

# CORPORATE GOVERNANCE

Del Monte Pacific Limited (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. (PSE) and the Philippine Securities and Exchange Commission (SEC).

The Board of Directors (Board) and Management are also committed to use their best endeavors to align the Company's governance framework with the recommendations of the 2018 Code of Corporate Governance issued on 6 August 2018 by the Monetary Authority of Singapore (MAS) (2018 Code) and the SEC Code of Corporate Governance for Publicly Listed Companies which took effect on 1 January 2017 (SEC CG Code), as well as the Singapore Governance and Transparency Index (SGTI) and the ASEAN Corporate Governance Scorecard (ACGS).

The Company confirms that it has adhered to the principles and provisions set out in the 2018 Code and principles and recommendations set out in the SEC CG Code, where applicable, and has identified and explained areas of non-adherence in this report (Report).

This Report describes the Company's corporate governance policies and practices with specific reference made to each of the principles and provisions of the 2018 Code in compliance with the Listing Manual of the SGX-ST.

## BOARD MATTERS

### Principle 1

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

The 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. A section of the Company's Sustainability Report can be found in the "Sustainability" section of this Annual Report. (The complete Sustainability Report is available for download from [www.delmontepacific.com](http://www.delmontepacific.com) and upon request starting September 2021).

The Board is responsible for the overall policies and integrity of the Group to ensure success. The Board will, among other things, review on an annual basis: (i) the vision and strategy of the Company; and (ii) Management's performance. The Board had, on 23 June 2021, reviewed and confirmed the vision and strategy of the Company.

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 refers to the CEO and other persons having authority and responsibility for planning, directing, and controlling the activities of the Group. The Board, on the recommendation of the Remuneration and Share Option Committee (RSOC), also approves all remuneration matters of Directors and Key Management Personnel.

Management are 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 or material transactions that require the Board's approval include:

- the Group's strategic plans;
- the Group's annual operating plans (AOP);
- quarterly results announcements;
- annual results and financial statements;
- issuance of shares or securities, and grant of share awards or options;
- Board succession plan;
- remuneration and HR matters;

## CORPORATE GOVERNANCE

- declaration of dividends;
- convening of shareholders' meetings;
- merger and acquisition transactions;
- certain interested person transactions;
- major transactions and investments exceeding certain thresholds;
- capital expenditure exceeding certain material limits;
- gearing levels and financial risk appetite of the Group; and
- succession plans for Directors and Key Management Personnel, including appointments and the appropriate level of compensation.

The Company's Memorandum of Association and Articles of Association requires Directors to abstain from participating in Board discussions on a particular agenda item if they are conflicted. In addition, all Directors are required to declare if they have a conflict of interest in any corporate transactions, and to voluntarily recuse themselves from all discussions and decisions pertaining to such corporate transactions.

The Board likewise reviews and approves all corporate actions for which shareholders' approvals are 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), the Nominating and Governance Committee (NGC), and the RSOC support the Board in discharging its responsibilities. The role and responsibilities of each of the Board Committees are set out separately in this Report. Each committee has been constituted with clearly written TOR that set out its duties, authorities and accountabilities. The TOR are reviewed on a regular basis, at least once annually, to ensure continued relevance and consistency with the 2018 Code and the SEC CG Code.

To achieve its goals, the Board ensures that the Company is equipped with the necessary financial, operational 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 approves the AOP with key performance metrics. The Board then sanctions and works with the Del Monte Performance Management System as a tool for alignment on annual key result areas (key results performance objectives, with assigned weightage and ratings).

The Board has also put in place a framework of prudent and effective controls that allows risks to be assessed and managed, including the safeguarding of shareholders' interests and the Company's assets.

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. An annual calendar of meetings is prepared before the start of each financial year. Management endeavors to provide Board papers to the Board at least five business days before the date of meetings.

During the year under review, the Board held five meetings. The Company's Articles of Association allow for tele-conference and video-conference meetings to facilitate participation by Board members and Management. In addition, typically during a financial year, Board meetings are held twice in the United States and once in the Philippines, where the Company's key subsidiaries, Del Monte Foods, Inc. and Del Monte Philippines, Inc., respectively operate. This allows

## CORPORATE GOVERNANCE

the Board to develop a good understanding of the Group's businesses and to promote active engagement with the Group's Key Management Personnel.

### Attendance for FY2021 (from 1 May 2020 to 30 April 2021)

	Board Meetings	Audit and Risk Committee Meetings	Remuneration and Share Option Committee Meetings	Nominating and Governance Committee Meetings	Annual General Meeting	General Meeting
<b>Directors</b>						
Mr. Rolando C. Gapud	5	NA	NA	1	1	1
Mr. Joselito D. Campos, Jr.	5	NA	NA	NA	1	1
Mr. Edgardo M. Cruz, Jr.	5	NA	NA	1	1	1
Mr. Benedict Kwek Gim Song	5	4	2	1	1	1
Mr. Godfrey E. Scotchbrook	5	4	2	1	1	1
Dr. Emil Q. Javier	5	4	2	1	1	1
Mrs. Yvonne Goh	5	4	2	1	1	1
<b>Total No. of Meetings Held</b>	<b>5</b>	<b>4</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>1</b>

New Directors undergo an orientation program 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. During the year under review, there were no new Director appointments in the Company.

