

**DEL MONTE PACIFIC LIMITED**  
(Incorporated in the British Virgin Islands with Limited Liability)

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**AUDIT AND RISK COMMITTEE<sup>1</sup>**

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The Listing Manual (the “**Listing Manual**”) of Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) requires companies listed on Main Board of SGX-ST to set up an Audit and Risk Committee that reports to the Board of Directors.

The role of the Audit and Risk Committee is to assist the Board with discharging its responsibility to:

- safeguard the Company’s assets;
- maintain adequate accounting records;
- develop and maintain effective systems of internal controls and risk management;
- ensure integrity of financial statements; and
- provide arrangements whereby concerns on financial improprieties or, other matters raised by ‘whistle-blowers’ are investigated and appropriate follow up action taken.

The overall objective of the Audit and Risk Committee is to ensure that Management has created and maintained an effective system of internal controls to safeguard the assets and integrity of the operations of the Company, and to ensure compliance with relevant regulations and legislations applicable to the Company.

As a sub-committee of the Board, the Audit and Risk Committee provides a channel of communication between the Board, Management, the internal auditors and the external auditors, on matters arising out of the internal and external audits.

The terms of reference for the Audit and Risk Committee are annexed hereto as Appendix A.

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<sup>1</sup> The Audit Committee of Del Monte Pacific Limited had on 25 June 2015 been renamed to the Audit and Risk Committee.

## **APPENDIX A**

### **DEL MONTE PACIFIC LIMITED** (Incorporated in the British Virgin Islands with Limited Liability)

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#### **TERMS OF REFERENCE FOR AUDIT AND RISK COMMITTEE**

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##### **1. MEMBERSHIP**

- 1.1 The Audit and Risk Committee (“ARC” or the “Committee”) shall be appointed by the Board of Directors (the “Board”) from amongst its members and shall comprise at least three (3) members.
- 1.2 All the members shall be non-executive Directors of the Company, a majority of whom shall be independent.
- 1.3 The ARC Chairman shall be elected the Board of Directors (from among the members of the Committee) and shall be a non-executive Director, and shall be independent.
- 1.4 The members shall be appropriately qualified to discharge their responsibilities. At least two (2) members (including the ARC Chairman) shall have recent and relevant accounting or related financial management expertise or experience, as the Board interprets such qualification in its business judgement.
- 1.5 The Board may consider a Director as independent in character and judgment if he has no relationship with the Company, its related corporations, a substantial shareholder with a shareholding of 10% or more (“10% shareholder”), or its officers; or if there are no circumstances that could interfere, with his exercise of independent business judgment with a view to the best interests of the Company and in carrying out his functions as a member of the ARC.

The Code of Corporate Governance 2012 sets out the following relationships or circumstances, which would deem a Director not to be independent:

- (a) a Director being employed by the Company or any of its related corporations for the current or any of the past three financial years;
- (b) a Director who has an immediate family member who is, or has been in any of the past three financial years, employed by the Company or any of its related corporations and whose remuneration is determined by the Remuneration and Share Option Committee;
- (c) a Director, or an immediate family member, accepting any significant compensation from the Company or any of its related corporations for

the provision of services, for the current or immediate past financial year, other than compensation for Board service;

- (d) a Director:
  - (i) who, in the current or immediate past financial year, is or was; or
  - (ii) whose immediate family member, in the current or immediate past financial year, is or was,
    - a 10% shareholder of, or
    - a partner in (with 10% or more stake), or
    - an executive officer of, or
    - a Director of,

any organisation to which the Company or any of its subsidiaries made, or from which the Company or any of its subsidiaries received, significant payments or material services (which may include auditing, banking, consulting and legal services), in the current or immediate past financial year.

As a guide, payments aggregated over any financial year in excess of S\$200,000 should generally be deemed significant.

