Wilmar Sugar Pte Ltd	Issued By:	
Sugar Limits Setting Standard Operating Procedures (SOP)	Doc number:	
	Date of issued:	31 Dec 2025

Contents

1. Introduction

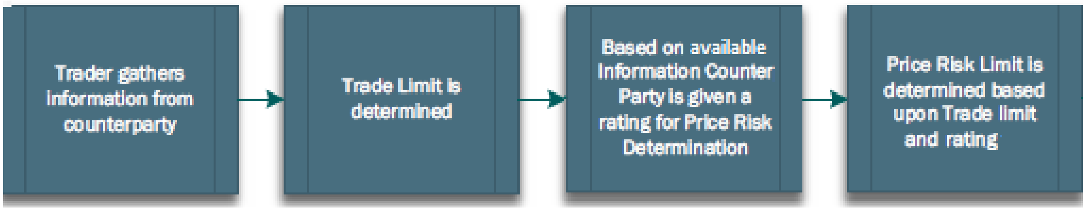
This policy is applicable to Wilmar Sugar Pte Ltd and its subsidiaries as well as Sugar Business in Wilmar Trading (Asia) Pte Ltd.

Objective of this document is to ensure correct procedures are followed with regard to the establishment of Trading, Price and Credit/Accounts Receivables (for outright credit) limits for counterparties. This document should be read in conjunction with the Sugar Trade Process Standard Operating Procedures.

Limits are to be set up for all counterparties with the exception of subsidiaries of Wilmar Sugar Pte Ltd.

2. General Process Flow

The diagram below depicts the general flow of a typical limit setting process.



3. Trade Limits

Traders have the accountability to determine and recommend for approval the trading limits to be granted to counterparties.

Trading limits should represent the business Wilmar expects to, or targets to, execute with the counterparty. Trading limits should not be determined indiscriminately but be based on judgement, determination of the counterparties' capacity and willingness to trade with Wilmar and assessment of the counterparties' ability to perform on contracts in terms of ability to deliver or take the product. Effectively, this means the risk exposure that Wilmar is willing to take with the counterparty.

How to determine will be based on the following guidance:

- Plant capacity and volume which can be traded with Wilmar
- History with Wilmar - volume and how far forward the counterparty trades
- Projected prices of products

These factors will first determine the desired trading limit. After determining the Trade Limit, a volatility factor can be used to determine the Price Risk Limit required to correspond to the Trade Limit.

Example of Trade Limit Calculation

Factors			Remarks
Vendor / Customer Volume (Monthly)			
- Plant Capacity / Counterparty Needs / Production	10,000	MT	
- Monthly Projected Requirement / Output for next 12 months	9,000	MT	*Plant is not running at full capacity yet. In 2018 customer is expecting to run at full capacity and expand capacity in 2019*
- Monthly Average Trade Volume with Wilmar (past 3 years)	5,000	MT	*Customer has a policy of buying from two suppliers.*
- Projected Contracted Volume with Wilmar	6,000		*More volume will be given to Wilmar in future as the alternative supplier has delivered late on a number of occasions so more volume being offered to Wilmar.*
Normal purchasing pattern – how many months forward does the customer purchase	4	Months	
Total projected outstanding commitment (calculated)	24,000	MT	
Projected Contracted Price	600	USD/MT	
Trade Limit Request	**14,400,000**	**USD**	

4. Price Risk Limits

Price Risk Limit is established as a function of Trade Limit and expected volatility.

Traders should always seek to ensure Wilmar does not take unnecessary price risk. Where a customer is willing to provide collateral (pre-payment, performance guarantee, etc.), they should always be taken to limit the risk. However, where Wilmar cannot obtain collateral to limit the risk, an assessment must be made on the counterparties' ability to absorb the price loss they may incur if they are buying / selling forward fixed price contracts.

Counterparties, whether 'Customers' or 'Vendors', are grouped into 4 risk categories A, B, C, D – refer to Appendix 2. Counterparties are rated based on their country rating and a set of criteria comprises of quantitative and qualitative factors.

A. Country Rating

Country rating is based on the sovereign credit rating from sources such as S&P, Moody's, Fitch to assess the creditworthiness of a country or sovereign entity.