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 2018 Code and SEC CG Code, as well as on any developments or changes to relevant laws and related matters. The Board also receives regular training updates on matters affecting the Group's business and operations. 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 FY2021 (MAY 2020 – APRIL 2021)

Date	Location	No. of hours	Training/Seminar/Conference	Organizer	Attendees
14 Apr 2020	Online	1.0	COVID-19: Implications for the Global Economy and Societies	Chief Executives Organization	Godfrey Scotchbrook
28 May 2020	Online	1.0	The Economic Impact of the Coronavirus on Asia	Chief Executives Organization	Godfrey Scotchbrook
3 Jun 2020	Online	1.0	Post COVID World: Global Supply Chains Re-alignment	Young Presidents' Organization	Godfrey Scotchbrook
5 Jun 2020	Online	1.0	Special Discussion on Key Consumer Trends in a Post-COVID Landscape	Rabobank	Ignacio Sison
12 Jun 2020	Online	1.0	Strategic Litigation against Lawful Participation (SLAPPs) in Southeast Asia: Legal Frameworks to protect Human Rights Defenders (HRDs)	Business and Human Rights Resource Centre	Antonio Ungson
29 Jul 2020	Online	1.0	Challenges and Considerations of Virtual Shareholder Meetings	Singapore Institute of Directors	Yvonne Goh, Benedict Kwek, Godfrey Scotchbrook and Antonio Ungson

## CORPORATE GOVERNANCE

Date	Location	No. of hours	Training/Seminar/Conference	Organizer	Attendees
18 Aug 2020	Online	1.0	Economic and Strategic Update: Who is Winning?	Young Presidents' Organization	Godfrey Scotchbrook
17 Sep 2020	Online	1.0	How to Handle a Pandemic Crisis: The Future of the Virus	Chief Executives Organization	Godfrey Scotchbrook
17 Oct 2020	Online	4.0	Risk Management in the Age of the Pandemic and Digital Transformation	Philippine Institute of Corporate Directors	Emil Javier
19 Oct 2020	Online	1.0	Here Be Dragons: The Economy and Financial Markets in 2020	Chief Executives Organization	Godfrey Scotchbrook
27 Nov 2020	Online	1.0	Our Pandemic Response and the UN Sustainable Development Goals	Del Monte Pacific Ltd.	Ignacio Sison
3 Dec 2020	Online	3.0	Best Practices in Sustainability Reporting for Publicly-Listed Companies Best Practices for Successfully Managing OFAC, OFSI, and EU Sanctions for Global Businesses: An Executive Briefing for Board Directors and Management as an Anti-Corruption Program	Center for Global Best Practices	Joselito Campos, Jr.
4 Feb 2021	Online	1.0	The Future of Fresh Food E-Commerce in China: Implications for Food Suppliers	Rabobank	Ignacio Sison
16 Mar 2021	Online	1.0	Digital Transformation	Chief Executives Organization	Godfrey Scotchbrook

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

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

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

### Principle 2

#### **Board Composition and Guidance**

The Board comprises seven Directors, three of whom are Executive Directors. The four Non-Executive Directors are Independent Directors. The composition of the Board 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.

## CORPORATE GOVERNANCE

The Board is of the view that a strong element of independence is present on the Board with Independent Directors making up a majority of the Board. The Board exercises objective and independent judgement 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 an alternative and objective perspective to the Group's business. The Directors exercise independent judgement and discretion on the Group's business activities and transactions, in particular, in situations involving conflicts of interest and other complexities.

The NGC, on an annual basis, determines whether or not a Director is independent, taking into account the 2018 Code's definition.

Independence is taken to mean that Directors are independent in conduct, character and judgement, and have no relationship with the Company, or its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgment in the best interest of the Company. Disclosures of Directors' interests and their interest in transactions are standing agenda items in all Board meetings, and such disclosures would be circulated and tabled for Board members' information, as appropriate.

The Board considers the existence of relationships or circumstances, including those identified by the listing rules of the SGX-ST and the Practice Guidance, that are relevant in its determination as to whether a Director is independent. Such relationships or circumstances include the employment of a Director by the Company or any of its related corporations during the financial year or in any of the past three financial years; 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 RSOC; a Director who has been on the Board for an aggregate period of nine years.

The 2018 Code states that the independence of any Director who has served on the Board beyond nine years from the date of his/her first appointment should be subject to particularly rigorous review.

Consistent with previous practice, the NGC had undertaken a rigorous review of the independence of each Independent Director, including those whose tenure had exceeded nine years from the date of their first appointment. Led by the NGC Chairperson and facilitated by Boardroom Corporate & Advisory Services Pte. Ltd., the Company's external corporate secretarial service provider, the assessment was conducted by means of a confidential and incisive questionnaire completed by each Director and a declaration of independence completed by each Independent Director.

As part of this rigorous review, Board members were asked to share their observations on how each of the Independent Director whose tenure had exceeded nine years, namely Messrs. Benedict Kwek Gim Song, Emil Q. Javier and Godfrey E. Scotchbrook, has demonstrated his independence on the Board. Board members were invited to cite, as appropriate, specific instances and examples.

The results were analyzed and discussed at the NGC and Board meetings. It was concluded that there is a strong sense of independence among all Board members. Management is constantly challenged and questioned on proposals that come before the Board with all Directors engaging in thorough and robust discussion and deliberation, taking into consideration the interest of the Group's stakeholders.

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 each demonstrated independent mindedness and conduct at Board and Board Committee meetings. The NGC is also of the firm view and opinion that these Directors continue to exercise independent judgment in the best interest of the Company in the discharge of their duties as Directors, and their more than nine years of exemplary service on the Board have not in any way affected their independence. Throughout their tenure in office they had continually challenged and provided constructive feedback to Management.

## CORPORATE GOVERNANCE

Each member of the NGC had abstained from deliberations in respect of the assessment on his own independence.

The Directors also bring invaluable experience, extensive business network and expertise in specialized 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 the current Board allow discussions on policy, strategy, and performance to be critical, informed and effective.