- (e) a Director who is a 10% shareholder or an immediate family member of a 10% shareholder of the Company; or
- (f) a Director who is or has been directly associated with a 10% shareholder of the Company, in the current or immediate past financial year.

The relationships set out above are not intended to be exhaustive. If the Board wishes, in spite of the existence of one or more of these relationships, to consider a Director as independent, it should disclose in full the nature of the Director's relationship and bear responsibility for explaining why he should be considered independent.

Conversely, the Board may (with the recommendation of the Nominating Committee) determine that a Director is not independent even if he has no business or other relationships with the Company, its related corporations, its 10% shareholder or its officers, particularly, if the independent Director has served on the Board beyond nine (9) years from the date of his first appointment.

- 1.6 On appointment, and thereafter, on an annual basis, every member shall complete a return (Annex 1) to confirm his independence.

The Board shall review the return to decide if a Director is to be considered independent.

- 1.7 An independent member shall notify the Company Secretary immediately, of any change in circumstances that may result in him not being able to meet the criteria for independence.

The Board may, after considering the change in circumstances (with the recommendation of the Nominating Committee), require the resignation of the member, in compliance with the provisions of the ARC Terms of Reference and/or any other applicable statutes, rules or regulations.

The Board may, as a result of the resignation, re-constitute the Committee before its next scheduled meeting.

- 1.8 A member who wishes to retire or resign from the Committee shall notify the Board in writing, giving at least three (3) months' notice.
- 1.9 The office of a member shall be vacant upon the member's death/resignation/retirement/removal or disqualification as a Director of the Company.
- 1.10 Any vacancy in the Committee shall be filled within two (2) months, and in any case, no later than three (3) months.

## 2. **ADMINISTRATION**

### 2.1 **Meetings**

- (a) Meetings of the Committee ("ARC Meetings") may be conducted by means of telephone conferencing or other methods of simultaneous communication by electronic or telegraphic means without a member being in the physical presence of another member or members and the participation in the meeting pursuant to this provision shall constitute presence in person at such meeting.

The minutes of such a meeting signed by the ARC Chairman or Chairman of the meeting shall be conclusive evidence of any meeting conducted as aforesaid.

- (b) ARC Meetings shall be held at least four (4) times a year. Additional meetings may also be held to discuss other matters which the Committee considers necessary.

These meetings should be held:

- (i) prior to the commencement of the annual external audit;
- (ii) prior to the Board's approval of the quarterly and other interim results;
- (iii) after the completion of the annual external audit and prior to the Board's approval of the full year results.

- (c) The external auditors and/or the Head of Internal Audit may request a meeting with the ARC if they consider that a meeting is necessary.
- (d) ARC Meetings should be attended by:
  - DMPL/DMPI Chief Financial Officer
  - Finance Director of subsidiaries
  - Corporate Controller of subsidiaries
  - Head of Internal Audit
  - Representative of external auditors
- (e) The Committee shall have full discretion to invite any Director, or the following members to attend at its meetings:
  - Chief Executive Officer of any operating subsidiary
  - Chief Operating Officer of any operating subsidiary
  - DMPL Joint Managing Directors
  - Group Director
  - Group Executive
- (f) The Secretary of the Committee shall be the Company Secretary for the time being or, such other person as may be nominated by the ARC.
- (g) The Secretary shall attend all ARC Meetings and minute the proceedings thereof including providing an attendance record of individual's members present at all meetings.
- (h) The Secretary shall keep the minutes of all ARC meetings.
- (i) Minutes of all meetings shall be confirmed by the ARC Chairman or Chairman of the meeting and circulated to all the members.

If the ARC Chairman so decides, the minutes shall be circulated to other members of the Board. Any Director may, provided that there is no conflict of interest and with the agreement of the ARC Chairman, obtain copies of minutes of Committee meetings.
- (j) The notice of each ARC Meeting, confirming the venue, date and time and enclosing an agenda of items to be discussed, shall other than under exceptional circumstances, be forwarded to each member of the Committee at least seven (7) days prior to the date of the meeting.

