



DEL MONTE PHILIPPINES, INC.

TERMS OF REFERENCE FOR THE AUDIT AND RISK COMMITTEE

The Board of Directors (the “**Board**”) of Del Monte Philippines, Inc. (the “**Corporation**”) hereby adopts this Terms of Reference for the Audit and Risk Committee (the “**ARC**”) to assist the Board in the performance of its responsibilities.

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

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

1. **MEMBERSHIP**

- 1.1. The ARC shall be appointed by the Board from amongst its members. It shall comprise at least three members, a majority of whom, including the ARC Chairman, shall be independent.
- 1.2. The ARC Chairman shall be elected by the Board among the members of the ARC and shall be an Independent Director.
- 1.3. The ARC members shall be appropriately qualified to discharge their responsibilities. At least two members, including the ARC Chairman, shall have recent and relevant accounting or related financial management expertise or experience, as the Board interprets such qualification in its business judgement.
- 1.4. An Independent Director is one who has no relationship with the Corporation, its related companies, or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director’s independent business judgment with a view to the Corporation’s best interests. He/she possesses all the qualifications and none of the disqualifications to serve as an Independent Director of the Corporation, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations, other issuances of the Securities Exchange Commission, and other applicable laws.
- 1.5. On appointment, and thereafter, on an annual basis, every independent member shall execute a certification to confirm his/her independence (in the form set out in Annex 1). The Nominating and Governance Committee (“**NGC**”) shall review the certification to decide if such Director is to be considered independent, and make its recommendation to the Board.
- 1.6. An independent member shall immediately notify the Corporate Secretary of any change in circumstances that may result in him/her not being able to meet the criteria for independence.

The NGC may, after considering the change in circumstances, recommend the resignation of the member to the Board, in compliance with the provisions of the ARC’s terms of reference and/or any other applicable statutes, rules or regulations.



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

- 1.7. A member who wishes to retire or resign from the ARC shall notify the Board in writing, giving at least three months' notice.
- 1.8. The office of a member shall be vacant upon the member's death, resignation, retirement, removal or disqualification as a Director of the Corporation.
- 1.9. Any vacancy in the ARC shall be filled within two months, and in any case, no later than three months. The Board shall appoint a new member as may be required to comply with the minimum membership composition provided herein.

2. ADMINISTRATION

2.1. Meetings

- a. The meetings of the ARC ("**ARC Meetings**") may be conducted by means of telephone conference, video conference or any other form of audio-visual instantaneous communication by electronic means without a member being in the physical presence of another member or other members, and the participation in the meeting pursuant to this provision shall constitute presence in person at such meeting.

The minutes of such a meeting signed by the ARC members who attended the meeting shall be conclusive evidence of any meeting conducted as aforesaid.

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

The ARC Meetings should be held:

- i. prior to the commencement of the annual external audit;
 - ii. prior to the Board's approval of the quarterly and other interim results; and
 - iii. after the completion of the annual external audit and prior to the Board's approval of the full year results.
- c. The external auditors and/or the Head of Internal Audit may request a meeting with the ARC if they consider that a meeting is necessary.
 - d. ARC Meetings should be attended by:
 - i. the Chief Financial Officer;
 - ii. the Corporate Secretary;
 - iii. the Head of Internal Audit, as may be required by the ARC; and
 - iv. A representative of the Corporation's external auditors, as may be required by the ARC.
 - e. The ARC shall have full discretion to invite any Director, or the following to attend at its meetings:
 - i. Chief Executive Officer of the Corporation or any of its operating subsidiaries; and



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- ii. Chief Operating Officer of the Corporation or any of its operating subsidiaries.
- f. The Secretary of the ARC shall be the Corporate Secretary or, such other person as may be nominated by the ARC.
- g. The Secretary shall attend all ARC Meetings and minute the proceedings thereof, including providing an attendance record of individual members present at all meetings. The Secretary shall keep the minutes of all ARC Meetings.
- h. Minutes of all ARC Meetings shall be confirmed by the ARC Chairman or Chairman of the ARC Meeting and the ARC members who attended the meetings.
- i. If the ARC Chairman so decides, the minutes shall be circulated to other members of the Board. Any Director may, provided that there is no conflict of interest and with the agreement of the ARC Chairman, obtain copies of minutes of ARC Meetings.
- j. The notice of each ARC Meeting, confirming the venue, date and time, and enclosing an agenda of items to be discussed shall, other than under exceptional circumstances, be forwarded to each member of the ARC at least seven days prior to the date of the ARC Meeting.