The Board has adopted a Board Diversity Policy which recognizes 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 NGC is responsible for administering this policy and for evaluating it annually.

During the year under review, the Independent Directors had met at least once without the presence of the Executive Directors and Management.

### **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., while the Board is headed by Mr. Rolando C. Gapud as Executive Chairman. The Chairman of the Board and the CEO are not related to each other.

The duties of the Executive Chairman include, among 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. The Executive Chairman 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. At Board meetings, he ensures that adequate time is allocated for discussion of all agenda items, in particular, discussions on strategic matters and issues. Constructive discussions 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.

The duties of the CEO include, among 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 organization 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 in-depth 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, 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.

# CORPORATE GOVERNANCE

## Lead Independent Director

Mr. Benedict Kwek Gim Song acts as the Lead Independent Director and is the principal liaison to address shareholders' concerns, for which direct contact through normal channels of the Chairman, CEO or Management has 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 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 Lead Independent Director is available to shareholders when they have concerns and for which contact through the normal channels of communication with the Chairman or Management are inappropriate or inadequate. Questions or feedback can be submitted via email to the Lead Independent Director at [ben.kwek@delmontepacific.com](mailto:ben.kwek@delmontepacific.com).

## **Principle 4**

### ***Board Membership***

The Nominating Committee was set up on 7 February 2003 and renamed on 29 June 2017 as the Nominating and Governance Committee to include corporate governance matters in its functions. It currently comprises the following six members, a majority of whom, including the Chairperson, are Independent Directors:

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

The main activities of the NGC are outlined in the commentaries on "Board Composition and Guideline", "Board Membership" and "Board Performance" of this Report.

Under its TOR, the NGC is responsible for reviewing the Board's composition and effectiveness, determining whether Directors possess the requisite qualifications, skills, experience and expertise to meet the Company's needs, and whether their independence is compromised. The NGC also oversees succession planning for Directors, the CEO and Key Management Personnel of the Group. The NGC is also tasked with ensuring compliance with, and proper observance of, corporate governance principles and practices recommended by the 2018 Code and principles and recommendations of the SEC CG Code.

All appointments and re-appointments of Directors are first reviewed and considered by the NGC before recommending them to the Board for approval. The NGC has formalized 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 NGC evaluates the balance of skills and competencies on the Board and, in consultation with the Chairman of the Board determines the qualifications and expertise required for a particular appointment.

## CORPORATE GOVERNANCE

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

The NGC undertakes the process of identifying the calibre of Directors aligned with the Company's strategic directions. The NGC evaluates the suitability of a prospective candidate based on his/her 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 NGC also identifies any core competencies that will complement those of current Directors on the Board.

There are no alternate Directors appointed.

The NGC is also tasked with reviewing the performance and contribution of the Directors in order to consider them for re-election or re-appointment. The NGC 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 NGC 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 principal commitments (where applicable) 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 Chairperson of the NGC 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 said policy.

In cases where a Director has multiple Board representations, the NGC 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 directorships and/or chairmanships that Executive Directors may hold concurrently in listed companies, and a maximum limit of five directorships and/or chairmanship in listed companies for Independent and Non-Executive Directors. None of the Directors hold more than two board seats in other listed companies.

Under Article 88 of the Company's Articles of Association, all Directors hold office for a maximum period of three years whereupon they shall retire but are eligible for re-appointment. In addition, effective 1 January 2019, all Directors must submit themselves for re-nomination and re-appointment at least once every three years pursuant to Rule 720(5) of the Listing Manual of the SGX-ST.

### **Directors Retiring Under Article 88 and Rule 720(5) of the Listing Manual of the SGX-ST**

Mr. Edgardo M. Cruz, Jr.  
Executive Director  
Appointed on 2 May 2006  
Last re-appointed on 17 August 2018

Mr. Godfrey E. Scotchbrook  
Independent Director  
Appointed on 28 December 2000  
Last re-appointed on 17 August 2018



## CORPORATE GOVERNANCE

In reviewing the nomination for the re-appointment of Directors retiring under Article 88 of the Company's Articles of Association and Rule 720(5) of the Listing Manual of the SGX-ST, the NGC had considered the contributions and performance of each Director, taking into account his or her attendance and participation at Board and Board Committee meetings, as well as his or her independence.

All Directors retiring have consented to continue in office and have offered themselves for re-appointment at the Company's Annual General Meeting (AGM).

Neither Mr. Scotchbrook nor his immediate family member had provided to or received from the Group any significant payments or material services other than his compensation for his service on the Board and Board Committees. Neither Mr. Scotchbrook nor any of his immediate family member is or was a substantial shareholder of or a partner in or executive officer or Director of any organization which had provided to or received from the Group any significant payments or material services. Please refer to the "Board of Directors" section of this Annual Report for more information on Mr. Cruz's and Mr. Scotchbrook's directorships in other listed companies and other principal commitments (where applicable).

Accordingly, the NGC supports the nomination of Mr. Cruz and Mr. Scotchbrook for re-appointment as Directors of the Company.

In its long-term drive towards excellence, the Company recognizes the importance of sustainable leadership. To support this, a Succession Planning Program was established where a leadership talent bench was developed. DMPL is committed to building and sustaining leadership capabilities by strengthening the talent pipeline, rolling out a program that identifies and sets out plans to develop expected 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 program which includes training, on-the-job learning, coaching and mentoring.

There is a set retirement age for Key Management Personnel.

The NGC conducts a regular review of the succession plan for Board members, the CEO and Key Management Personnel of the Company.