## 2.2 **Quorum**

The quorum shall be three (3) members, of whom a majority shall be independent.

A member shall be deemed to be present at a meeting of the Committee if he participates by telephone or other electronic means and all members participating in the meeting are able to hear each other.

If the ARC Chairman is not present within 15 minutes from the appointed time of the meeting, the members present may elect one (1) of their members, who must be independent, to chair the meeting.

### 2.3 **Voting**

A resolution shall be considered passed if:

- (a) there is a majority of votes cast in favour of the resolution during an ARC Meeting; or
- (b) there is agreement in writing by a majority of members entitled to vote on the decision.

In the event of an equality of votes, the Chairman shall have a casting vote.

Any member who has an interest in any matter being reviewed or considered by the Committee shall abstain from voting on the matter.

### 2.4 **ARC Resolution in Writing**

The Committee may pass resolutions by circulation. A resolution in writing signed by all the members of the Committee shall be as valid and effectual as if it had been passed at a meeting of the Committee duly called and constituted.

These resolutions may consist of several documents in original or facsimile in the like form, each signed by one or more members. The expressions "in writing" and "signed" include approval by telefax or emails by any such member.

### 2.5 **Attendance at Annual General Meeting**

The ARC Chairman (or in his absence, an alternate member of the ARC) shall attend the Annual General Meetings of the Company and be prepared to answer questions concerning the matters relating to the ARC.

## 3. **DUTIES**

The duties of the ARC in respect of the Company shall be to:

- 3.1 review significant financial reporting issues and judgments to ensure integrity of the financial statements of the Company; and any announcements relating to the Company's financial performance.
- 3.2 review and report to the Board at least annually the adequacy and effectiveness of the Company's internal controls, including financial, operational, compliance and **information technology controls** and risk management policies (such review can be carried out internally or with the assistance of any competent third parties).

- 3.3 review at least annually the adequacy and effectiveness of the Company's internal audit function including ensuring it is staffed with persons with the relevant qualifications and experience.

The internal auditor should carry out its function according to the standards set by nationally or internationally recognised professional bodies including the standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors.

- 3.4 ensure that the internal audit function is adequately resourced and has appropriate standing within the company.
- 3.5 review the internal audit programme and ensure co-ordination between the internal and external auditors and Management.
- 3.6 review the scope and results of the internal audit procedures.
- 3.7 review the scope and results of the external audit, and the independence and objectivity of the external auditors annually.
- 3.8 approve the hiring, removal, evaluation and compensation of the Head of the Internal Audit function, or accounting/auditing firm or corporation if the internal audit function is outsourced.
- 3.9 make recommendations to the Board on proposals to shareholders on the appointment, re-appointment, resignation and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors.
- 3.10 ensure co-ordination where more than one auditing firm or corporation is involved.
- 3.11 review with the internal and external auditors –
- their audit plan, including the nature and scope of the audit before the audit commences;
  - their evaluation of the system of internal controls;
  - their audit report; and
  - their management letter and Management's response.
- 3.12 review interested person transactions (IPTs) falling within the scope of the SGX-ST Listing Manual on a quarterly basis (including transactions that fall within the scope of Rule 912, i.e. the review and approval of proposed sale(s) of any units of property projects to the Company's interested persons and/or relatives of a director, chief executive officer or controlling shareholder, where applicable).
- 3.13 review the quarterly and full year financial statements of the Company before submission to the Board for approval, focusing in particular, on:

