



OLAM INTERNATIONAL LIMITED
(the "**Company**")
(Company registration number: 199504676H)
(Incorporated in the Republic of Singapore)

RESPONSE TO SGX QUERIES : ANNUAL REPORT FY 2019

Olam International Limited ("Olam" or the "Company") sets out below its response to the queries raised by the Singapore Exchange Regulation ("SGX RegCo") on 3 May 2020 in relation to the disclosures on remuneration matters contained in the Governance Report of the Annual Report FY 2019 ("AR FY2019"):

SGX Query

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

Provision 8.1 of the Code states that:

"The company discloses in its annual report the policy and criteria for setting remuneration, as well as names, amounts and breakdown of remuneration of:

- (a) each individual director and the CEO; and*
- (b) at least the top five key management personnel (who are not directors or the CEO) in bands no wider than S\$250,000 and in aggregate the total remuneration paid to these key management personnel."*

We note the Company's disclosure on remuneration at pages 24 to 28 of the annual report for FY2019. Where the Company's practices deviate from the provisions of the Code, please explicitly state the provision from which it has deviated from, explain the reason for the deviation and explain how the practices it had adopted are consistent with the intent of Principle 8 of the Code, which requires transparency on the Company's remuneration policies, level and mix of remuneration, the procedure for setting remuneration and the relationships between remuneration, performance and value creation.

Company's Response

The Company provided the names, amounts and breakdown of the remuneration paid to individual non-executive director of the Company in page 26 of the Governance Report of the AR FY2019.

The Company further described in pages 26 to 28 of the Governance Report in the AR FY2019 the Company's practices in the area of remuneration policies, relationships between remuneration, performance and value creation, and procedure for setting remuneration, in relation to the Company's executive directors and key executives. The Company has provided an explanation of its variation from Provision 8.1 of the Code as well as explained how the established remuneration practices and process are consistent with the intent of the aforesaid Provision and the requisite Principle 8 in the Code. Please refer to the extract below of the relevant portion from pages 26 to 28 of the Governance Report in the AR FY2019:

“Remuneration policy for Executive Directors and other key executives

The Company’s remuneration philosophy is aimed at attracting, retaining and motivating Executive Directors and key executives through a framework which rewards performance and achievement of the Company’s strategic objectives.

The HRCC recognises that the Company operates in a multinational environment and reviews remuneration through a process that considers the Group’s businesses and individual performance, as well as relevant comparative remuneration in the market. In considering comparative remuneration in the market, the HRCC seeks to maintain an awareness of the level of pay and practices by peer companies so as to keep pay market competitive while mitigating increase of pay that is disconnected from actual performance. The performance evaluation for Executive Directors and key executives have been conducted with the considerations as indicated in the table below.

Aligned with interests of shareholders and other stakeholders

- *Align interests between management and shareholders.*
- *Select appropriate performance metrics for annual and long-term incentive plans to support business strategies and ongoing enhancement of shareholder value*
- *Allow for performance-related clawback if long-term sustained performance targets are not met*

Remuneration is linked to performance

- *Measure performance based on a holistic balanced scorecard approach, comprising both financial and non-financial metrics*
- *Ensure targets are appropriately set for threshold, target, stretch and exceptional performance levels performance, qualification and experience.*

Remuneration is appropriate and proportionate to sustained performance and value creation

- *Ensure that the link between performance and remuneration is clear*

Remuneration structure

The remuneration structure is designed such that the percentage of the performance-related components of the Executive Directors and key executives remuneration increases as they move up the organisation. To remain competitive, the Company aim to benchmark executives’ compensation with that of similar performing companies and remain in the top 25 percentile, taking into consideration the individual performance, qualification and experience.

The Company advocates a performance-based remuneration system that is flexible and responsive to the market. The total remuneration comprises 3 components: an annual fixed cash component, an annual performance incentive and a long-term incentive. Executive Directors are not entitled to either base fees or fees for membership on Board Committees. Remuneration for Executive Directors currently comprises a base salary, a performance bonus tied to the Company’s and the individual’s performance, and participation in the OSGP.

The Company currently has 10 top key executives who are not Directors. Information on the compensation paid to all Directors (including Executive Directors) and key executives is summarily provided in Note 33 to the Financial Statements of the Financial Report.



In considering the disclosure of remuneration of the Executive Directors and top 10 key executives, the HRCC opined that the information provided on the framework, system and component of the remuneration of Executive Directors and the key executives would better provide shareholders with an understanding of the role played by the HRCC in ensuring that the remuneration paid is appropriate and proportionate to the sustained performance and value creation of the Company including taking into account the strategic objectives of the Company. The HRCC also considered the industry conditions in which the Group operates, the impact of the disclosure of specific compensation and the confidential nature of the Executive Directors' and key executives' remuneration."

By Order of the Board

Michelle Tanya Kwek
Company Secretary

Singapore, 5 May 2020



About Olam International Limited

Olam International is a leading food and agri-business supplying food, ingredients, feed and fibre to 25,200 customers worldwide. Our value chain spans over 60 countries and includes farming, processing and distribution operations, as well as a sourcing network of an estimated 5 million farmers.

Through our purpose to 'Re-imagine Global Agriculture and Food Systems', Olam aims to address the many challenges involved in meeting the needs of a growing global population, while achieving positive impact for farming communities, our planet and all our stakeholders.

Headquartered and listed in Singapore, Olam currently ranks among the top 30 largest primary listed companies in terms of market capitalisation on SGX-ST.

More information on Olam can be found at www.olamgroup.com. Follow @olam:



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