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

- Memberships and appointments
- Conduct of NGC meetings
- Training and resources available
- Reporting to the Board
- Process for selection and appointment of new Directors
- Nomination of Directors for re-appointment
- 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 NGC member and provides an opportunity for members to give constructive feedback on the workings of the NGC, including procedures and processes adopted, and if these may be improved upon.

During the year under review, the NGC held one meeting.

# CORPORATE GOVERNANCE

## **Principle 5**

### ***Board Performance***

The Board, through the NGC, has implemented a formal annual evaluation process to assess the effectiveness of the Board as a whole, each of its Board Committees and individual Directors. The evaluation process is undertaken annually as an internal exercise and involves Board members completing a questionnaire covering mainly the following areas of assessment:

- Board composition
- Information to the Board
- Board procedures, training and resources
- Board accountability
- Communication with CEO and Key Management Personnel
- Succession planning for Directors, Board Chairman and the CEO
- Standards of conduct and effectiveness of the Board
- Rigorous review of Independent Directors
- Board Committees' performance in relation to discharging their responsibilities under their respective terms of reference

Each Director conducts a self-assessment of his/her performance and contribution to the Board through completion of a questionnaire on a secured online portal, the results of which are collated and tabulated by an external facilitator.

The Directors' self-evaluation on their performance focused on the following:

- Directors' duties
- Leadership
- Communication skills
- Strategy and risk management
- Board contribution
- Knowledge
- Interaction with fellow Directors, Key Management Personnel, Auditors, Company Secretary, Legal Advisors and other professional advisors

The evaluation process took 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 NGC Chairperson and facilitated by Boardroom Corporate & Advisory Services Pte. Ltd., an external service provider, this collective assessment was conducted by means of a confidential questionnaire completed by each Director, which is collated, analyzed and discussed with the NGC and the Board with comparatives from the prior year evaluation. A summary of the findings and recommendations was prepared based on the completed questionnaires for the Board as a whole, each of its Board Committees and individual Directors. This was reviewed and deliberated on by the NGC and thereafter tabled to the Board for its necessary action to further enhance the effectiveness of the Board, 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.

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

# CORPORATE GOVERNANCE

## REMUNERATION MATTERS

### Principle 6

#### *Procedures for Developing Remuneration Policies*

The RSOC was set up on 7 February 2003 and for the year under 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 main activities of the RSOC are outlined in the commentaries on “Procedures for Developing Remuneration Policies”, “Level and Mix of Remuneration” and “Disclosure of Remuneration” of this Report.

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 the 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 the Directors and Key Management Personnel. For the year under review, the RSOC did not engage any remuneration consultants.

Under its TOR, the RSOC is responsible for reviewing and recommending a remuneration framework and specific remuneration packages (where applicable) for the Directors and Key Management Personnel. The RSOC considers all aspects of remuneration such as 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 Key Management Personnel, the RSOC reviews 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 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/her own remuneration.

The RSOC implements an annual 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 mainly the following areas of assessment:

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

The evaluation process took 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.

During the year under review, the RSOC held two meetings.

# CORPORATE GOVERNANCE

## **Principle 7**

### ***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. Relative to industry practice, trends and norms, the Company has measurable standards to align the performance-based remuneration of the Executive Directors and Key Management Personnel with the long-term interests of the Company.

Where appropriate, the RSOC reviews the service contracts of the Company's Executive Directors and Key Management Personnel.

In reviewing the recommendation for Non-Executive Directors' remuneration for FY2021, the RSOC continued to adopt a framework based on guidelines of the Singapore Institute of Directors, which comprised a base fee, fees for membership on Board Committees, as well as fees for chairing Board Committees. The fees took into consideration the amount of time, responsibilities and effort that each Board member was required to devote to their role.

### Directors' Fee Structure

- Board Chairman: US\$79,200 per annum
- Directors: US\$43,200 per annum
- ARC Chairman: US\$19,800 per annum
- RSOC Chairman: US\$9,900 per annum
- NGC Chairperson: US\$9,900 per annum
- ARC Members: US\$10,800 per annum
- RSOC Members: US\$5,400 per annum
- NGC Members: US\$5,400 per annum

The compensation structure for Key Management Personnel of the Company's subsidiaries consists of two 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.

## **Principle 8**

### ***Disclosure on Remuneration***

The remuneration of Directors, the CEO and the immediate family member of 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 Key Management Personnel is 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 provision 8.1 of 2018 Code, the Board is of the view that it is in the best interest of the Company not to disclose such remuneration information in detail, given the confidentiality and commercial sensitivity (within the industry and within the Group itself) 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. As for personal security reasons, the names of, and the aggregate remuneration paid to, the Company's top five Key Management Personnel is not disclosed. Similarly, the aggregate remuneration paid to the Executive Directors is not disclosed.

## CORPORATE GOVERNANCE

**Employee who is a substantial shareholder of the Company, or an immediate family member of a Director, the CEO or a substantial shareholder of the Company, and whose remuneration exceeds S\$100,000 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 a substantial shareholder of the Company, 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 under review was S\$700,000-S\$800,000. 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.