- (a) changes in accounting policies and practices;
  - (b) major risk areas;
  - (c) significant adjustments resulting from the audit;
  - (d) the going concern statement;
  - (e) compliance with accounting standards;
  - (f) compliance with stock exchange and statutory/regulatory requirements;
  - (g) any significant financial reporting issues and judgements so as to ensure the integrity of the financial statements, and
  - (h) all announcements relating to the Company's financial performance.
- 3.14 review the audited financial statements of the Company and the consolidated balance sheet and profit & loss account, before approval by the Board.
- 3.15 discuss problems and concerns, if any, arising from quarterly and/or full year audits, and any matters which the external auditors may wish to discuss with the internal auditors without the presence of Management at least annually.
- 3.16 meet with the external and internal auditors without the presence of other Board members, Management or Head of Internal Audit, at least annually, to discuss any problems or concerns they may have.
- 3.17 ensure where deficiencies in internal controls have been identified, appropriate and prompt remedial action is taken by Management.
- 3.18 review the assistance given by Management to the internal and external auditors.
- 3.19 review annually the independence of the external auditors, the aggregate amount of fees paid to the external auditors for the financial year and the breakdown of the fees paid in total for audit and non-audit services respectively.
- Where the external auditors also provide non-audit services to the Company, the nature and extent of such services should be reviewed in order to balance the maintenance of objectivity and value for money, and to ensure that the independence of the auditors would not be compromised.
- 3.20 review and discuss with the external auditors, any suspected fraud or irregularity, or suspected infringement of any applicable law, rules or regulations, which has or is likely to have a material impact on the Company's operating results or financial position, and Management's response.



- 3.21 review the policy and arrangements by which staff of the Company or of the Group and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or any other matters; and conduct an independent investigation of such matters for appropriate follow-up action pursuant to the Company's whistle-blowing programme.
- 3.22 investigate any matter within the Terms of Reference, with full access to and co-operation by Management and full discretion to invite any Director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its function properly.
- 3.23 report to the Board its findings from time to time on matters arising and requiring the attention of the Committee.
- 3.24 undertake such other reviews and projects as may be requested by the Board.
- 3.25 undertake such other functions and duties as may be required by statute or the Listing Manual, and by such amendments made thereto from time to time.

#### **4. REPORTING PROCEDURES**

- 4.1 The Secretary shall circulate the minutes of all meetings of the Committee to Board members.
- 4.2 The Committee shall report to the Board the outcome of its reviews and discussions with the internal and external auditors and its findings on any suspected fraud or irregularity, or suspected infringement of any applicable law, rules or regulations or suspected improprieties in matters of financial reporting or other matters, which has or is likely to have a material impact on the operating results or financial position of the Company.

#### **5. AMENDMENTS TO TERMS OF REFERENCE**

- 5.1 The ARC may initiate amendments to its Terms of Reference due to changes in legislation, rules governing corporate governance, changes in the Company's structure, organization and/or operations which are likely to affect the matters set out in the Terms of Reference.
- 5.2 Any member may recommend such amendments to the Terms of Reference, as he deems fit.
- 5.3 All proposed amendments to the Terms of Reference shall be submitted to the ARC for consideration and approval.

**6. REMUNERATION**

- 6.1 Having regard to the functions performed by members in relation to the activities of the ARC and pursuant to the specific powers conferred upon the Board by the Articles of Association or Bye-Laws of the Company, members may be paid such special remuneration in respect of their appointment as shall be fixed by the Board.
- 6.2 Such special remuneration shall be in addition to the annual fees payable to members.

**7. GENERAL**

- 7.1 The ARC in carrying out its tasks under the Terms of Reference may obtain at the Company's expense such external or other independent professional advice as it considers necessary to carry out its duties.
- 7.2 The ARC Chairman (or in his absence, an alternate member) shall use all effort to attend the General Meetings of the Company and be prepared to answer questions falling within the scope of the ARC.

