

# CORPORATE GOVERNANCE

Del Monte Pacific Limited (the "Company" or "DMPL") is committed to the highest standards of corporate governance and supports the principles of openness, integrity and accountability advocated by the Singapore Exchange Securities Trading Limited ("SGX-ST"), and similarly upheld by the Philippine Stock Exchange, Inc (the "PSE") and the Philippine Securities and Exchange Commission (the "SEC").

The Board of Directors and Management are also committed to use their best endeavours to align the Company's governance framework with the recommendations of the revised Code of Corporate Governance which was issued on 2 May 2012 by the Monetary Authority of Singapore (the "2012 Code") and the SEC Code of Corporate Governance for Publicly Listed Companies which took effect on 1 January 2017 (the "SEC CG Code"), as well as the Governance and Transparency Index ("GTI") and the ASEAN Corporate Governance Scorecard ("ACGS").

The Company confirms that it has adhered to the principles and guidelines set out in the 2012 Code and the SEC CG Code, where applicable, and has identified and explained areas of non-adherence in this report.

This report describes the Company's corporate governance policies and practices with specific reference made to each of the principles of the 2012 Code (where stated) in compliance with the Listing Manual of the SGX-ST.

## BOARD MATTERS

### Principle 1

#### *The Board's Conduct of Affairs*

The Board of Directors ("Board") oversees Management and ensures that the long-term interests of the Company's shareholders are served.

The Board provides entrepreneurial leadership and sets the strategic direction for the Company which includes sustainability matters. It is responsible for the overall policies and integrity of the Group to ensure success. The Board will, amongst other things, review on an annual basis: (i) the vision, mission and strategy of the Company; and (ii) Management's performance. The Board reviewed the vision and strategy of the Company on 29 June 2017.

The Board has adopted a set of internal guidelines specifying matters requiring the Board's approval. These include approval of the Group's strategic plans, appointment of Directors and key management personnel, annual budgets, major investment proposals, and review of the financial performance of the Group. Key Management Personnel refer to the CEO and other persons having authority and responsibility for planning, directing and controlling the activities of the Group. The Board also, on the recommendation of the Remuneration and Share Option Committee, approves all remuneration matters of Key Management Personnel.

The Company has established guidelines setting forth matters reserved for the Board's decision. Management was also given clear directions on matters (including set thresholds for certain operational matters relating to subsidiaries) that require the Board's approval.

Certain material corporate actions that require the Board's approval include:

- quarterly results announcements;
- annual results and financial statements;
- grant of share awards or options;
- remuneration and HR matters;
- declaration of dividends;
- convening of shareholders' meetings;
- merger and acquisition transactions;
- certain interested person transactions; and
- major transactions and investments.

The Company's Memorandum and Articles of Association require the Directors to abstain from participating in the Board discussion on a particular agenda if they are conflicted.

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The Board likewise reviews and approves all corporate actions for which shareholders' approval is required.

To facilitate effective management, certain functions have been delegated to various Board committees, each of which has its own written terms of reference ("TOR") and whose actions are reported to and monitored by the Board.

The Board committees, namely, the Audit and Risk Committee ("ARC"), Nominating and Corporate Governance Committee ("NCGC"), and Remuneration and Share Option Committee ("RSOC") support the Board in discharging its responsibilities. The roles and powers of the Board committees are set out separately in this Report. All committees have been constituted with clear written TORs which set out the duties, authority and accountabilities of each. The TORs are reviewed on a regular basis to ensure continued relevance. The TORs of the respective committees had also been updated to be in line with the 2012 Code.

To achieve its goals, the Board ensures that the Company is equipped with the necessary financial, technical and human resources. The Board, together with Management, shapes the Company's values and standards to be more strategic, innovative and global in its mindset and outlook.

The Board works closely with Management to drive the Group's business to a higher level of success. Management is accountable to the Board and its performance is reviewed by the Board annually.

The Board has also put in place a framework of prudent and effective controls that allows risks to be assessed and managed.

The Board ensures that obligations to shareholders and other stakeholders are understood and complied with. Stakeholders include shareholders, business partners, suppliers, communities (in areas where the Group has a presence), customers and employees. With the Company Secretary's assistance, the Board and Management are kept continually apprised of their compliance obligations and responsibilities arising from various regulatory requirements and changes.

The Board meets at least quarterly, or more frequently when required, to review and evaluate the Group's operations and performance, and to address key policy matters.

Board meetings are scheduled to enable the Board to perform its duties. These meetings are scheduled before the start of each financial year. Management endeavours to provide Board papers to the Board at least five (5) business days before the date of meeting.

During the year in review, the Board held seven (7) meetings. The Company's Articles of Association allow for tele-conference and video-conference meetings to facilitate participation by Board members and Management.

### Attendance for FY2017 from 1 May 2016 to 30 April 2017

Directors	Board Meetings	Audit and Risk Committee Meetings	Remuneration and Share Option Committee Meetings	Nominating and Corporate Governance Committee Meetings
Mr Rolando C Gapud	7	NA	NA	1
Mr Joselito D Campos, Jr	7	NA	NA	NA
Mr Edgardo M Cruz, Jr	7	NA	NA	1
Mr Benedict Kwek Gim Song	7	4	2	1
Mr Godfrey E Scotchbrook	7	4	2	1
Dr Emil Q Javier	7	4	2	1
Mrs Yvonne Goh	7	4	2	1
<b>Total No of Meetings Held</b>	<b>7</b>	<b>4</b>	<b>2</b>	<b>1</b>

New Directors undergo an orientation programme whereby they are briefed by the Company Secretary on their obligations as Directors, as well as the Group's corporate governance practices, and relevant statutory and regulatory compliance issues, as appropriate. They are also briefed by Management on the Group's industry and business operations. Ongoing orientation includes visits to the Group's plantation and manufacturing facilities for Board members to gain a first-hand understanding and appreciation of the Group's business operations.

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Timely updates on developments in accounting matters, legislation, jurisprudence, government policies and regulations affecting the Group's business and operations are likewise provided to all Directors. The Board was duly updated on the 2012 Code and SEC CG Code, as well as on any developments or changes to relevant laws and related matters.