### DISCLOSURE ON REMUNERATION OF DIRECTORS FOR FY2021

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.	77	10	12	1
<b>NON-EXECUTIVE DIRECTORS</b>				
<b>Below S\$250,000</b>				
Mrs. Yvonne Goh	–	100	–	–
Dr. Emil Q. Javier	59 <sup>1</sup>	36	5	–
Mr. Benedict Kwek Gim Song	–	100	–	–
Mr. Godfrey E. Scotchbrook	–	100	–	–

Notes:

1 Refers to consultancy fees

### DISCLOSURE ON REMUNERATION OF TOP FIVE KEY EXECUTIVES<sup>1</sup> FOR FY2021

REMUNERATION BANDS AND NUMBER OF KEY EXECUTIVES	FIXED SALARY %	VARIABLE INCOME / BONUS %	BENEFITS IN KIND %
<b>Above S\$500,000</b>			
1	48	51	1
1	81	10	9
1	87	12	1
<b>S\$250,000 to below S\$500,000</b>			
1	86	13	1
1	87	12	1

Notes:

1 Key Management Personnel who are not Directors

# CORPORATE GOVERNANCE

## Share Option Plan

The Company also has the Del Monte Pacific Executive Share Option Plan 2016 (ESOP 2016), which was approved by shareholders at the general meeting held on 30 August 2016. The ESOP 2016 aims to provide an opportunity for Group executives and Directors to participate in the equity of the Company in order to motivate them to excel in their performance. The ESOP 2016 is valid for a period of ten years; however, no options have been granted to date.

## **ACCOUNTABILITY AND AUDIT**

### **Principle 9**

#### ***Risk Management and Internal Controls***

The Group maintains an effective system of risk management and internal controls addressing financial, operational, compliance and information technology (IT) controls, and risk management policies and systems established by Management. 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 a periodic review by the Group's Internal Audit department and monitored by the ARC. In addition, the Group's external auditors also reviewed 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 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.

IT issues are also regularly reported to the Board through the ARC. Reports include matters on business continuity, disaster recovery and cybersecurity among 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 Group to better manage emerging cybersecurity threats.

In FY2021, the Group further strengthened its cybersecurity posture by completing the rollout of two-factor authentication for applicable systems while commencing the upgrading of its email systems. The email system upgrade is expected to be completed in the first quarter of FY2022. In addition, the Group's websites audited in FY2020 were subjected to a re-test to review the implementation and effectiveness of remediation steps taken. With the help of a third party resource, the Group also tested the effectiveness of the cybersecurity initiatives that were carried out previously. Remediation steps for identified issues had been undertaken by Management. On an ongoing basis, the Group continues to regularly manage, monitor and maintain network access control, network segmentation, advanced persistent threat, data loss prevention and encryption.

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, assurances by the CEO, Chief Operating Officer, Chief Corporate Officer, Chief Financial Officer (CFO) and Chief Compliance Officer, and reviews performed by Management and various Board Committees, the Board is of the opinion, and the ARC concurs, that the Group's internal controls, addressing financial, operational, compliance and information technology risks, and its risk management systems were adequate and effective as at 30 April 2021.

## CORPORATE GOVERNANCE

For the year under review, the Board had received (a) written confirmation from the CEO and the CFO that 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) written confirmation from the CEO and other Key Management Personnel who are responsible, that the Company's risk management and internal control systems have remained adequate and effective.

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

The Group's internal audit team, led by the Head of Internal Audit, reports directly to the ARC. An internal audit report is submitted to the ARC on a quarterly basis. The ARC reports all material updates to the Board.

### **Principle 10**

#### ***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 it had always served the function of overseeing the Company's risk management framework and policies. The ARC comprises the following four 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 members having the requisite financial management experience and expertise.

The ARC does not comprise any former partners or directors of the Company's current auditing firm.

The main activities of the ARC are outlined in the commentaries on "Accountability and Audit" and "Audit and Risk Committee" of the Report.

The ARC implements an annual 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:

- Membership and appointments
- Conduct of the ARC meetings
- Training and resources available
- Financial reporting processes
- Financial and operational internal controls
- Risk management systems
- Internal and external audit processes
- Whistleblowing reporting processes
- ARC's relationship with the Board
- Communication with shareholders

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.

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

## CORPORATE GOVERNANCE

Under its TOR, the ARC reviews the adequacy, 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 and internal audit function. Likewise, it reviews the non-audit services provided by the Company's external auditors.

For FY2021, the ARC had reviewed the audit and non-audit services of the external auditors and was satisfied that the auditors continue to be independent, adequately resourced and effective. Non-audit fees include services related to tax and business advisory. A breakdown of the aggregate fees paid for audit and non-audit services is set out below:

	<b>Year ended 30 April 2021 (US\$'000)</b>
<b>Audit fees</b>	
– paid to auditors of the Company	93
– paid to other auditors	1,520
<b>Non-audit fees</b>	
– paid to auditors of the Company	–
– paid to other auditors	39

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. The ARC also reviews the assurance from the CEO and the CFO on the Company's financial records and the Group's financial statements.

The ARC reviewed the external auditor's audit plan for the financial year ended 30 April 2021 and agreed with the auditor's proposed significant areas of focus and assumptions that would have an impact on the financial statements. In the ARC's review of the financial statements as at 30 April 2021, it had discussed with Management the accounting principles applied and their judgment of items that could affect the integrity of the statements, and it had also considered the clarity of key disclosures in the statements. The ARC also reviewed and addressed among other matters, the following key audit matters (KAMs) as reported by the external auditor for the financial year ended 30 April 2021:

<b>Fair Value of Biological Assets</b>	<p>The ARC was provided with an understanding of the relevant processes the Group undertook in separating bearer plants from the agriculture produce.</p> <p>The ARC considered the reasonableness of the approach and methodology applied to the fair value of biological assets (fruits growing on bearer plants and fruits harvested), and reviewed Management's estimates and assumptions as well as the adequacy of disclosures related to this matter.</p> <p>Additionally, the ARC also considered the external auditor's assessment of the valuation methodology and assumptions adopted by Management in valuing the biological assets.</p> <p>The ARC was satisfied with the valuation process and the methodology adopted.</p>
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## CORPORATE GOVERNANCE