As a general rule, a counterparty cannot have a higher rating than the country in which it is based e.g. a counterparty in a 'BBB' rated (Lower medium grade) country cannot be rated as a category 'A' (Very Low Risk) counterparty but can only be rated as either 'B', 'C' or 'D'. such as country rating of Brazil is BB, Wilmar risk category is C for a counter party with credit rating under 'BB' as per Appendix 3. Therefore, a counterparty from Brazil can only be rated as either 'C' or 'D'. Similarly, a counterparty from Nigeria with country rating 'B-' can only be rated as either 'C' or 'D'. Please refer to Appendix 1- Country Rating and Appendix 3 - published credit rating for the mapping between Wilmar's risk categories and credit rating

The exception to this rule is if the counterparty is a related company e.g. an associated company or has long history of business relation with excellent performance or has provided strong collateralas security.

B. Quantitative Factors (Information that can be measured) refers to published credit rating (refer to Appendix 3) from sources such as S&P, Moody's, Fitch and audited Financial Statements

C. Qualitative Factors (information that can be observed but not measured) e.g. market influences which might affect the counterparties' ability to pass on losses to other parties. E.g.

- The counterparty has sold fixed price to other parties.
- Do they operate in an environment where a competitor of theirs has the same or different pricing strategy?
- Is there guarantees from 3rd parties or funding lines available to the counterparty?
- Can Wilmar obtain security over assets and what is the quality of the assets?

These are the quantitative factors selected as criteria to be used to assess a counterparty:

a. it is a public (as opposed to a private) company
b. a recent set of audited accounts have been inspected and copies are on file
c. the accounts give no obvious cause for concern re credit-worthiness, particularly in relation to the state of the balance sheet
d. the tangible, 'realisable', net worth [i.e. excluding any goodwill or 'unrealistic' asset valuations] is at least 10 times the total risk limit being proposed
e. at least one favourable bank reference has been obtained from a local, well-regarded, bank source
f. has been trading satisfactorily with the counterparty for a number of years, with no performance or payment problems
g. the management is well-known to Wilmar and the company is well-regarded in the relevant 'trade'

Rating of 'A' (Very Low Risk) should only be given if a significant proportion of the above criteria are satisfied. This operates as a guide to make an objective assessment of the rating. Where an objective assessment cannot be made or the assessment does not align with the required Price Risk, traders have three options:

1. Seek to mitigate the risk – e.g. by taking security, margin calls or advance payment from the counterparty.
2. Provide reasoning (Qualitative Factors, see point C above) why the risk is acceptable and what actions may be taken if Wilmar would like to limit or reduce risk at a later point in time.
3. Combination of 1. & 2. above.

Counterparties who do not wish to provide the financial data required or do not wish to disclose business information will generally be rated lower down the scale e.g. C or D. New customers with little or no financial and business information, unknown track record or market reputation should always be rated D - High Risk

Once the risk category is assigned to a counterparty, the price risk limit is calculated based on the trade limit multiple by the volatility factor refer to Appendix 2 – Price Risk Limit - Volatility Factor

5. Credit / Accounts Receivable (AR) Limit and Payment Terms

In general, payment terms for new counterparties will be 100% advance payment, deposit plus CAFD, deposit plus LC or ****100% LC** [before business is concluded and confirmed]

Only category A counterparty can be granted outright credit or CAD in Trust.

Payment terms for each category of counterparties are as follows:

Category D – 100% prepayment, at least 30% deposit plus CAFD or LC, or ****100% LC**
Category C – 15% to 20% deposit plus CAFD or LC, ****100% LC**
Category B – DP (Documents through Bank), 100% CAFD or payment terms of Category C or D or 100% LC before discharge.
Category A – Outright credit, CAD in Trust and all of the above

Any exceptions to this, traders must seek approval from Sugar Division Head before finalising the trade.

Traders have responsibility for recommending payment terms for approval. If outright credit is recommended as a payment term, in deciding an appropriate limit, the following key factors should be considered:

- The trading history
- Expected trading and sales volume
- Schedule of invoicing
- Payment history and behaviour
- Financial capabilities of counterparty to repay
- Reason for granting credit
- Rules, regulations and legal requirement of the country where the counterparty resides
- Quality of collateral such as Corporate Guarantee, Standby LC or Bank Guarantee

The payment terms selected should also be appropriate when performing trades with the counterparties. The Credit / AR limit should be consistent with the payment history and financial capabilities of counterparties.

If there is revision to the current Credit / AR limit granted or new Credit / AR limit request, a formal application must be from the trader. All applications should be processed and approved before submission to the Group Limits Team for processing and updating into the system.