In addition, all Directors are required to undergo annual continuing training as may be relevant to the effective discharge of their responsibilities, at the expense of the Company, as set out in the table below:

### DIRECTORS AND OFFICERS TRAINING AND SEMINARS ATTENDED IN FY2017 (MAY 2016 – APRIL 2017)

Date	Location	No of hours	Training/Seminar/Conference	Organiser	Attendees
6 May 16	Singapore	8.5	Board Management Interactions	SID	Benedict Kwek
31 May 16	Singapore	2.0	Of Enron, Entanglement and Enlightenment	SID	Benedict Kwek
29 Jul 16	Singapore	2.0	Cybersecurity for Directors	SID	Yvonne Goh
16 Aug 16	Singapore	2.0	The State of Corporate Governance Disclosures in Singapore	SID, SGX and KPMG	Yvonne Goh
5 Sep 16	Singapore	7.5	SID Conference	SID	Yvonne Goh
21 Sep 16	Singapore	8.0	Base Practice Marketers for the Base of the Pyramid	Olivier Kayser	Ma Bella B Javier
26 Sep 16	Singapore	8.5	Global Corporate Governance Conference	SIAS	Yvonne Goh
14 Oct 16	Singapore	4.0	Cybersecurity for Directors	SID	Benedict Kwek and Yvonne Goh
18 Oct 16	Singapore	2.0	Singapore Directorship Report	SID	Yvonne Goh
18, 19 Oct 16	Japan	16.0	Ideation to Integration – Putting Together the Pieces of Growth	Lux Executive Summit Asia	Ma Bella B Javier
21 Oct 16	Philippines	8.0	National R&D Conference	Department of Science and Technology	Ma Bella B Javier
11 Nov 16	Singapore	2.0	Cybersecurity for Directors	PWC	Godfrey E Scotchbrook
11 Nov 16	Philippines	4.0	Seminar on Corporate Governance	Risk, Opportunities, Assessment and Management, Inc	Joselito D Campos, Jr
11 Nov 16	Singapore	2.0	Launch of Board Guide	SID	Yvonne Goh
1 Dec 16	India	8.0	Experts Forum on Corporate Governance in India, Board Evaluation	Securities & Exchange Board of India in partnership with the Government of Japan	Yvonne Goh
12 Feb 17	Singapore	1.5	SGX Guidelines in Sustainability Reporting and Update on Sustainability Practices	PWC	Godfrey E Scotchbrook
23 Mar 17	Singapore	2.0	Launch of Resource Guide	SID	Yvonne Goh
24 Mar 17	Philippines	4.0	Symposium on the New DOLE Department Order on Contracting and Subcontracting	The Employers Confederation of the Philippines	Ruiz G Salazar
5 Apr 17	Hong Kong	1.5	Global Best Business Practices	LF Annual Conference	Godfrey E Scotchbrook
15 Apr 17	Hong Kong	3.0	New Developments on E-Commerce and Online Marketing	Fung Global Retail and Technology	Godfrey E Scotchbrook
25-27 Apr 17	Singapore	24.0	The Leadership Forum for Asia's Food and Nutrition Industry	Food Vision, Asia	Ma Bella B Javier

The NCGC has formalised procedures for the selection, appointment and re-appointment of Directors. Letters of appointment are issued to Directors setting out their duties, obligations and terms of appointment, as appropriate.

The Board is of the view that all Directors objectively discharge their duties and responsibilities at all times as fiduciaries, in the interest of the Company.

The Board of Directors had received the Best Managed Board (Gold) Award twice from the Singapore Corporate Awards (for companies with a market capitalisation of between S\$300 million to less than S\$1 billion), and will continue to uphold the Company's high standards of corporate governance.

# CORPORATE GOVERNANCE

## Principle 2

### ***Board's Composition and Guidance***

The Board comprises seven (7) Directors, three (3) of whom are Executive Directors. The four (4) Non-Executive Directors are Independent Directors. The composition of the Board of Directors is as follows:

Mr Rolando C Gapud	Executive Chairman
Mr Joselito D Campos, Jr	Managing Director and CEO
Mr Edgardo M Cruz, Jr	Executive Director
Mr Benedict Kwek Gim Song	Lead Independent Director
Mr Godfrey E Scotchbrook	Independent Director
Dr Emil Q Javier	Independent Director
Mrs Yvonne Goh	Independent Director

The profiles of the Directors, including information on their appointments and re-appointments, are set out in the "Board of Directors" section of this Report.

#### Lead Independent Director

Mr Benedict Kwek Gim Song acts as the Lead Independent Director and is the principal liaison to address shareholders' concerns, in which direct contact through normal channels of the Chairman, CEO or Management had failed to resolve, or for which such contact is inappropriate. His role as Lead Independent Director includes the following:

- Act as liaison between the Independent Directors and the Chairman of the Board and lead the Independent Directors to provide a non-executive perspective in circumstances where it would be inappropriate for the Chairman to serve in such capacity, and to contribute a balanced viewpoint to the Board;
- Advise the Chairman of the Board as to the quality, quantity and timeliness of information submitted by Management that is necessary or appropriate for the Independent Directors to effectively and responsibly perform their duties;
- Assist the Board in better ensuring compliance with, and implementation of, governance guidelines; and
- Serve as a liaison for consultation and communication with shareholders.

The Board is of the view that a strong element of independence is present in the Board with Independent Directors making up more than half the Board. The Board exercises objective and independent judgment on the Group's corporate affairs. No individual or group of individuals dominates the Board's decision-making.

The Non-Executive Directors contribute to the Board process by monitoring and reviewing Management's performance against pre-determined goals and objectives. Their views and opinions provide alternative perspectives to the Group's business. The Directors exercise independent judgment and discretion on the Group's business activities and transactions, in particular, in situations involving conflicts of interest and other complexities.

The NCGC, on an annual basis, determines whether or not a director is independent, taking into account the 2012 Code's definition.

Independence is taken to mean that Directors have no relationship with the Company, or its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgment.

The 2012 Code states that the independence of any Director who has served on the Board beyond nine (9) years from the date of his first appointment should be subject to particularly rigorous review.

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Consistent with previous practice, the NCGC had undertaken a rigorous review of the independence of each Independent Director, including those whose tenure had exceeded nine (9) years from the date of their appointment. Led by the NCGC Chairman and facilitated by BoardRoom, the assessment was conducted by means of a confidential and incisive questionnaire completed by each Director and confirmation completed by the Independent Directors. The results were analysed and discussed at the NC and Board meetings. Each member of the NCGC had abstained from deliberations in respect of the assessment on his own independence.