<b>Recoverability of Goodwill and Indefinite Life Trademarks</b>	<p>The ARC considered the approach and methodology applied to the valuation model in the goodwill impairment assessment. The ARC reviewed the reasonableness of cash flow forecasts, long term growth rate and discount rate as well as the independence and competency of the valuer appointed to perform the valuations.</p> <p>The Group has assessed the following trademarks as having indefinite useful lives: "Del Monte" in the United States, South America, Philippines and Indian subcontinent, "College Inn" in the United States, Australia, Canada and Mexico, "Today's" in the Philippines, and "S&amp;W" in USA and Americas, Asia (excluding Australia and New Zealand), Middle East, Western Europe, Eastern Europe and Africa.</p> <p>The ARC reviewed the data, estimates and assumptions used in each valuation model as well as the independence and competency of the valuer appointed to perform the valuations.</p> <p>The ARC considered the findings of the external auditors with regard to the appropriateness of the assumptions used.</p> <p>The Group has recognized US\$2.1 million impairment in the Group's investment in FieldFresh Foods Private Limited. The ARC was satisfied that there is no other impairment required on the goodwill and indefinite life trademarks for the financial year.</p>
<b>Recoverability of Deferred Tax Assets</b>	<p>The ARC considered the methodology and assumptions applied to the recoverability or non-recoverability of deferred assets.</p> <p>The ARC reviewed the reasonableness of cash flow, forecasts, past performance and future plans associated with the Group's operations.</p> <p>The ARC also considered the external auditor's findings including their assessment of the key assumptions used and the procedures applied to test these assumptions.</p> <p>The ARC is satisfied with the methodology and assumptions used.</p> <p>The Group has recognized US\$130.5 million of deferred tax assets, which includes deferred tax assets recognized by Del Monte Foods, Inc., a subsidiary in the USA, amounting to US\$128.8 million.</p>
<b>Measurement of Defined Benefit Liability</b>	<p>Actuarial valuations of the Group's defined benefit obligations are undertaken annually, using the projected unit credit method. Accounting treatment for the defined pension plan can be found in note 4 Significant Accounting Policies, section 13.</p> <p>The ARC reviewed the reasonableness of the valuation of the Group's defined benefit plans, termination and retirement rates discount rate and compensation increase assumptions, as well as the independence and competency of the valuer appointed to perform the valuations.</p> <p>The ARC also considered the external auditor's evaluation of the key actuarial assumptions and valuation methodology used by Management.</p> <p>The ARC was satisfied with the valuation process used.</p>

The ARC concluded that the Group's accounting treatment in each of the significant matters was appropriate. All the KAMs that were raised by the external auditors for the financial year ended 30 April 2021 have been addressed by the ARC and covered in the above commentary. The KAMs in the auditors' report can be found on pages 97-101 of this Annual Report.

## CORPORATE GOVERNANCE

Except as disclosed, the Company did not enter into any other material contracts involving the interests of its CEO, Directors or controlling shareholders for FY2021.

The ARC keeps abreast of changes in accounting standards by requiring on a continuing basis Management and the external auditors to look into and present these changes as well as their implications on the Group's financial statements. The ARC monitors these changes and provides guidance on concomitant issues on financial reporting. These matters are taken up in ARC meetings, in ARC's separate meetings with the external auditors and their periodic meetings with the CFO.

The ARC has the authority to investigate any matter within its TOR, unrestricted access to Management and the Head of the Internal Audit department, and 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 control 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 uphold honesty and integrity, and strictly comply with all applicable laws, rules and regulations.

The said policy aims to deter and uncover corrupt, illegal, unethical, fraudulent practices 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, 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 policies for protecting whistleblowers against reprisal by any person internal or external to the Company, and provides for the appropriate infrastructure, including the appointment of a Whistleblower Protection Officer and a Whistleblower Investigations Officer, as well as alternative means of reporting.

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

For legal compliance: +632 8856 2557, +63 917 534 1680, 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)

The ARC also makes recommendations to the Board on the appointment, re-appointment and removal of the external auditors, including their remuneration and terms of engagement. Such recommendation, once approved by the Board, is then ratified by shareholders at a general meeting (GM). 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 Listing Manual of the SGX-ST 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 of the Listing Manual of the SGX-ST 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.

# CORPORATE GOVERNANCE

Consistent with the Company's rotation policy, the ARC and the Board undertake to conduct a comprehensive review of the external auditors at least every five 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 under review, the ARC had met online with the Group's external auditors without the presence of Management and with the Head of Internal Audit without the presence of Management more than once.

The Group's Internal Audit department is staffed by qualified, experienced and trained personnel who are members of the Institute of Internal Auditors. The team comprises auditors with diverse backgrounds: accounting, industrial engineering and applied mathematics. They have internal audit experience ranging from 8 to 23 years. Team members also possess various certifications: Certified Internal Auditor, Certified Information Systems Auditor, Certified Internal Control Auditor and Certified Risk Analyst. Their duties are appropriately segregated.

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

The Head of Internal Audit is Mr. Gil Ramon S. Veloso who reports functionally to the ARC and administratively to the CEO. Mr. Gil Veloso is a Certified Public Accountant and a Certified Internal Control Auditor. He completed an Executive Education Program at the Asian Institute of Management. He is also a member of the Institute of Internal Auditors with 23 years internal audit experience covering financial, operational, compliance and IT audits. He has audited various entities in the Philippines, Singapore, the US, China and India.

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 staff of the Internal Audit department to upgrade their technical knowledge and skill sets to ensure they remain current and relevant.

The Internal Audit department has unfettered access to all company documents, records, properties and personnel, including access to the ARC.

