000
Archer Daniels Midland Group	11,431	7,131,561
Wilmar International Holdings Limited	NIL	NIL
Wilmar Holdings Pte Ltd Group	NIL	154
Kuok Khoo Ean's Associates	9,353	NIL
Martua Sitorus' Associates	NIL	35,083
Kuok Khoo Hong's Associates	NIL	NIL
PPB Group	24,413	NIL
Kuok Brothers Sdn Berhad	537	NIL

Save as disclosed, there are no other material contracts entered into by the Company and its subsidiaries involving the interest of the Chief Executive Officer, any Director or controlling shareholder, which are either subsisting at the end of the financial year ended 31 December 2008 or, if not then subsisting entered into since the end of the previous financial year ended 31 December 2007.