Based on the assessment, Messrs Benedict Kwek Gim Song (first appointed on 30 April 2007), Emil Q Javier (first appointed on 30 April 2007) and Godfrey E Scotchbrook, (first appointed on 28 December 2000) have demonstrated independent mindedness and conduct at Board and Board committee meetings. The NCGC is also of the firm view and opinion that these Directors exercise independent judgment in the best interest of the Company in the discharge of their duties as Directors, inspite of their tenure in the Board exceeding nine (9) years.

Our Directors also bring invaluable experience, extensive business network and expertise in specialised fields, such as strategic planning, mergers and acquisitions, corporate finance and restructuring, accounting, marketing and business development, risk and crisis management, corporate communications, investor relations, corporate governance and agronomy.

The size, composition, range of experience and the varied expertise of current Board members allow discussions on policy, strategy and performance to be critical, informed and effective.

The Board has adopted a Board Diversity Policy which recognises the importance of diversity. The Board firmly believes that its effectiveness and decision-making will be enhanced as it harnesses the variety of skills, industry and business experiences, gender, age, ethnicity and culture, geographical background and nationalities, tenure of service, and other distinguishing qualities of its own diverse Board.

The NCGC is responsible for administering this policy and for evaluating it annually.

### **Principle 3**

#### ***Chairman and Chief Executive Officer***

There is a clear division of executive duties and responsibilities in the Company, providing checks and balances to ensure that there is no concentration of power, in any one individual and that accountability is increased. The Company's business is managed and administered by the Managing Director and CEO, Mr Joselito D Campos Jr, whilst the Board is headed by Mr Rolando C Gapud as Executive Chairman. The Executive Chairman of the Board and the CEO are not related to each other.

The duties of the Executive Chairman include, amongst other things, providing leadership to the Board and ensuring the effectiveness of the Board in all aspects, leading the Company in its relationships with stakeholders and setting the course for the Company to reach greater heights. He works closely with the CEO as well as the business unit heads on strategic planning. He leads the Board in charting the strategic roadmap of the Company including setting the vision and the key initiatives to achieve it. He is in the forefront of any acquisitions, joint ventures and strategic alliances of the Company.

The Executive Chairman also sets the tone of Board meetings to encourage proactive participation and constructive discussions on agenda topics. During Board meetings, he ensures that adequate time is available for discussion of all agenda items, in particular, discussions on strategic matters and issues. Constructive relations between the Board and Management are encouraged, as with Executive Directors and Non-Executive Directors. The Executive Chairman ensures that Directors and shareholders alike, receive clear, timely and accurate information from Management, thus maintaining the Company's high standards of corporate governance.

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The duties of the CEO include, amongst other things, determining the Company's strategic direction, formulating, executing and implementing the strategic plan together with its Key Management Personnel. He communicates and implements the Company's vision, mission, values and overall strategy, and promotes any organisation change in relation to the same. He oversees the operations of the Company, and manages the human and financial resources in accordance with the strategic plan. The CEO ensures that he has an intimate working knowledge of the Company's industry and market, and keeps up to date with developments in both. He also directs, evaluates and guides the work of the Company's Key Management Personnel, and provides the Board with timely information and interfaces between the Board and Management. He builds the corporate culture and motivates the Company's employees, and serves as the link between the Company and its stakeholders.

### Principle 4

#### **Board Membership**

The Nominating Committee was set up on 7 February 2003 and had been renamed on 29 June 2017 as the Nominating and Corporate Governance Committee ("NCGC") to include corporate governance matters in its functions. The members of the NCGC remain the same. It currently comprises the following members, a majority of whom, including the Chairman, are Independent Directors:

Mr Godfrey E Scotchbrook	NCGC Chairman
Mr Benedict Kwek Gim Song	Member
Dr Emil Q Javier	Member
Mrs Yvonne Goh	Member
Mr Rolando C Gapud	Member
Mr Edgardo M Cruz, Jr	Member

Under its TOR, the NCGC is responsible for reviewing the Board's composition and effectiveness, and determining whether Directors possess the requisite qualifications and expertise and whether the independence of Directors is compromised. The NCGC is tasked with ensuring compliance with, and proper observance of, corporate governance principles and practices recommended by the 2012 Code and the SEC CG Code.

All appointments and re-appointments of Directors are first reviewed and considered by the NCGC and then recommended for approval by the Board. The NCGC has formalised this process and has adopted procedures for the selection, appointment and re-appointment of Directors in order to increase transparency of the nominating process.

The NCGC evaluates the balance of skills and competencies on the Board and, in consultation with the Chairman of the Board and Management, determine the desired skill sets and qualities for a particular appointment.

The NCGC does not usually but may consider engaging the services of search consultants to identify prospective candidates if the need so arises. The NCGC currently considers recommendations and referrals, provided the prospective candidates meet the qualification criteria established for the particular appointment.

The NCGC undertakes the process of identifying the quality of directors aligned with the Company's strategic directions. The NCGC evaluates the suitability of a prospective candidate based on her or his qualifications and experience, ability to commit time and effort in the effective discharge of duties and responsibilities, independence, past business and related experience, and track record. The NCGC identifies any core competencies that will complement those of current Directors on the Board.

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The NCGC is also tasked with reviewing the performance and contribution of the Directors in order to nominate them for re-election or re-appointment. The NCGC will review, in particular, the Directors' attendance and participation at meetings of the Board and Board committees, and their efforts and contributions towards the success of the Group's business and operations.

The NCGC reviews and determines the independence of each Director on an annual basis.

Details of each Director's academic and professional qualifications, directorships or chairmanships in other companies, and other major appointments, are presented in the "Board of Directors" section of this Annual Report.

DMPL's policy on directors' conflict of interest states that Directors should consult the Chairman of the Board and the Chairman of the NCGC prior to accepting any appointments to the board of directors or advisory board of another listed company or its principal subsidiaries, or any other principal commitments so that such appointments may be considered by the Board in accordance with corporate guidelines and the Policy.

In cases where a Director has multiple Board representations, the NCGC also assesses whether such Director has been adequately carrying out his duties as a Director of the Company.