2.2. Quorum

The quorum shall be three members, including at least two members who are Independent Directors. An ARC meeting at which a quorum is present shall be competent to exercise all the powers and discretion of for the time being exercisable by the ARC.

The ARC Chairman shall preside as chairman at all ARC Meetings. If the ARC Chairman is not present within 15 minutes from the appointed time of the meeting, the members present may elect one of their members, who must be an Independent Director, to chair the ARC Meeting.

2.3. Voting

- a. Each member present shall have one vote. A resolution shall be considered passed if:
 - i. There is a majority of votes cast in favor of the resolution at an ARC Meeting;
or
 - ii. There is agreement in writing by a majority of members entitled to vote on the decision.
- b. Any member who has an interest in any matter being reviewed or considered by the ARC shall abstain from voting on the matter.

2.4. Attendance at Annual Stockholders' Meeting

The ARC Chairman (or in his absence, another member of the ARC) shall attend the annual stockholders' meetings of the Corporation and be prepared to answer questions concerning matters relating to the ARC.

3. DUTIES

- 3.1. The role of the ARC is to assist the Board in discharging the following functions:



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- a. Safeguard the Corporation's assets;
- b. Maintain adequate accounting records;
- c. Develop and maintain effective systems of internal controls and risk management;
- d. Ensure the integrity of the Corporation's financial statements; and
- e. Provide arrangements whereby concerns on financial improprieties or other matters raised by whistleblowers are investigated and appropriate steps are taken.

The ARC shall ensure that Management has created and maintained an effective system of internal controls to safeguard the assets and integrity of the operations of the Corporation, and to ensure compliance with relevant regulations and legislations applicable to the Corporation.

3.2. The specific duties of the ARC shall be as follows:

- a. Review significant financial reporting issues and judgments to ensure integrity of the financial statements of the Corporation, and any announcements relating to the Corporation's financial performance.
- b. Review and report to the Board at least annually the adequacy and effectiveness of the Corporation's internal controls, including financial, operational, compliance and information technology controls and risk management policies (such review can be carried out internally or with the assistance of any competent third parties).
- c. Review at least annually the adequacy and effectiveness of the Corporation's internal audit function including ensuring it is staffed with persons with the relevant qualifications and experience.

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

- d. Ensure that the internal audit function is adequately resourced and has appropriate standing within the Corporation.
- e. Review the internal audit program and ensure coordination between the internal and external auditors and Management.
- f. Review the scope and results of the internal audit procedures.
- g. Review the scope and results of the external audit, and the independence and objectivity of the external auditors annually.
- h. Approve the hiring, removal, evaluation and compensation of the Head of the Internal Audit function, or of the accounting/auditing firm if the internal audit function is outsourced.
- i. Make recommendations to the Board on proposals to shareholders on the appointment, re-appointment, resignation and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors.
- j. Ensure coordination where more than one auditing firm is involved.



