

BUMITAMA AGRI LTD.

(Incorporated in Singapore)

(Company Registration Number: 200516741R)

RESPONSE TO QUERIES FROM THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED (“SGX-ST”) ON THE COMPANY’S ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (“FY2019 ANNUAL REPORT”)

The Board of Directors (“**Board**”) of Bumitama Agri Ltd. (“**Company**”) refers to the queries raised by the SGX-ST on 18 May 2020 in relation to the Company’s FY2019 Annual Report released on 9 April 2020.

The following information is provided in response to SGX-ST’s queries:

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

- a. Provision 2.2 of the Code states that:

“Independent directors make up a majority of the Board where the Chairman is not independent.”

With reference to page 42 of the annual report for FY2019, we note that the Company has not complied with Provision 2.2 of the Code as independent directors do not make up a majority of the Board where your Chairman is not independent.

As such, please explicitly state the provision from which it has deviated from and explain how the practices adopted are consistent with the intent of Principle 2 of the Code, which requires the Board to have an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interest of the Company.

The Company’s response:

The Company had disclosed on pages 42 and 43 of its FY2019 Annual Report its reason for deviating from Provision 2.2 of the Code and how the practices adopted are consistent with the intent of Principle 2 of the Code, as follows:-

“The Nominating Committee (“NC”) is tasked to determine on an annual basis and as and when the circumstances require whether or not a Director is independent, bearing in mind the guidelines set forth in the Code and any other salient factors which would render a Director to be deemed not independent. Each of the Independent Directors has provided a declaration of his independence to the NC. The NC has reviewed, determined and confirmed the independence of the Independent Directors.

None of the Independent Directors has served on the Board for a period exceeding nine years from the date of their first appointments.

The current Board comprises Directors who as a group provide core competencies such as finance, legal, business management and industry knowledge. The profile of the Directors can be found on pages 18 to 19 of this Annual Report.

Non-Executive Directors’ views and opinions provide alternative perspectives to the Group’s business. When challenging Management’s proposals or decisions, they bring independent judgement to bear on business activities and transactions involving conflicts of interest and other complexities. The Non-Executive Directors also communicate regularly with Management to discuss matters such as business strategies, latest business innovation and technologies, Group’s financial performance and corporate governance initiatives. Where necessary, the Group arranges for the Independent

Directors to meet the Heads of Departments and key employees without the presence of Management.

The Code provides that where the Chairman is, *inter alia*, part of the Management team or is not an Independent Director, the Independent Director should make up a majority of the Board. With 1 Non-Executive Director and 3 Independent Directors making up a majority of the Board, the Board is satisfied and assured that no individual or group of Directors has unfettered powers of decision that could create a potential conflict of interest. Nonetheless, the NC will source for a suitable candidate to be appointed as Independent Director in order to comply with provision 2.2 of the Code."

The Board believes that the practices adopted are consistent with the intent of Principle 2 of the Code, which requires the Board to have an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interest of the Company.

b. Provision 3.1 of the Code states that:

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

With reference to page 43 of the annual report for FY2019, we note that the Company has not complied with Provision 3.1 of the Code as the Company's Chairman and CEO position is filled by the same person.

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

The Company's response:

The Company had disclosed on page 43 of its FY2019 Annual Report its reason for deviating from Provision 3.1 of the Code and how the practices adopted are consistent with the intent of Principle 3 of the Code, as follows:-

"With the establishment of various Board Committees who have power and authority to perform key functions and put in place internal controls for effective oversight of the Group's business, the Board is of the view that these enable the Board to exercise objective decision-making in the interests of the Group. The Board believes that Mr. Lim Gunawan Hariyanto's dual role as Chairman and CEO allows for more effective planning and execution of long term business strategies as he is knowledgeable in the business of the Group and provides the Group with a strong and consistent leadership.

In view of the foregoing, the Board is of the view that it is currently unnecessary to effect a separation of the roles of the Chairman of the Board from that of the CEO to facilitate the Group's decision-making and implementation process.

Taking cognizance of the non-separation of the roles of the Chairman of the Board and the CEO, the Board has in the spirit of good corporate governance, appointed Mr. Lee Lap Wah George in place of Mr. Tan Boon Hoo as Lead Independent Director to serve as a channel for Shareholders in the event their concerns are not resolved through the normal channel of the Chairman and CEO or the Chief Financial Officer ("CFO"), or for which such contact is inappropriate. Mr. Lee Lap Wah George will also act as liaison between the Independent Directors and the Chairman of the Board; to provide non-executive perspectives in circumstances where it would be inappropriate for the Chairman to serve in such capacity and to contribute a balanced viewpoint to the Board."

The Board believes that the practices adopted are consistent with the intent of Principle 3 of the Code, which requires a clear division of responsibilities between the leadership of

the Board and Management, and no one individual has unfettered powers of decision making.

c. 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 47 and 48 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 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.

The Company's response:

The Company had disclosed on page 48 of its FY2019 Annual Report its reasons for deviating from Provision 8.1 of the Code and how the practices adopted are consistent with the intent of Principle 8 of the Code, as follows:-

“The remuneration of the Directors and key management personnel are set out in incremental bands of S\$250,000. The Group is of the view that disclosure in incremental bands is sufficient and adequate, and that any further disclosure could be detrimental to the Group's interest, as it may hamper the Group's efforts in retaining and nurturing its talent pool, having regard to the highly competitive human resource environment, and the confidential nature of remuneration matters.

On the same basis and also due to sensitivity of such matter, it is not in the Group's interest to disclose the aggregate remuneration of its key management personnel (who are not Directors or the CEO).

Having considered Provision 8.1 of the Code requiring the disclosure of the remuneration of at least the top 5 key management personnel (who are not directors or the CEO), the Group is only disclosing the above 3 individuals, who, besides the CEO, are considered as the Group's key management personnel and since they have supervisory roles over the other senior management of the Group.”

The Board believes that the remuneration information disclosed in page 47 of the FY2019 Annual Report is sufficient for shareholders to have an adequate appreciation of the remuneration of the Directors, Group CEO and top 3 key management personnel. The Board also believes that there is sufficient 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 are consistent with the intent of Principle 8 of the Code.

- (ii) Listing Rule 210(5)(a) requires directors who has no prior experience as a director of an issuer listed on the Exchange to undergo training in the roles and responsibilities of director of a listed issuer as prescribed by the Exchange. We note that Mr. Lawrence Lua had been appointed to your Board with effect from 1 January 2020. Please disclose if Mr Lua had attended trainings as required, the date of the training(s) attended, and if no trainings have been attended, the reason why.

The Company's response:

The Company is aware and acknowledged that Mr Lawrence Lua is required to attend mandatory training i.e. Listed Entity Director Programme ("LED programme") organised by the Singapore Institute of Directors ("SID"), within one year from the date of appointment as an Independent Director on 1 January 2020 pursuant to the Rule 210(5)(a) of Listing Manual of SGX-ST.

In view of the evolving Covid-19 situation, the Company has deferred the enrollment of LED programme for Mr Lua in early 2020. The Company will register Mr Lua for July intake of the four core modules of the LED programme consist of listed entity director essentials, board dynamics, board performance and stakeholder engagement.

He will attend the LED programme either via online webcast or face-to-face depends on the situation, SID's arrangement and measures taken by Singapore authorities due to this pandemic of the Covid-19.

By Order of the Board

Lim Gunawan Hariyanto
Executive Chairman and CEO

20 May 2020