To address competing time commitments when Directors serve on multiple boards, the Board had set a maximum limit of four (4) directorships and/or chairmanships that Executive Directors may hold concurrently for listed companies, and a maximum limit of five (5) directorships and/or chairmanship in listed companies for Independent and Non-Executive Directors. The details of directorships and/or chairmanships in other listed companies and other principal commitments of the Directors are set out in the "Board of Directors" section of this Annual Report.

Under Article 88 of the Company's Articles of Association, all Directors hold office for a maximum period of three (3) years whereupon they shall retire, but they are eligible for re-election.

### Director Retiring Under Article 88

Mr Rolando C Gapud  
Executive Chairman  
Appointed on 20 January 2006  
Re-elected on 29 April 2011 and 15 April 2014

Mr Benedict Kwek Gim Song  
Lead Independent Director  
Appointed on 30 April 2007  
Re-elected on 29 April 2011 and 15 April 2014

In reviewing the nomination for re-election of the Directors retiring under Article 88 of the Company's Articles of Association, the NCGC had considered the contributions and performance of each Director, taking into account his/her attendance and participation at Board and Board committee meetings.

All Directors retiring have consented to continue in office and have offered themselves for re-election at the Company's AGM.

Both Mr Gapud and Mr Kwek are neither substantial shareholders nor directly associated to any substantial shareholder or a 10% shareholder of the Company.

In its long term drive towards excellence, the Company recognises the importance of sustainable leadership. To support this, a Succession Planning Programme has been established where a leadership talent bench is developed. DMPL is committed to building and sustaining leadership capabilities by strengthening the talent pipeline, rolling out the leadership competencies, identifying high performers, and executing development and retention plans for these high performers. The Company further drives functional excellence via an integrated employee development programme which includes training, on-the-job learning, coaching and mentoring.

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There is a set retirement age for Key Management Personnel. The NCGC conducts a review of the succession plan for Board members, CEO and Key Management Personnel of the Company.

The NCGC implements an evaluation process to assess its effectiveness as a whole. The evaluation process is undertaken as an internal exercise and involves NCGC members completing a questionnaire covering areas relating to:

- Memberships and appointments
- Conduct of NCGC meetings
- Trainings and resources available
- Reporting to the Board
- Process for selection and appointment of new Directors
- Nomination of Directors and re-election
- Independence of Directors
- Board performance evaluation
- Succession planning
- Multiple Board representations
- Standards of conduct
- Communication with shareholders

The evaluation process takes into account the views of each NC member and provides an opportunity for members to give constructive feedback on the workings of the NCGC, including procedures and processes adopted, and if these may be improved upon.

The evaluation exercise is carried out by the NCGC on an annual basis.

### Principle 5

#### **Board Performance**

The Board, through the NCGC, implements an annual evaluation process to assess the effectiveness of the Board as a whole. The evaluation process is undertaken as an internal exercise and involves Board members completing a questionnaire covering areas relating to:

- Board composition
- Information to the Board
- Board procedures
- Board accountability
- Communication with CEO and Key Management Personnel
- Succession planning of Key Management Personnel
- Standards of conduct by the Board

The evaluation process takes into account the views of each Board member and provides an opportunity for Directors to provide constructive feedback on the workings of the Board, including its procedures and processes and if these may be improved upon.

Led by the NCGC Chairman and facilitated by external service provider, this collective assessment was conducted by means of a confidential questionnaire completed by each Director, which is collated, analysed and discussed with the NCGC and the Board with comparatives from the prior period evaluation. Recommendations to further enhance the effectiveness of the Board are implemented, as appropriate.

None of the Directors have appointed any alternate Director(s).



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## Principle 6

### *Access to Information*

Management endeavours to provide the Board with timely and complete information at least five (5) business days prior to Board meetings and on an ongoing basis. These include relevant information and explanatory notes for matters that are presented to the Board, such as budgets and forecasts.

At Board meetings, the Group's actual results are compared with budgets, and material variances are explained. The strategies and forecasts for the following months are discussed and approved as appropriate.

The Directors have separate and independent access to Management and the Company Secretary. The Company Secretary assists the Chairman in ensuring that Board procedures are followed and regularly reviewed to ensure the effective functioning of the Board, and that the Company's Memorandum and Articles of Association, and relevant rules and regulations are complied with.

The Company Secretary also assists in the preparation of the Agenda for Board and Board committee meetings, and attends and prepares minutes of all Board and Board committee meetings.

The Company Secretary ensures the flow of qualitative information within the Board and its committees, and between senior Management and the Non-Executive Directors. He is the primary channel of communication between the Company and the SGX-ST, the PSE and the SEC.

The Company Secretary advises newly-appointed Directors on their duties and obligations as Directors, the Group's governance practices, and relevant statutory and regulatory compliance matters, as part of an orientation programme. In addition, he assists with the professional development and training of Board members, as appropriate.

The appointment and the removal of the Company Secretary is a matter for the Board as a whole.

The Company Secretary, Mr Antonio E S Ungson, is a lawyer by profession. He had previously served as company secretary in various companies during the course of his career. He also has an understanding of basic financial and accounting matters.

Aside from access to the advice and services of Management and the Company Secretary, the Directors may, in appropriate circumstances, seek independent professional advice concerning the Company's affairs at the Company's expense.

## REMUNERATION MATTERS

### Principle 7

#### *Procedures for Developing Remuneration Policies*

The RSOC was set up on 7 February 2003 and for the year in review, the RSOC comprises the following members who are all Independent Non-Executive Directors:

Mr Godfrey E Scotchbrook	RSOC Chairman
Mr Benedict Kwek Gim Song	Member
Dr Emil Q Javier	Member
Mrs Yvonne Goh	Member

The RSOC's principal function is to ensure that a formal and transparent procedure is in place for fixing the remuneration packages of the Directors as well as Key Management Personnel of the Group. It is at liberty to seek independent professional advice as appropriate and has periodically sought the advice of remuneration consultants on remuneration matters for Directors and Key Management Personnel.

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Under its TOR, the RSOC is responsible for reviewing and recommending a remuneration framework for the Board and Key Management Personnel. The RSOC considers all aspects of remuneration – Director’s fees, salaries, allowances, bonuses, options, share awards and other benefits-in-kind. All remuneration matters are ultimately approved by the Board.