6. Collateral

All collateral provided by counterparties as security such as Corporate Guarantee, Standby LC or Bank Guarantee must be in original and kept in the company safe at all times. All Standby LC and Bank Guarantee must be "encashable" at first demand and must be confirmed by first class bank. Any exception must be approved by Sugar Divison Head before accepting them as collateral. It is the Trader's and Risk Team's responsibility to ensure that this clause 6 is fully complied with.

7. Group Limits for Credit / AR

Limits are always established at an individual counterparty level. If a counterparty is requesting a limit in excess of what can be granted on a standalone basis and a guarantee cannot be obtained the limit may be linked to a counterparty Group limit in the following circumstances:

1. The counterparty is part of a major group e.g. ADM, Cargill, Nestle, etc. where a group limit has been established at WIL level. The Limit Team will record this link when the application is made to them.

2. The counterparty is a Wilmar JV/Associate. The linkage to the Group limit can be done with the approval from the Trading Head.

3. Counterparties not covered under the two points above can be linked to a Group Limit with approval from the Division Head.

In order to establish and verify the counterparty is part of a group the counterparty shareholder structure is to be obtained and verified as part of the credit application process.

8. Loading & Pricing

When payment term of a contract involved LC or deposits, deadline must be clearly stipulated in the contract that the operable LC or deposits to be received at least 7 working days prior to the first day of the shipment period. Once vessel is lifted on subjects, Risk Team to keep Traders closely informed on the above status enabling them to decide if need to clean fix vessel. At all time, no commencement of loading/stuffing and pricing are allowed unless the operable LC or deposits are duly received. It must be also clearly stipulated that shipment period may be amended accordingly based on the date of the receipt of operable LC or deposits. For new Category C or D counterparties with forward sales on LC terms, as freight may be locked in advance, operable LC mut be received before business is concluded and confirmed. It is the Risk Team's responsibility to monitor the price risk exposure and send a weekly report to Traders to highlight the mark to market exposure.

In instances where the LC is not open before business is concluded and confirmed or before loading, approval should be obtained in accordance with the Appendix 4 – Limits Approval Matrix as if this counterparty is on open account.

9. FOB vs CNF business

Generally, FOB sale is strongly discouraged unless under NY11 trades. Strictly no for Category D counterparties. For Category C counterparties, FOB sale is allowed only when payment term is ** 100% LC before business is concluded and confirmed or 100% advance payment or there is collateral e.g. Standby LC, Bank Guarantee received from counterparties and such collateral is sufficient to cover the risk of the FOB sales. New trades of same counterparties can only be concluded once the current contract cargo payment and all outstanding payments are received/settled. Analysis must be given with full background of the counterparty and reasons for trading in FOB term must be provided.

Exception can be given only with approval from Sugar Division Head.

10. Global Counterparties

All limits for global counterparties are approved by the ERC.

A request for allocation, variation change of a group limit is submitted to Singapore Middle Office and Group Limits team (Add email address). Singapore Middle Office will send out a weekly list of global counterparties to all countries.

11. Monitoring

Alerts will be sent when counterparties reach 80% of approved limits. Risk Team must assist Traders to review activity with the counterparty to ensure the limit will not be breached or if necessary, take actions to reduce the risk, e.g. obtained collateral such as Standby LC, Bank Guarantee, Deposit or Margin Calls.

12. Limit By-Pass

It is the responsibility of traders to ensure limits are given to counterparties which are sufficient for the trades anticipated. Exceeding approved limits should be considered carefully as it may create unacceptable risk for Wilmar. In the circumstances where a Trader believes a onetime By-Pass of a limit is warranted the following procedures are to be followed.

Limits bypass is allowed without approval in several cases including the following:

- Contract with Letter of Credit (LC) payment terms and the LC is operative or confirmed. A copy of LC to be given to MO and MO will request Group Limits Team to bypass the contract
- Delivery under NY Futures Sugar Exchange #11 contracts (sales or purchases)
- Trades for washout of existing contracts where vendor or customer code are created just for purpose of washout. No limit is required for such vendor or customer
- Amendment of contracted payment term to a more favorable payment term.

Any other cases not included in the list will be subject to approval on a case by case basis.

Trade Support must seek bypass approval from authorized person per Appendix 4 and MO to verify the contract details for Group Limits Team to perform the bypass.