The ARC approves the hiring, removal, evaluation and compensation of the Head of Internal Audit. The ARC annually reviews the adequacy, effectiveness and independence of the internal audit function, and it is of the view that the Company's internal audit function is adequately resourced, effective and independent.

During the year under review, the ARC held four meetings.

## SHAREHOLDER RIGHTS AND ENGAGEMENT

### Principle 11

#### *Shareholder Rights and Conduct of General Meetings*

The Group treats all shareholders fairly and equitably, and recognizes, 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 Group's business that are likely to materially affect the value of the Company's shares.

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

## CORPORATE GOVERNANCE

However, in 2020, the meetings were conducted virtually due to the pandemic and alternative arrangements had been made for voting and asking questions. Shareholders voted ahead of the meetings by appointing the Chairman of the meeting as proxy, and their questions were sent in advance. The Company had appointed independent scrutineers, Drewcorp Services Pte. Ltd. in Singapore and Ortega Law Office in the Philippines, to validate the votes at the said meetings held on 17 September 2020.

The Chairman of the Board, the respective Chairperson of the ARC, NGC and RSOC, three other Directors, Senior Management including the CEO, and the external auditors were present at the most recent AGM and GM held on 17 September 2020, to assist the Board in addressing shareholders' questions.

Shareholders had the opportunity to participate effectively. Pre-pandemic, they were able to vote in the general meetings either in person or by proxy.

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

The Company does not practice bundling of resolutions at general meetings. Each distinct issue is proposed as a separate resolution and full information is provided for each item in the agenda for the meetings.

Pre-pandemic, shareholders were given the opportunity to communicate their views and direct questions in person to Directors and Senior Management regarding the Company.

The Company had since 2013 instituted electronic poll voting and all resolutions are put to vote by electronic poll at its AGMs and GMs. Shareholders are informed of the rules and voting procedures before the start of any meeting. The Group ensures that shareholders have the opportunity to participate effectively in, and vote at, AGMs or GMs. The detailed results of the poll, including the number of votes cast for and against each resolution with the respective percentages 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 days from the date of the meeting.

The Company's Memorandum and Articles of Association do not provide for absentia voting which, even if allowed, may only be possible following a deliberate study to ensure that the integrity of information and authentication of the identity of shareholders and other related security issues through the web would not be compromised, and importantly, legislative changes are effected to recognize remote voting.

The AGM and GM minutes reflect that shareholders are always given the opportunity to ask questions. The minutes include shareholders' comments and a summary of the questions and answers during the meetings. The minutes are promptly made available in the Company's website after the meetings.

The Company's dividend policy for Ordinary Shares is to distribute a minimum of 33% of full year profit. The holders of Ordinary Shares are entitled to receive dividends, as declared from time to time, after dividends of Preference Shares are paid. For FY2021, the Company declared a final dividend of S\$0.012 or a 37% payout to Ordinary shareholders.

The dividend policy and terms, including the declaration dates from previous years, are provided on the Company's website. The Company endeavors to pay dividends within 30 days after declaration date.

### **Principle 12**

#### ***Engagement with Shareholders***

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

## CORPORATE GOVERNANCE

The Company's IR is handled in-house. It has a dedicated Investor Relations team comprising 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 to provide information, 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 conferences, forums and road shows organized by stock broking and investing companies. Between May 2020 and April 2021, the Company met with 13 investors and 1 lender, including conference calls. For quarterly results online meetings in FY2021, DMPL had a total of 96 participants.

To maintain an open channel of communication, the Company also has an email alert system whereby emails on material developments and updates concerning the Company are sent out to investors. Such information, and other material information about the Company, including its financial position, performance, ownership, strategies, activities and governance, are disclosed to all shareholders and the investing community via the SGX-ST and PSE portals.

In the past, the Company had organized visits to its plantation and cannery, as well as trade checks, for the investing community, providing them with first-hand appreciation and understanding of the Group's operations and markets.

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

The Company observes a closed-window period of two weeks prior to the announcement of its quarterly results and one month prior to the announcement of its full year results. During this period, the Company does not meet or communicate with the investing community to avoid any selective disclosure.

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. Pre-pandemic, the briefings were held in an accessible central location, and broadcast via webcast to global viewers, with a recording available for six months. In the past year, the briefings were held virtually due to the pandemic and these were also recorded. Key Management Personnel were 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, and the Company's email alerts and website all on the same day.

The Company's corporate website ([www.delmontepacific.com](http://www.delmontepacific.com)) has an international design to promote DMPL as a global food and beverage player, while the structure and sitemap allow for 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), its domestic and international businesses, as well as its awards. It also has links to the websites of its other subsidiaries and brands, and includes social media links to DMPL's subsidiaries' Facebook, Instagram, Twitter, Pinterest and LinkedIn pages. 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 payment details, share information, and the Company's top 20 shareholders. The following are also available on the website: Sustainability, Corporate Governance, profile of Directors and Senior Management, Memorandum and Articles of Association, Code of Business Ethics and other policies.

# CORPORATE GOVERNANCE

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 endeavors to reply to emails and requests within a day.

The Company is guided by strong principles and provisions grounded on the 2018 Code, the SEC CG Code, the SGX Listing Manual, the SGTI and the ACGS to strengthen stakeholder relations. DMPL's IR is guided by principles of trust; good corporate governance; transparency, openness and quality of disclosure; fairness; timeliness; pro-activeness and engagement; accessibility; employment of IT; and continuous improvement.

The Company received the Best Investor Relations (Gold) Award in 2017 and the Best Annual Report (Gold) Award in 2019 from the Singapore Corporate Awards (SCA).