In conjunction with the review of remuneration matters of the Company’s Key Management Personnel, the RSOC works with the Company’s human resource department in reviewing individual performance appraisal reports and benchmark studies conducted by Management.

The RSOC’s recommendation for Directors’ fees had been made in consultation with the Chairman of the Board and had been endorsed by the entire Board, following which the recommendation is tabled for shareholders’ approval at the Company’s AGM. No member of the RSOC or the Board participated in the deliberation of his own remuneration.

During the year in review, the RSOC held two (2) meetings.

The RSOC implements an evaluation process to assess its effectiveness as a whole. The evaluation process is undertaken as an internal exercise and involves RSOC members completing a questionnaire covering areas relating to:

- Memberships and appointments
- Conduct of RSOC meetings
- Trainings and resources available
- Scope of remuneration matters reviewed
- Reporting to the Board
- Standards of conduct
- Communication with shareholders

The evaluation process takes into account the views of each RSOC member and provides an opportunity for members to give constructive feedback on the workings of the RSOC, including procedures and processes adopted and if these may be improved upon.

The evaluation exercise is carried out by the RSOC on an annual basis.

### **Principle 8**

#### ***Level and Mix of Remuneration***

The remuneration of the Company’s Directors and Key Management Personnel has been formulated to attract, retain and motivate these Executives to run the Company successfully. The level and structure of remuneration are aligned with the long-term interests and risk policies of the Company.

Where appropriate, the RSOC reviews the service contracts of the Company’s Executive Directors and Key Management Personnel. The compensation commitments in service contracts are reviewed periodically and notice periods for termination are also reviewed to ensure that they are not excessively long.

In reviewing the recommendation for Non-Executive Directors’ remuneration for FY2017, the RSOC continued to adopt a framework based on guidelines of the Singapore Institute of Directors, which comprises a base fee, fees for membership on Board committees, as well as fees for chairing Board committees. The fees take into consideration the amount of time and effort that each Board member is required to devote to their role.

The compensation structure for Key Management Personnel of Group subsidiaries consists of two (2) key components – fixed cash and a short term variable bonus. The fixed component includes salary, pension fund contributions and other allowances. The variable component comprises a performance-based bonus which is payable upon the achievement of individual and corporate performance targets such as revenue and net profit.

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The Company has two (2) share plans – the Restricted Share Plan (“RSP”) and the Performance Share Plan (“PSP”) (collectively the “Share Plans”) which are also administered by the RSOC. The RSP and PSP are long-term incentive schemes based on participants achieving pre-set operating unit financial goals, individual performance, as well as achieving corporate financial goals in the case of the PSP.

The purpose of the Share Plans is to increase the Company’s flexibility and effectiveness in its continuing efforts to reward, retain and motivate employees, currently targeted at executives holding key positions to excel in their performance. These are also designed to align the interest of these executives with those of the Company’s shareholders.

Under the Share Plans, shares are delivered after the participant has served the Group for a specific period or after a further period beyond completion of prescribed performance targets.

The aggregate number of shares which may be offered under the Share Plans should not exceed 10% of the Company’s total issued capital. The terms of Share Plans are described in more detail in the Directors’ Statement.

The Share Plans which were first adopted on 26 April 2005 had a duration of ten (10) years and had expired on 25 April 2015. The RSOC would review and consider the necessity to adopt new share plans in the future.

### Principle 9

#### **Disclosure on Remuneration**

The remuneration of Directors and the CEO are disclosed in bands of S\$250,000/– with a maximum disclosure band of S\$500,000/– and above.

The remuneration of the top five (5) Key Management Personnel are similarly disclosed in bands of S\$250,000/– with a maximum disclosure band of S\$500,000/– and above.

Although the disclosure is not in compliance with the recommendation of the 2012 Code, the Board is of the view that, given the confidentiality and commercial sensitivity attached to remuneration matters and for personal security reasons, disclosure in bands of S\$250,000/– in excess of S\$500,000/– is not provided. Also for personal security reasons, the names of and the aggregate remuneration paid to the Company’s top five (5) Key Management Personnel are not disclosed. Similarly, the aggregate remuneration paid to the Executive Directors is not disclosed.

#### **Employee who is an immediate family member of a director or the CEO, and whose remuneration exceeds S\$50,000 during the year**

Ms Jeanette Beatrice Campos Naughton is Vice President, Strategic Planning of the Company’s USA subsidiary, Del Monte Foods, Inc (“DMFI”). She is the daughter of Mr Joselito D Campos, Jr, DMPL’s Managing Director and CEO, and DMFI’s Vice Chairman and Director. Ms Naughton is responsible for spearheading DMFI’s strategic planning function, with principal involvement in DMFI’s mid-to-long term corporate vision, financial goals and key measures, business strategies and resources requirements. Her remuneration for the period in review was in the range of S\$500,000-S\$550,000. Ms Naughton formerly held management positions at Google in their Mountain View, California headquarters. She has an MBA from the Sloan School of Management of the Massachusetts Institute of Technology.

# CORPORATE GOVERNANCE

## DISCLOSURE ON REMUNERATION OF DIRECTORS FOR FY2017

Remuneration Bands and Names of Directors	Fixed Salary/ Consultancy Fees %	Director Fees %	Variable Income / Bonus %	Benefits In Kind %
<b>EXECUTIVE DIRECTORS</b>				
<b>Above S\$500,000</b>				
Mr Joselito D Campos, Jr	40	2	58	–
Mr Rolando C Gapud	82	18	–	–
Mr Edgardo M Cruz, Jr	70	11	18	1
<b>NON-EXECUTIVE DIRECTORS</b>				
<b>Below S\$250,000</b>				
Mrs Yvonne Goh	–	100	–	–
Dr Emil Q Javier	57 <sup>1</sup>	38	5	–
Mr Benedict Kwek Gim Song	–	100	–	–
Mr Godfrey E Scotchbrook	–	100	–	–

**Notes:**

- 1 Refers to consultancy fees  
Details of the share options and share awards granted to each Director are shown in the Directors' Statement.

## DISCLOSURE ON REMUNERATION OF TOP FIVE KEY MANAGEMENT PERSONNEL<sup>1</sup> FOR FY2017

Remuneration Bands and Number of Key Management Personnel	Fixed Salary %	Variable Income / Bonus %	Benefits in Kind %
<b>Above S\$500,000</b>			
1	48	51	1
1	74	14	12
1	79	20	1
1	78	21	1
<b>S\$250,000 to below S\$500,000</b>			
1	80	19	1

**Notes:**

- 1 Key Management Personnel who are not Directors  
Details of the share awards granted to each Director are shown in the Directors' Statement.