If any limit will be exceeded by converting a contract, the process will be stopped until appropriate approval is obtained.

Contract Conversion Exceeds Trade Limit:

A one-time By-Pass can be approved by the respective approval authority so long as the current limit and the increase granted does not exceed 120% of their approval limit refer to Appendix 4 – Limits Approval Matrix. This increase in limit does not change the original limit but only allows conversion of the contract or issuance of invoice.

The By-Pass will be entered into SAP/ITAS by the Group Limits team upon receipt of an email from the appropriate person granting the By-Pass.

If any By-Pass is required which exceed the approvers limit by 20% then the approval is to be obtained by the next approval level.

AR Limit Exceed:

If issuing an invoice will exceed the customers AR / Credit limit, an automatic email sent to Trader. This original limit will be maintained in SAP/ITAS.

13. Annual Review of Counterparties

There should be an annual review, at minimum, of every counterparty Wilmar grants exposure limits to. This is to help ensure risk exposure and credit extended to the counterparty is still relevant. The trading heads are responsible to ensure that the annual review is performed.

After the annual review of counterparties, traders must sign off against the review results to acknowledge completion of the assessment.

Any increase in limits recommended after the review must go through the same approval process as establishment of limits. Reduction of limits recommended by Traders do not need to go through an approval process.

14. Adherence to Limit Setting SOP

This Limits Setting SOP provides guidance on how the Trade, Price Risk and Credit / AR Limits and Payment Terms are set. Traders should refer to the SOP while negotiating new business to ensure compliance. Any deviations must be approved by Sugar Division Head before concluding the business.

15. Usage of Limit Form/ System

All reviews and calculations should be completed using the form and/or system which has inbuilt formulas and guidance.

16. Limit Approval Matrix

All limits are to be approved in accordance with the Limits Approval Matrix Refer Appendix 4 – Limits Approval Matrix.

Appendix 1 – Country Rating

Country	Rating	Country	Rating	Country	Rating
Abu Dhabi	AA	Costa Rica	BB-	Japan	A+
Albania	BB-	Cote d'Ivoire	BB-	Jersey	AA-
Andorra	BBB+	Croatia	BBB+	Jordan	B+
Angola	B-	Curacao	BBB-	Kazakhstan	BBB-
Argentina	CCC	Cyprus	BBB	Kenya	B
Armenia	BB-	Czech Republic	AA-	Korea	AA
Aruba	BBB	Denmark	AAA	Kuwait	A+
Australia	AAA	Dominican Republic	BB	Latvia	A+
Austria	AA+	Ecuador	B-	Lebanon	SD
Azerbaijan	BB+	Egypt	B-	Liechtenstein	AAA
Bahamas	B+	El Salvador	B-	Lithuania	A+
Bahrain	B+	Estonia	AA-	Luxembourg	AAA
Bangladesh	BB-	Ethiopia	SD	Madagascar	B-
Barbados	B-	Falkland Islands (The)	A+	Malaysia	A-
Belarus	C	Fiji	B+	Mali	Caa2
Belgium	AA	Finland	AA+	Malta	A-
Belize	B-	France	AA	Mauritius	BBB-
Benin	BB-	Georgia	BB	Mexico	BBB
Bermuda	A+	Germany	AAA	Mongolia	B
Bolivia	CCC+	Ghana	SD	Montenegro	B
Bosnia and Herzegovina	B+	Greece	BBB-	Montserrat	BBB-
Botswana	BBB+	Guatemala	BB	Morocco	BB+
Brazil	BB	Guernsey	A+	Mozambique	CCC+
Bulgaria	BBB	Honduras	BB-	Netherlands	AAA
Burkina Faso	CCC+	Hong Kong	AA+	New Zealand	AA+
Cambodia	B2	Hungary	BBB-	Nicaragua	B
Cameroon	B-	Iceland	A+	Nigeria	B-
Canada	AAA	India	BBB-	North Macedonia	BB-
Cape Verde	B-	Indonesia	BBB	Norway	AAA
Chile	A	Iraq	B-	Oman	BB+
China	A+	Ireland	AA	Pakistan	CCC+
Colombia	BB+	Israel	A+	Panama	BBB
Congo (DRC)	B-	Italy	BBB	Papua New Guinea	B-
Congo-Brazzaville	B-	Ivory Coast	BB-	Paraguay	BB+
Cook Islands	B+	Jamaica	BB-	Peru	BBB-