Since the SCA began in 2006, DMPL has won two Gold awards for the Best Managed Board and Best Investor Relations. DMPL is one of less than ten companies from the 716 companies listed in Singapore to have achieved this.

The Company has also received four distinct awards including that for the Best CFO and is one of less than 20 companies to have achieved this.

The Company has won a total of 14 awards for ten consecutive years from 2010 to 2019. No awards were given out by the SCA in 2020 due to the pandemic.

The Company was ranked 15th among 577 Singapore-listed companies or within the top three percentile in the August 2020 SGTI. DMPL was honored to be the highest ranked mid-cap company for the first time.

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 its relevant executives attend seminars and forums, joining IR organizations, and keeping abreast of the 2018 Code and similar guidelines and recommendations.

## **Principle 13**

### ***Engagement with Stakeholders***

The Company actively engages with its stakeholders through various media and channels to ensure that its business interests are aligned with those of its stakeholders.

The Company has identified its stakeholder groups through an assessment of their connection and significance to the Group's operations, namely, consumers, business partners, host communities, employees, and shareholders.

The Company's strategy and key areas of focus in relation to the management of stakeholder relationship for FY2021 will be addressed in its Sustainability Report to be published on the Company's corporate website.

Stakeholders can communicate and engage with the Company through the Company's website at [www.delmontepacific.com](http://www.delmontepacific.com) or contact the IR team via email at [jluy@delmontepacific.com](mailto:jluy@delmontepacific.com) and/or telephone at +65 6594 0980.

# CORPORATE GOVERNANCE

## DEALINGS WITH SECURITIES

The Company adopted in 2013 a Securities Dealings Policy to govern dealings in the Company's shares by its 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 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 weeks before the announcement of the Company's financial results for each of the first three quarters of its financial year, and one month before the announcement of the Company's full-year financial results. For the year under review, these individuals had been compliant with the Securities Dealings Policy.

## SUMMARY OF DISCLOSURE

Pursuant to Rule 710 of the Listing Manual, the table on Summary of Disclosures below describes our corporate governance practices with specific reference to the principles and provisions of the Code.

Principles	Provisions	Page
<b>Board Matters</b>		
<b>1 – The Board's Conduct of Affairs</b>	1.1 Directors' Fiduciary Duties and Conflicts of Interest	69-70
	1.2 Directors' Orientation, Induction, Training and Development	71-72
	1.3 Board Reserved Matters	69-70
	1.4 Delegation of Authority by the Board to its Board Committees	70
	1.5 Board and Board Committees Meetings and Attendance	71
	1.6 Access to Information	70-71
	1.7 Access to Management and Company Secretaries	70
<b>2 – Board Composition and Guidance</b>	2.1 to 2.3 Independent Directors comprise a majority on the Board	72-73
	2.4 Board Composition and Diversity	74
	2.5 Meeting of Independent Directors without Management	74
<b>3 – Chairman and Chief Executive Officer</b>	3.1 to 3.2 Separation of and Roles of the Chairman and CEO	74
	3.3 Appointment of Lead Independent Director	75
<b>4 – Board Membership</b>	4.1 Role and Responsibilities of the Nominating Committee	75
	4.2 Composition of the Nominating Committee	75
	4.3 Process for selection, appointment and re-appointment of Directors	75-76
	4.4 Determining Directors' Independence	76
	4.5 Directors' other directorships and principal commitments	76
<b>5 – Board Performance</b>	5.1 to 5.2 Assessing the effectiveness of the Board, Board Committees and Individual Director	78

# CORPORATE GOVERNANCE

Principles	Provisions	Page
<b>Remuneration Matters</b>		
<b>6 – Procedures for Developing Remuneration Policies</b>	6.1 Role and responsibilities of the Remuneration Committee	79
	6.2 Composition of the Remuneration Committee	79
	6.3 Remuneration Framework	79
	6.4 RC access to expert professional advice	79
<b>7 – Level and Mix of Remuneration</b>	7.1 & 7.3 Remuneration of Executive Directors and Key Management Personnel	80
	7.2 Remuneration of IDs/ Non-Executive Directors	80
<b>8 – Disclosure of Remuneration</b>	8.1 & 8.3 Disclosure of the remuneration of Directors and Key Management Personnel	80-81
	8.2 Disclosure of the remuneration of employees who are substantial shareholders of the Company, immediate family members of a Director, the CEO or a substantial shareholder of the Company	81
<b>Accountability and Audit</b>		
<b>9 – Risk Management and Internal Control</b>	9.1 to 9.2 Design, implementation and monitoring of risk management and internal control systems and written assurances on their adequacy and effectiveness	82-83
<b>10 – Audit Committee</b>	10.1 Duties of ARC and Activities of the ARC	83
	10.2 Composition of the AC	83
	10.3 Former partner or Director of the Company's existing auditing firm	83
	10.4 Internal Audit	87
	10.5 Meeting with EA and IA	87
<b>Shareholder Rights and Engagement</b>		
<b>11 – Shareholder Rights and Conduct of General Meetings</b>	11.1 Participation of shareholders at general meetings	87-88
	11.2 Separate resolutions at general meetings on each substantially separate issue	88
	11.3 Attendance at general meetings	88
	11.4 Absentia voting	88
	11.5 Minutes of general meetings	88
	11.6 Dividend Policy	88
<b>12 – Engagement with Shareholders</b>	12.1 Communication with shareholders	88-89
	12.2 to 12.3 Investor Relations Policy	88-89
<b>Managing Stakeholders Relationships</b>		
<b>13 – Engagement with Stakeholders</b>	13.1 Material stakeholder groups	90
	13.2 Management of stakeholder relationships	90
	13.1 Corporate website to communicate and engage with stakeholders	90