# CORPORATE GOVERNANCE

## ACCOUNTABILITY AND AUDIT

### **Principle 10** **Accountability**

There are in place comprehensive management reporting disciplines and structured financial approval authorities to govern the implementation of agreed Company policies and Board decisions, including the day-to-day management of the Group's operating units.

For effective monitoring of the Group's business and affairs, management and financial information are provided to the Board. Information such as disclosure documents, quarterly results, profit and loss statements, cash flow statements, working capital requirements and borrowing levels are presented using comparative figures between actual results, budgeted levels and prior year's results.

The Group's annual budget is reviewed and approved by the Board. A strategic plan, which defines business development goals and overall business objectives, is prepared and updated periodically.

Based on Management's reports, the Board provides a balanced and fair assessment of the Company's performance, position and prospects for interim reports, other price sensitive public reports and other reports to regulators as required.

### **Principle 11** **Internal Controls**

The Group maintains an effective system of internal controls addressing financial, operational, compliance and information technology risks. These controls are designed to provide reasonable assurance as to the adequacy, effectiveness and efficiency of operations, reliability of financial reporting, and compliance with applicable laws and regulations.

The adequacy and effectiveness of these controls is subject to review by the Group's Internal Audit department and is monitored by the ARC. In addition, the Company's external auditors also review the effectiveness of the Group's key internal controls as part of their audit for the year with respect to financial reporting. Significant non-compliance in internal controls, if any, together with recommendations for improvement, is reported to the ARC. A copy of this report is also issued to the relevant department for follow-up action.

Risk assessment and evaluation takes place as an integral part of the annual operating plan ("AOP"). Having identified key risks to the achievement of the Group's AOP, mitigating actions are formulated in respect of each significant risk. Identified risks are also included and monitored in the corporate risk register, and mitigating measures are followed up. The approach to risk management is set out in the "Risk Management" section of this Annual Report.

Information technology issues are also regularly reported to the Board through the ARC. Reports include matters on business continuity, disaster recovery and cybersecurity amongst others. The Board, through the ARC, provides directions on these matters which management executes and Internal Audit monitors.

Among the significant control initiatives that came out of this process is the cybersecurity remediation project. This initiative is intended to significantly improve the cybersecurity posture of the Company to better manage emerging cybersecurity threats. In FY2017, the Company implemented the first phase of the project involving network infrastructure upgrade, restructuring and segmentation, installation of advanced persistent threat protection systems, updating and the development of the information technology security policy and awareness programme. The second phase will run in FY2018, and will involve the implementation of data loss protection and encryption systems and the year-long roll-out of the cybersecurity and awareness programme.

## CORPORATE GOVERNANCE

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by Management and the ARC, the ARC and the Board are of the opinion that the Group's internal controls, addressing financial, operational, compliance and information technology risks, and risk management systems were adequate and effective as at 30 April 2017.

The Board received written confirmation from the CEO and the Chief Financial Officer that (a) the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and (b) the Company's risk management and internal control systems remain adequate and effective.

The Board will, on a continuing basis, endeavour to further enhance and improve the Company's system of internal controls and risk management policies.

### **Principle 12** **Audit and Risk Committee**

The Audit Committee was set up on 9 July 1999 and renamed Audit and Risk Committee ("ARC") on 25 June 2015 as the Audit Committee had always served the function of overseeing the Company's risk management framework and policies. The ARC comprises the following members who are all Independent Non-Executive Directors:

Mr Benedict Kwek Gim Song	ARC Chairman
Mr Godfrey E Scotchbrook	Member
Dr Emil Q Javier	Member
Mrs Yvonne Goh	Member

The members of the ARC are highly qualified with two (2) members having the requisite financial management experience and expertise.

The ARC implements an evaluation process to assess its effectiveness as a whole. The evaluation process is undertaken as an internal exercise and involves ARC members completing a questionnaire covering areas relating to:

- Memberships and appointments
- Conduct of ARC meetings
- Trainings and resources available
- Financial reporting processes
- Financial and operational internal controls
- Risk management systems
- Internal and external audit processes
- Whistle-blowing reporting processes
- ARC's relationship with the Board

The evaluation process takes into account the views of each ARC member and provides an opportunity for members to give constructive feedback on the workings of the ARC including procedures and processes adopted and if these may be improved upon.

The evaluation exercise is carried out by the ARC on an annual basis.

Led by the ARC Chairman, a summary of findings prepared based on responses from the completed questionnaires was discussed with feedback noted.

Under its TOR, the ARC reviews the scope and results of the Company's annual audit and its cost effectiveness. The ARC also ensures the independence and objectivity of the external auditors. Likewise, it reviews the non-audit services provided by the Company's external auditors.

## CORPORATE GOVERNANCE

In the year in review, the ARC had reviewed the audit and non-audit services of the external auditors and was satisfied that the auditors continue to be independent. A breakdown of the aggregate fees paid for audit and non-audit services is set out below:

	Year ended 30 April 2017 US\$'000
Audit fees	
– paid to the auditors of the Company	371
– paid to other auditors	1,553
Non-audit fees	
– paid to the auditors of the Company	–
– paid to other auditors	667

The ARC also reviews significant financial reporting issues to ensure the integrity of the Company's financial statements and any announcements relating to the Company's financial performance. The ARC further conducts periodic reviews of all interested persons transactions.

Except as disclosed, for FY2017, the Company did not enter into any other material contracts involving the interests of its CEO, Directors or controlling shareholders.

The ARC has the authority to investigate any matter within its TOR, has unrestricted access to Management and the Head of the Internal Audit department, and has full discretion to invite any Director or executive officer to attend its meetings.

The ARC monitors the adequacy and effectiveness of the Group's internal controls system and internal audit function. It has set in place arrangements to ensure independent investigation of matters such as improprieties in financial reporting.

The Company has a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices without fear of retaliation. A Whistleblower Policy has been in place since 2004 to promote the highest standards of business and personal ethics in the conduct of the Group's affairs. As representatives of the Group, officers and employees must practise honesty and integrity, and strictly comply with all applicable laws, rules and regulations.