Appendix 1 – Country Rating (Continue)

Country	Rating	Country	Rating	Country	Rating
Philippines	BBB+	Slovenia	AA-	Trinidad and Tobago	BBB-
Poland	A-	South Africa	BB-	Turkiye	B
Portugal	A-	Spain	A	Tunisia	CCC+
Qatar	AA	Sri Lanka	SD	Turks and Caicos	BBB+
Ras Al Khaimah	A-	St Helena	BBB-	Uganda	B-
Romania	BBB-	Suriname	CCC+	Ukraine	CC
Rwanda	B+	Sweden	AAA	United Kingdom	AA
Saudi Arabia	A	Switzerland	AAA	United Arab Emirates	AA-
Senegal	B+	Taiwan	AA+	United States	AA+
Serbia	BB+	Tajikistan	B-	Uruguay	BBB+
Sharjah	BBB-	Thailand	BBB+	Uzbekistan	BB-
Singapore	AAA	Tanzania	B+	Venezuela	C
Slovakia	A+	Togo	B	Vietnam	BB+
				Zambia	SD

Appendix 2 – Price Risk Limit - Volitality Factor

Risk Categories	Price Limit (% of Trade Limit)
A. Very low risk of default – Financially strong, established track record of performance and first-class market reputation, usually with big assets, good producers or large refineries.	20%
B. Low risk of default – Financially stable, established track record and good market reputation such.	10%
C. Moderate risk of default – Financially stressed, established track record and acceptable market reputation.	8%
D. High risk of default – Financially stressed, unreliable/unknown track record and market reputation.	5%

Appendix 3 – Published Credit Ratings

Wilmar	Moody's		S&P		Fitch		Rating description		Credit Worthiness
	Long-term	Short-term	Long-term	Short-term	Long-term	Short-term			
A	Aaa	P-1	AAA	A-1+	AAA	F1+	Prime	Investment-grade	An obligor has EXTREMELY STRONG capacity to meet its financial commitments.
	Aa1		AA+		AA+		High grade		An obligor has VERY STRONG capacity to meet its financial commitments. It differs from the highest-rated obligors only to a small degree.
	Aa2		AA		AA				
	Aa3		AA−		AA−				
	A1		A+	A-1	A+	F1	Upper medium grade		An obligor has STRONG capacity to meet its financial commitments but is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligors in higher-rated categories.
	A2		A		A				
	A3	P-2	A−	A-2	A−	F2			
B	Baa1		BBB+		BBB+		Lower medium grade		An obligor has ADEQUATE capacity to meet its financial commitments. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitments
	Baa2	P-3	BBB		BBB	F3			
	Baa3		BBB−	A-3	BBB−				
C	Ba1	Not Prime	BB+	B	BB+	B	Non-investment grade / speculative	Non-investment grade, aka high-yield bonds, aka junk bonds	An obligor is LESS VULNERABLE in the near term than other lower-rated obligors. However, it faces major ongoing uncertainties and exposure to adverse business, financial, or economic conditions which could lead to the obligor's inadequate capacity to meet its financial commitments.
	Ba2		BB		BB				
	Ba3		BB−		BB−				
	B1		B+		B+		Highly speculative		An obligor is MORE VULNERABLE than the obligors rated 'BB', but the obligor currently has the capacity to meet its financial commitments. Adverse business, financial, or economic conditions will likely impair the obligor's capacity or willingness to meet its financial commitments.
	B2		B		B				
	B3		B−		B−				
D	Caa1		CCC+	C	CCC+	C	Substantial risks		An obligor is CURRENTLY VULNERABLE, and is dependent upon favourable business, financial, and economic conditions to meet its financial commitments.
	Caa2		CCC		CCC				
	Caa3		CCC−		CCC−				
	Ca		CC		CC		Extremely speculative		An obligor is CURRENTLY HIGHLY-VULNERABLE.
			C		C		Default imminent with little prospect for recovery		The obligor is CURRENTLY HIGHLY-VULNERABLE to nonpayment. May be used where a bankruptcy petition has been filed
	C		RD	D	RD	D	In default		An obligor has a clear signal of financial distress (RD), selectively defaulted (SD) or failed to pay one or more of its financial obligations (rated or unrated) when it became due.
	/		SD		D				
	/		D		/				