*Approved and adopted by the Committee on: 5 November 2012; subsequently amended, approved and adopted on 2 September 2015.*

*Approved by the Board of Directors on: 5 November 2012; subsequently approved on 3 September 2015.*



**DEL MONTE PACIFIC LIMITED**

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**CONFIRMATION OF INDEPENDENCE**

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In connection with my \*appointment/re-appointment/confirmation as a member of the Audit and Risk Committee of [DEL MONTE PACIFIC LIMITED] (the "Company"), I confirm the following:

- (a) That I \*am/am not an executive Director of the Company or any of its related corporations<sup>(1)</sup> and \*have/have not been employed by the Company or any of its related corporations<sup>(1)</sup> for the current or any of the past three financial years.
- (b) That I \*have/do not have an immediate family<sup>(2)</sup> member who is, or has been in any of the past three financial years, employed by the Company or any of its related corporations<sup>(1)</sup> and whose remuneration is determined by the Remuneration and Share Option Committee.
- (c) That I, or an immediate family<sup>(2)</sup> member \*have/have not accepted any significant compensation from the Company or any of its related corporations<sup>(1)</sup> other than fees for acting as a Director of the Company for the current or immediate past financial year.
- (d) That I, or an immediate family<sup>(2)</sup> member \*am/am not:
  - (i) \*a 10% shareholder<sup>(4)</sup> of \*or
  - (ii) a partner in (with 10% or more stake) \*or
  - (iii) an executive officer of, \*or
  - (iv) a director of \*any organisation to which the Company or any of its subsidiaries made, \*or from which the Company or any of its subsidiaries received, significant payments<sup>(3)</sup> or material services (which may include auditing, banking, consulting and legal services) in the current or immediate past financial year.
- (e) I \*am/am not a 10% shareholder<sup>(4)</sup> or an immediate family member of a 10% shareholder<sup>(4)</sup> of the Company.
- (f) I \*am/am not or \*have/have not been directly associated<sup>(5)</sup> with a 10% shareholder<sup>(4)</sup> of the Company, in the current or immediate past financial year.
- (g) That I \*do/do not have any relationship with the Company, its related corporations<sup>(1)</sup>, its 10% shareholder or its officers that could interfere or be reasonably perceived to interfere, with my exercise of independent business judgment with a view to the best interests of the Company and in carrying out my functions as an independent Director and as a member of any Board Committee(s).

- (h) \*I am able to carry out my duties as a Director of the Company and to address any competing time commitments that may arise, despite my multiple Board representations. I attach a copy of my current directorships and other principal commitments<sup>(6)</sup>.
- (i) I was appointed \*an/a independent/non-independent Director on [date].

If any of the relationships (items (a) to (g)) stated above exist, please provide details:

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In view of the foregoing, I am to be considered \*independent/not independent of the Company's Management as contemplated by the Code of Corporate Governance 2012.

.....  
Signature

Name:

Date:

\* *Delete, where inapplicable.*

**Notes:**

- (1) The term "**related corporation**", in relation to the Company, shall have the same meaning as currently defined in the Companies Act, i.e. a corporation that is the company's holding company, subsidiary or fellow subsidiary.
- (2) The term "**immediate family**" shall have the same meaning as currently defined in the Listing Manual of the Singapore Exchange (the "**Listing Manual**"), i.e. the person's spouse, child, adopted child, step-child, brother, sister and parent.
- (3) As a guide, payment aggregated over any financial year in excess of S\$200,000 should generally be deemed significant.
- (4) The term "**10% shareholder**" shall refer to a person who has an interest or interests in one or more voting shares in the company and the total votes attached to that share, or those shares, is not less than 10% of the total votes attached to all the voting shares in the company. "Voting shares" exclude treasury shares.
- (5) A director will be considered "**directly associated**" with a 10% shareholder when the director is accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the 10% shareholder in relation to the corporate affairs of the corporation. A director will not be considered "directly associated" with a 10% shareholder by reason only of his appointment having been proposed by that 10% shareholder.
- (6) The term "**principal commitments**" shall include all commitments which involve significant time commitment such as full-time occupation, consultancy work, committee work, non-listed company board representations and directorships and involvement in non-profit organisations. Where a director sits on the boards of non-active related corporations, those appointments should not normally be considered principal commitments.