The Policy aims to deter and uncover corrupt, illegal, unethical, fraudulent or other conduct detrimental to the interest of the Group committed by officers and employees, as well as third parties, such as, but not limited to, suppliers and contractors. The Group encourages its officers and employees, suppliers and contractors to provide information that evidences unsafe, unlawful, unethical, fraudulent or wasteful practices. It does not disregard anonymous complaints.

This policy enables the Group to effectively deal with reports from whistleblowers in a manner that will protect the identity of the whistleblower and provide for the appropriate use of the information provided. It also establishes the policies for protecting whistleblowers against reprisal by any person internal or external to the Company, and provide for the appropriate infrastructure, including the appointment of a "Whistleblower Protection Officer", a "Whistleblower Investigations Officer" and alternative means of reporting.

The Board, together with the Chairman of the ARC, had appointed the Group CFO as the Protection Officer, as well as the Head of Internal Audit as the Investigations Officer, to administer the Company's Whistleblower programme. These are the contact details:

For legal compliance: +632 856 2557, +63 917 872 1472, or email [legalcompliance@delmonte-phil.com](mailto:legalcompliance@delmonte-phil.com)

For other matters: +6388 855 2090, +63 917 712 0311, or email [othercompliance@delmonte-phil.com](mailto:othercompliance@delmonte-phil.com)

## CORPORATE GOVERNANCE

The ARC also makes recommendations to the Board on the appointment, re-appointment and removal of the external auditors, including the remuneration and terms of engagement of the external auditors. Once approved by the Board, this is then ratified by the shareholders at a general meeting. For any change in the external auditor, the Company provides the reason for the change in its disclosure to the regulators.

In appointing the external auditors for the Company and its subsidiaries, the Group has complied with Rule 712 of the SGX Listing Manual in having appointed a suitable auditing firm to meet its audit obligations, and one that is registered with the Accounting and Corporate Regulatory Authority of Singapore ("ACRA"). The Group has also complied with Rule 715 in having engaged the same auditing firm based in Singapore to audit its Singapore-incorporated subsidiaries and significant associated companies, and for having appointed suitable auditing firms for its significant foreign-incorporated subsidiaries and associated companies. The Group has also complied with the requirements of SRC Rule 68 in selecting an SEC-accredited auditing firm in the Philippines.

Under a new policy adopted, the ARC and the Board will undertake a review of external auditors once every five (5) years.

The ARC meets with the Group's external auditors and with the Head of Internal Audit department without the presence of Management at least once a year.

During the year in review, the ARC held four (4) meetings.

### **Principle 13** ***Internal Audit***

The Group's Internal Audit department is staffed by qualified, experienced and trained personnel who are members of the Institute of Internal Auditors. Their duties are appropriately segregated. The Head of Internal Audit is Mr Gil Ramon S Veloso who reports functionally to the ARC and administratively to the CEO.

This department commands a respectable standing within the Company and is responsible for reviewing the risk management, internal control and governance processes to ensure these are adequate and effectively implemented.

It is the Group's policy to support the Internal Audit department in complying with the International Professional Practices Framework set by The Institute of Internal Auditors. Training and development opportunities are provided for the Internal Audit department staff to upgrade their technical knowledge and skill sets to ensure they remain current and relevant.

The ARC approves the hiring, removal, evaluation and compensation of the Head of Internal Audit. The Internal Audit department has unfettered access to all company documents, records, properties and personnel, including access to the ARC.

The ARC annually reviews the adequacy and effectiveness of the internal audit function and it is of the view that the Company's internal audit function is adequate.

### **Principle 14** ***Shareholder Rights***

The Group treats all shareholders fairly and equitably, and recognises, protects and facilitates the exercise of shareholders' rights. Moreover, the Group continually reviews and updates such governance arrangements.

Shareholders are informed of changes in the Company's business that are likely to materially affect the value of the Company's shares.



## CORPORATE GOVERNANCE

The Group ensures that shareholders have the opportunity to participate effectively in, and vote at, General Meetings ("GM"). Shareholders are informed of the rules and voting procedures that govern AGMs and GMs. The results of the votes taken during the AGM or GM are disclosed and made available to the public on the same day, and likewise uploaded on the Company's website within five (5) days from the date of the meeting.

The Memorandum & Articles of Association of the Company do not allow corporations which provide nominee or custodial services to appoint more than two (2) proxies to vote. At present, only the Central Depository (Pte) Ltd is permitted to appoint more than two (2) proxies. The Company does, however, allow non-shareholders to attend the AGM or GM as observers.

The Company's dividend payment policy for Ordinary Shares has been to distribute a minimum of 33% of full year profit. For fiscal year 2017, the Company declared a 50% payout of the year's net profit. The dividend policy and terms including the declaration dates are provided in the Company's website. The Company endeavours to pay dividends within 30 days after declaration.

### **Principle 15**

#### ***Communication with Shareholders/Investor Relations***

The Group is committed to engaging its stakeholders and providing easy and regular access to timely, effective, fair, pertinent and accurate information about the Company. The Group has an Investor Relations policy that clearly articulates and promotes this.

The Company's Investor Relations is handled in-house. It has a dedicated Investor Relations team comprising of the Chief Corporate Officer and Investor Relations Manager who regularly engage and communicate with the investing community. Various IR and communication modes are employed by the Company not just to provide information but also to gather feedback and address questions and concerns. Insights and feedback gathered are taken and, where appropriate, acted upon.

The Company strengthens its relationship with the investing community and solicits their views through one-on-one meetings, participation in at least two (2) annual conferences, forums and road shows organised by stock broking and investing companies. Between May 2016 and April 2017, the Company participated in three (3) conferences organised by Goldman Sachs in Manila and by HSBC in Singapore, and met with 109 investors and brokers, including conference calls.

To maintain an open channel of communication, the Company also has an email alert system whereby emails on its developments and updates are sent out to investors. Such information is also announced to the public via the SGX-ST and PSE portals.

The Company has organised trips to its plantation and cannery, as well as trade checks, for the investing community, providing them with a first-hand appreciation and understanding of the Company's operations and markets.

The Group provides descriptive and detailed disclosure whenever possible and avoids boilerplate disclosure, and immediately announces any material information on the Company or any of its subsidiaries or associated companies.

