RISK MANAGEMENT

Del Monte Pacific Ltd. (DMPL) has an established enterprise-wide risk management framework that sets out the governance structure to proactively manage risks, including financial, operational, information technology, compliance, and sustainability risks in all levels of the organization, and mitigate the potential impact on people, the environment, corporate governance, and corporate performance.

The following are the principal risks and mitigation measures of DMPL.

Principal Risk	Specific Risk We Face	Mitigation
Leverage and Liquidity	Del Monte Pacific Ltd., including its subsidiary Del Monte Philippines, Inc. (DMPI), has availed loan facilities, which has resulted in a leveraged balance sheet. DMPL may incur risks if it is unable to service its interest and principal obligations on time and in full, given its liquidity. DMPL's performance and generation of free cash flow need to support debt service. Otherwise, there may be a risk of breach of financial covenants set out under the relevant loan facility.	• Improve cash flows through the following: – Sustain the increase in profitability with higher sales and margin improvement – Improve working capital and capex management – Monitor production levels, productivity enhancements, operational efficiencies – Control costs and reduce waste • Prioritize raising equity to recapitalize DMPL, offset its capital deficit from U.S. impairments, and reduce leverage • Address requirements of bank covenants • Work with banks on availability of credit lines • DMPL Board had decided to classify the U.S. business (Del Monte Foods Holdings Ltd. or DMFHL) as Discontinued Operations as of 30 April 2025, based on IFRS 5. • DMFHL and its subsidiaries have been deconsolidated from DMPL effective 1 May 2025, in accordance with IFRS 10. • Deconsolidation reduced DMPL's total liabilities by US$1.5 billion as of 1 May 2025. • DMPL has not guaranteed any loans of DMFHL or its subsidiaries and does not believe it has liability regarding the latter's financial obligations.
Cost Increases and Inflationary Pressures	DMPL's subsidiary DMPI has experienced cost increases in raw materials, packaging and other inputs, including raw produce, tin plate, fuel, and labor. Geo-political conflict, inflation, and supply chain challenges may put pressure on the company's margins and working capital.	• Socialize inflationary cost increases with customers to mitigate the risk on price actions to address inflation • Drive cost improvement and productivity initiatives such as material usage reduction, packaging base weight optimization, product rationalization and defectives management • Rationalize trade spending where gross margins are not in accordance with strategy • Pursue stringent management of profit leaks • Minimize increases in overhead spending • Consider forex and commodity hedging and/or advance booking at the lowest possible purchase price
Climate Change	Production output is subject to certain risk factors relating to climate and weather conditions, and natural calamities. Agriculture is sensitive to weather and climate. The effects of climate change on agriculture will depend on the rate and severity of the change, and how the Company adapts. Adverse weather conditions could affect supply. Climate change may affect tonnage and ability to meet targets. There is no assurance that climate change and weather disturbances will not materially affect DMPL's business operations in the future or that DMPL is fully capable of dealing with these situations with respect to damages and economic losses resulting from these risks. Water is a key resource in agriculture. Declining water tables due to changes in weather patterns and weather disturbances, such as El Niño and La Niña, may affect the quality of produce grown and production yield which may affect supply.	• Identify climate risks by location and determine the effects of increasing global temperature • Implement plans to mitigate climate change risks and weather disturbances such as El Niño and La Niña • Improve agricultural practices by expanding capabilities in imaging, satellite data integration, and digital mapping solutions • Use high-resolution weather data to measure the weekly location-specific rainfall events • Implement carbon emissions reduction strategies and projects such as renewable energy projects • Integrate biodiversity conservation in the company's agricultural programs • Work with insurance brokers to assess the risk exposure and secure adequate insurance coverage, if cost effective

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Environmental and Other Plantation Risks	Agriculture relies heavily on land, water, and other natural resources. Environmental and other plantation risks may affect operations. Production output is also subject to certain risk factors relating to pests, diseases and crop yields.	• Improve plantation yield through ecologically friendly land preparation, use of sustainable planting materials, plant nutrient application, water source and plant disease management • Intensify soil conservation measures and identify and implement ways to reduce water use • Enhance fertilization program to accelerate plant growth • Implement field rehabilitation programs to increase yields, reduce fruit loss • Deploy new agricultural equipment to drive quality improvement • Install grub traps and fast-track alternative safe chemicals to control pests and diseases • Sustain better root health through Integrated Pest Management Program • Implement phase-out program for hazardous materials through alternative sustainable materials
Obsolescence and Trade Returns	Production relies heavily on the demand forecast to procure raw and packaging materials, manpower planning and allocation of resources. Forecast inaccuracy may lead to excess inventory and obsolescence. Achievement of forecasts depends on execution of sales, distribution and marketing strategies. Distribution plans must be implemented to ensure sales forecasts are met. Plans that are not executed properly may lead to lower sales, higher trade returns and higher warehousing costs.	• Improve demand planning and forecast accuracy via close coordination with Commercial, Supply Chain, manufacturing facilities, Distributors, and Marketing • Address root causes of trade returns • Improve the bad order (BO) pull out process through reconciliation of BO deductions and providing a BO allowance for the modern trade • Closely monitor the monthly aging inventory report to flag aging stocks to Commercial and Supply Planning for disposition • Coordinate with Procurement Group and Supply Planning to optimize order quantities • Pursue request for shelf-life extension of materials
Operations	As an integrated producer of packaged, frozen and fresh fruit products for the global market, DMPL's earnings are inevitably subject to certain other risk factors, which include general economic, market and business conditions, change in business strategy or development plans, international business operations, production efficiencies, input costs and availability, logistics and transportation facilities, litigious counterparties, insurgent activities, virulent disease, and changes in government regulations, including environmental regulations. New regulations in packaging format, recyclability of materials, or packaging taxes may increase product cost.	• Execute the Annual Operating Plan and Long Range Plan, supported by a risk management framework, business continuity, crisis management and disaster recovery plans, certification programs, and corporate sustainability initiatives • Enhance relevance of existing products across key brands and segments through marketing strategy and consumer communication • Implement price adjustments to cover cost inflation • Develop a strategic plan to address possible changes in regulations on sustainable packaging • Rationalize low-margin products • Optimize packing operations, procurement, logistics and transportation cost • Pursue productivity-enhancing and efficiency-generating work practices and capital projects • Continue to comply with new legislations on the environment, taxation and labor that affect operations and proactively develop strategies to reduce the impact of these regulations • Manage security risks in operating units by improving stakeholder relations in local communities