



Securities Investors Association (Singapore)

7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111

Tel: (65) 6227 2683 Fax: (65) 6220 6614

Email: admin@sias.org.sg www.sias.org.sg

UEN No: S99SS0111B

GST Reg No: M90367530Y

Issuer: Wilmar International Limited

Stock code: F34

Meeting details:

Date: 15 April 2021

Time: 10.00 a.m.

Due to the current COVID-19 pandemic, SIAS encourage shareholders to participate at AGMs via other means and not to attend any AGM physically. Where the AGM is webcast, they can stay on top of their investments by watching the webcast and submitting their question to the company in advance. Senior citizens should avoid attending AGMs altogether and stay home.

Q1. In a year when the global economy was brought to a standstill by the outbreak of COVID-19, the group reported a 18.6% increase in net profit to US\$1.53 billion on the back of good performance from the Food Products (up 18.3%) and Feed and Industrial Products (up 26.3%) segments.

The performance overview and financial highlights can be found on pages 13 to 15 of the annual report. Some of the key operational and financial metrics of the feed and industrial products and food products segments are shown below (pages 16 & 17):

FEED AND INDUSTRIAL PRODUCTS			FOOD PRODUCTS	
TROPICAL OILS	OILSEEDS & GRAINS	SUGAR	CONSUMER PRODUCTS	MEDIUM PACK AND BULK
Volume 22.2m MT	Volume 22.1m MT	Volume 13.8m MT	Volume 9.4m MT	Volume 17.8m MT
Revenue US\$28.93b			Revenue US\$23.60b	
RESULTS US\$795.9m			RESULTS US\$1.15b	

(Source: adapted from company annual report)

- (i) **Can management help shareholders understand how much of the increase in volume and sales was the result of panic buying and stockpiling versus higher demand by consumers and/or the group gaining market share in its key markets?**

The group has disclosed that crushing margins and volume were healthy in 2020 (page 21 – Operations review). Soybean-crushing margins have a significant impact on the group's financial performance.

- (ii) **Can management elaborate further on how it is managing the crushing margins given the volatility in the market?**
- (iii) **The group has control over significant parts of the agricultural value chain. How does the group balance between preserving margins and passing on cost increases to its customers and/or consumers given increasing commodity prices (which may be further exacerbated by supply chain disruptions)?**

In 2020, the group accelerated its investments especially in China and Indonesia, adding oil refinery, crushing plants, flour mills, rice mills, consumer edible oil, flour and rice packing plants and ships. Management has also identified the Central Kitchen as the most important initiative that will contribute significantly to the group's development in China.

- (iv) **Can management provide shareholders with greater clarity on the factors and market trends that prompted the group's accelerated expansion? Is there a significant risk of over-capacity in the markets?**
- (v) **In addition, would management help shareholders understand the significance of the Central Kitchens that the group is setting up? Would this be a game-changer for the group in terms of its product range and open up new markets?**

Q2. The group also successfully listed Yihai Kerry Arawana Holdings Co., Ltd (YKA) on the Shenzhen Stock Exchange (SZSE) ChiNext Board on 15 October 2020, raising approximately RMB13.93 billion. The IPO price for YKA was RMB25.70 per share. The shares were 1,750 times oversubscribed by online retail investors, translating to US\$1 trillion in total demand and reflecting Chinese investors' confidence in YKA.

- (i) **What organisation changes, if any, have been made to YKA? With the listing on SZSE, YKA has become an 89.99%-owned subsidiary of the group. How does the group work with the board of YKA to establish its growth plans and the strategic direction?**
- (ii) **Are there plans to further crystallise the value of the group's 89.99% holdings in YKA?**
- (iii) **In addition, what were the key lessons gleaned by management from the IPO of YKA?**

On 22 March 2021, in a response to media reports on the proposed listing of the 50% owned Indian joint venture company, Adani Wilmar Limited, the company stated that it regularly evaluates all opportunities across its various businesses.

- (iv) **If and when the group proceeds with the listing of Adani Wilmar Limited, how does management intend to finetune the IPO process (including the speed to market and the pricing of the IPO) to ensure a successful listing and to avoid a situation where too much money is "left on the table" during the IPO?**

Q3. The group has a No Deforestation, No Peat, No Exploitation (NDPE) policy which was first launched in 2013 and subsequently updated in 2019. The group has extended its NDPE policy to its entire supply chain and has expanded its reporting scope and coverage to include all major business segments.

The annual sustainability report as well as updates on sustainability-related topics can be found on the group's Sustainability Dashboard (<http://www.wilmar-international.com/sustainability>).

- (i) **Is the group on track to publish its Sustainability Report 2020 by the end of May 2021?**

In the Sustainability Report 2019 published in May 2020, the group showed the materiality matrix of the palm oil segment (reproduced below).



(Source: Sustainability Report 2019)

The group has identified "Supplier/supply chain monitoring" as the most material issue with the highest impact to the group's business and to external stakeholders. More than 20 million hectares are monitored under the Supplier Group Compliance Programme.

- (ii) **Can the board help shareholders understand the board's efforts and its level of oversight in supplier/supply chain monitoring?**

As disclosed in the report, over 90% of the group's palm oil suppliers have either provided a written confirmation of their commitment to the group's NDPE policy, published their equivalent policy, reported on NDPE compliance via the supplier reporting tool platform, or become a member of the RSPO.

(iii) Does the group carry out any compliance/assurance checks on the written confirmation by the suppliers/supply chain?

In addition, one of the 17 Sustainable Development Goals is SDG 4 - Quality Education: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all. The group has set a target for 100% of children living in the group's plantations and of compulsory school-going age to attend full-time education programmes by 2030.

In the past three years, the success rates were 88.3% (Dec 2017), 84% (Dec 2018) and 92.2% (Dec 2019). The figure for 2020 has not been published.

(iv) Given the importance of SDG 4, would the board be reviewing how it could speed up the progress made in SDG 4 and consider shortening the timeline?

^On 1 October 2020, the Accounting and Corporate Regulatory Authority ("ACRA"), the Monetary Authority of Singapore ("MAS") and Singapore Exchange Regulation ("SGX RegCo") published an updated checklist to guide listed entities on the conduct of general meetings arising from the latest updates from the Multi-Ministry Taskforce.

Issuers may continue to conduct their general meetings held on or before 30 June 2021 via electronic means, and are encouraged to do so.

Issuers who, after due consideration of public health and other risks, wish to provide for physical attendance at their general meetings must ensure that they implement all relevant measures to comply with the safe management measures imposed by the Singapore Government.

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

Can't attend the AGM or view the webcast? Check out the latest questions on the annual reports of listed companies on [SIAS website](http://www.sias.org.sg)

Join our mailing list [here](#) to receive latest news and upcoming events.

[^] Guidance on the Conduct of General Meetings Amid Evolving COVID-19 Situation
(<https://www.sgx.com/media-centre/20201001-guidance-conduct-general-meetings-amid-evolving-covid-19-situation>)



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