Material information, including the Company's financial position, performance, ownership, strategies, activities and governance, are disclosed to all shareholders and the investing community equally via SGX-ST and the PSE portals, upholding the principle of no selective disclosure.

The Company observes a closed-window period of two (2) weeks prior to the announcement of its quarterly results and one (1) month prior to the announcement of its full year results. During this period, the Company does not meet nor communicate with the investing community to ensure no selective disclosure is made.

## CORPORATE GOVERNANCE

The Company announces its financial results on a quarterly basis within the prescribed timeframe and holds joint briefings or conference calls with the investing community. The briefings are held in an accessible central location. These briefings are also broadcast via webcast to global viewers, with a recording available for six (6) months. Key Management Personnel are present during the briefings. The Company uploads on its website the materials for media briefings and press conferences.

The Management, Discussion and Analysis (MDA) report, press release and presentation on the Company's financial results are disseminated through the SGX-ST and PSE portals, the Company's email alerts and website all on the same day.

In March 2017, the Company successfully revamped its corporate website ([www.delmontepacific.com](http://www.delmontepacific.com)) with an international design to promote DMPL as a global food and beverage player, while also improving the structure and sitemap to allow easy navigation and access to key investor information. The website features the Company's four key brands (*Del Monte*, *S&W*, *Contadina* and *College Inn*), the international business and DMPL's various awards across many sectors. It also has links to other subsidiaries' and brands' websites, and includes social media links to DMPL's subsidiaries' Facebook, Instagram, Twitter, Pinterest and LinkedIn pages. Most importantly, the website is mobile-responsive and accessible from tablets and smartphones.

The corporate website has a dedicated and comprehensive IR section that is user-friendly with easily downloadable and updated press releases, announcements, quarterly reports, presentations, annual reports and analyst reports. Announcements are uploaded as soon as they are released to the SGX-ST and PSE portals, including other disclosures and reports submitted to the Philippine SEC.

The following are also included in the IR site: IR policy, IR calendar, AGM and GM Minutes, dividend policy and payout details, share information and the Company's top 20 shareholders. The following are also available on the website: Sustainability, Corporate Governance, bio-data of Directors and Senior Management, Memorandum and Articles of Association, Code of Business Ethics and other policies.

The IR email address ([jluy@delmontepacific.com](mailto:jluy@delmontepacific.com)) and telephone number (+65 6594 0980) are listed prominently on the IR homepage and in the annual report, making DMPL's IR manager accessible. The IR team endeavours to reply to emails and requests within a day.

DMPL is guided by strong principles grounded on the guidelines of the 2012 Code, the SEC CG Code, the SGX Listing Manual, the GTI and the ACGS to strengthen stakeholder relations. DMPL's IR is guided by the principles of trust; good corporate governance; transparency, openness and quality of disclosure; fairness; timeliness; pro-activeness and engagement; accessibility; employment of information technology; and continuous improvement.

The Company received the Best Investor Relations (Gold) Award in July 2017 and the Best Annual Report (Bronze) Award in July 2016 and July 2017 from the Singapore Corporate Awards (SCA) for companies with a market capitalisation of between S\$300 million to less than S\$1 billion.

Since the SCA began in 2006, DMPL has won 2 Gold awards for the Best Managed Board and Best Investor Relations. DMPL is one of only less than 10 companies from the 750 companies listed in Singapore to have achieved this.

DMPL has also received 4 distinct awards including that for the Best CFO and Best Annual Report and is one of only 14 companies to have achieved this.

DMPL has won a total of 12 awards for 8 consecutive years, since 2010.

The Company was ranked 32<sup>nd</sup> amongst 631 Singapore-listed companies or within the top five percentile in the August 2016 Singapore Governance and Transparency Index (SGTI). DMPL also ranked 28<sup>th</sup> amongst 100 largest Singapore-listed companies in the April 2016 ASEAN Corporate Governance Scorecard.

## CORPORATE GOVERNANCE

As part of the Company's ongoing effort to improve investor relations, it will continue to review and update governance arrangements with stakeholders. The Company also benchmarks against peers and industry best practices by having the relevant executives attend seminars and forums, joining IR organisations, and keeping abreast of the 2012 Code and similar guidelines and recommendations.

### **Principle 16**

#### ***Conduct of Shareholder Meetings***

The Company encourages shareholder participation at GMs and ensures that the venue for GMs is in a central location easily accessed by public transportation.

Shareholders have the opportunity to participate effectively and to vote in the AGMs/GMs either in person or by proxy.

Resolutions on each distinct issue are tabled separately at GMs.

At GMs, shareholders are given the opportunity to communicate their views and direct questions to Directors and Senior Management regarding the Company. The Chairman of the Board, the respective Chairman of the ARC, NCGC and RSOC, all other Directors, Senior Management including the CEO, and the external auditors were present at the most recent AGM to assist the Board in addressing shareholders' questions.

For greater transparency, the Company had since 2013 instituted electronic poll voting and all resolutions are put to vote by electronic poll at its AGMs and GMs. The Company had also appointed independent scrutineers, Drewcorp Services Pte Ltd, to validate the votes at its most recent AGM. Announcement of the detailed results of the poll, including the number of votes cast for and against each resolution with the respective percentages, is made on the same day.

The AGM and GM Minutes which include the questions and answers during the meetings are available on the Company's website after the meetings.

### **DEALINGS WITH SECURITIES**

In 2013, the Company adopted and implemented a Securities Dealings Policy (which replaces and incorporates the guidelines set out in the Best Practices on Securities Transactions adopted by the Company in 2003) to govern dealings in the Company's securities by Directors, Key Management Personnel and certain designated employees having access to price sensitive information. With this policy, these individuals are required to seek the approval of the Chairman or the Board before dealing in the Company's shares. Directors are also required to report their dealings in the Company's shares within two (2) business days from the date of transaction.

Directors, Key Management Personnel and certain designated employees had been advised that it is an offence to deal in the Company's securities when they are in possession of unpublished material price-sensitive information. They are also discouraged from dealing in the Company's securities on short-term considerations.

They are not allowed to deal in the Company's securities during the period commencing two (2) weeks before the announcement of the Company's financial results for each of the first three quarters of its financial year; and (1) one month before the announcement of the Company's full-year financial results. For the year in review, these individuals had been compliant with the Securities Dealings Policy.