Appendix 4 – Sugar Limits Approval Matrix

All Products	TRADE (USD)	AR (USD)	PRICE (USD)
Risk Management Committee (RMC)	200 mil above	200 mil above	200 mil above
Executive Risk Committee (ERC)	Up to 200 mil	Up to 200 mil	Up to 200 mil

Sugar	TRADE	AR	PRICE
Jean-Luc Bohbot	Up to 25 mil	Up to 7 mil	Up to 5 mil
Kwek Ju-Yang / Eliza Tay / Virgilio Fagundes @/ Vishesh Kathuria@	Up to 5 mil	Up to 3 mil	Up to 1 mil

@ Virgiliro Fagundes can only approve limits for Wilmar Sugar Americas entities, including:

- Wilmar Sugar Americas Trading Pte. Ltd.
- Wilmar Sugar USA Inc.
- Wilmar Sugar Americas, S. de R. L. de C.V.

@ Vishesh Kathuria can only approve limits for Wilmar Agri Trading DMCC

RMC	ERC
Mr Lim Siong Guan (Chairman)	Mr Kuok Khoon Hong
Mr George Yong-Boon Yeo	Mr Pua Seck Guan
Mr Soh Gim Teik	Mr Charles Loo
	Mr Goh Hock Hua

Note:

- For all counterparties with limits below USD200 million a one time / one transaction (e.g trade slip) by-pass is allowed up to 20% of the respective limit. This by-pass is to be approved by the highest level which has approved the existing approved limit. Accounts are responsible for enabling the limit by pass after request from Trader / Trade Support.

  Any subsequent by-pass after one time referred to above must follow the normal channel to obtain approval of the limit at a higher level.

- In the event that price limit needs to exceed 20% of trade limit, Approval Matrix is as follows:

Sugar	PRICE (USD)
Executive Risk Committee (ERC)	Up to 200 mil
Jean-Luc Bohbot	Up to 6 mil

- Limits Bypass due to Replacement Contract /Amend contract other than change of payment term in favor of Wilmar (e.g. splitting contracts etc.)

Kwek Ju-Yang / Eliza Tay (copy Jean-Luc)	Total quantities and contract Values are remained same OR lesser
Jean-Luc Bohbot	Total contract values are greater than previous amount (total quantities are remained same or lesser)

Appendix 5 – Frequently Asked Questions

A. Where should I obtain financial information on the Counterparty?

There are several sources to obtain financial information. Generally, the easiest way is to discuss the need for the information with the Counterparty and see how they can help. In order of ease and reliability to obtain information, the following is suggested:

- Does the Counterparty have a credit rating by Moody's, S&P or Fitch?
- Is the Counterparty a listed company and publish financial statements?
- Does the counterparty provide summary financial data on a public Website?
- Request financial information from the Counterparty directly. This could be one of the following: Audited Financial Statements, Tax Return, Return to Register of Companies, Unaudited Accounts or Management Accounts.
- Use external sources, e.g. Dun & Bradstreet or Thomson Reuters, etc.

B. How do I explain the need for financial information to the counterparty?

Wilmar will be entering into contracts with the counterparty and taking risk so it is appropriate to discuss with the counterparty the risks Wilmar will be taking and also the risks the counterparty will be taking. Wilmar needs to establish limits at a level where we believe the counterparty can absorb negative events. To do that we need some background of the company, their operations and financial standing. This is normal in any trading arrangement.

C. Does Wilmar Provide Financial Information to Counterparties when requested?

Yes, we do. Wilmar publishes extensive financial information on its website, www.wilmar-international.com, and updates this quarterly so that we can keep all stakeholders who need to know our information updated. Wilmar is a publicly traded company and we need to ensure information provided to external parties is public to all stakeholders. As such Wilmar International Limited (WIL) financial data is the most appropriate to be provided to stakeholders. WIL as the holding company is the ultimate owner of all companies within the Wilmar group and is where the ultimate risk any Counterparty of Wilmar resides.

D. If the counterparty is part of a larger group should we get financial information on individual entities or group?

Generally, the appropriate information will be the individual entity level. Consolidated information at group level will provide a picture of the health and credit worthiness of the whole group but it cannot provide assurance of the risk of an individual entity as each entity will be stand alone in terms of default, lawsuits, disputes etc. Only if the individual counterparty can demonstrate it has support from a parent or other party within the group can that be considered in accessing risk.