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- k. Review separately with the internal and external auditors their respective:
 - i. audit plan, including the nature and scope of the audit before the audit commences;
 - ii. evaluation of the system of internal controls;
 - iii. audit report; and
 - iv. management letter and Management's response.
- l. Review interested person transactions (ipts) [in accordance with the Corporation's policy on ipts or related person transactions] on a quarterly basis.
- m. Review the quarterly and full year financial statements of the Corporation before submission to the Board for approval, focusing in particular, on:
 - i. changes in accounting policies and practices;
 - ii. major risk areas;
 - iii. significant adjustments resulting from the audit;
 - iv. the going concern statement;
 - v. compliance with accounting standards;
 - vi. compliance with stock exchange and statutory/regulatory requirements;
 - vii. any significant financial reporting issues and judgements so as to ensure the integrity of the financial statement; and
 - viii. all announcements relating to the Corporation's financial performance
- n. Review the audited financial statements of the Corporation, and the consolidated balance sheet and profit and loss account, before approval by the Board.
- o. Discuss problems and concerns, if any, arising from quarterly and/or full year audits, and any matters which the external auditors may wish to discuss with the internal auditors without the presence of Management at least annually.
- p. Meet with the external and internal auditors without the presence of other Board members, Management or Head of Internal Audit, at least annually, to discuss any problems or concerns they may have.
- q. Ensure where deficiencies in internal controls have been identified, appropriate and prompt remedial action is taken by Management.
- r. Review the assistance given by Management to the internal and external auditors.
- s. Review annually the independence of the external auditors, the aggregate amount of fees paid to the external auditors for the financial year and the breakdown of the fees paid in total for audit and non-audit services respectively.

Where the external auditors also provide non-audit services to the Corporation, the nature and extent of such services should be reviewed in order to balance the maintenance of objectivity and value for money, and to ensure that the independence of the auditors would not be compromised.
- t. Review and discuss with the external auditors any suspected fraud or irregularity, or suspected infringement of any applicable law, rules or regulations, which has or is



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likely to have a material impact on the Corporation's operating results or financial position, and Management's response.

- u. Review the policy and arrangements by which employees of the Corporation and any other person may, in confidence, raise concerns about possible improprieties in matters of financial reporting or any other matters; and conduct an independent investigation of such matters for appropriate follow-up action pursuant to the Corporation's whistle-blowing program.
- v. Investigate any matter within the ARC's Terms of Reference, with full access to and cooperation by Management and full discretion to invite any Director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its function properly.
- w. Report to the Board its findings from time to time on matters arising and requiring the attention of the ARC.
- x. Undertake such other reviews and projects as may be requested by the Board.
- y. Undertake such other functions and duties as may be required by applicable laws, and by such amendments made thereto from time to time.

4. REPORTING PROCEDURES

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

5. AMENDMENTS TO TERMS OF REFERENCE

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

6. REMUNERATION

- 6.1. Having regard to the functions performed by ARC members in relation to the activities of the ARC and pursuant to the specific powers conferred upon the Board by the By-Laws of the



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Corporation, members may be paid such special remuneration in respect of their appointment as shall be fixed by the Board.

- 6.2. Such special remuneration shall be in addition to the annual fees payable to ARC members.

7. EVALUATION

- 7.1. The ARC members shall undertake an evaluation of the performance of the ARC at least on a yearly basis. The evaluation shall cover the following standards:

- a. Sufficiency of the ARC's Terms of Reference;
- b. The ARC's composition and membership;
- c. Holding of regular, well-attended and properly organized meetings;
- d. Adequacy of the ARC's training and resources;
- e. Proper oversight of financial reporting and internal financial controls;
- f. Proper oversight of internal audit process;
- g. Proper oversight of external audit process;
- h. Proper oversight of the Corporation's risk management system, including whistleblowing policy and procedures;
- i. Reporting to the Board; and
- j. Effective communication with the shareholders.

8. GENERAL

- 8.1 The ARC, in carrying out its tasks under the Terms of Reference, may obtain at the Corporation's expense such external or other independent professional advice as it considers necessary to carry out its duties.

Approved by the Board on:



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ANNEX 1

CERTIFICATION OF INDEPENDENCE

I, [name of Independent Director], [nationality], of legal age, and a resident of [address], after having been duly sworn in accordance with law, do hereby declare that:

- 1. I am [a nominee for / an incumbent] Independent Director of Del Monte Philippines, Inc. (“DMPI”) and have been its Independent Director since [year of first appointment].
- 2. I am affiliated with the following companies or organizations (including government-owned and controlled corporations (“GOCC”)):

Company/Organization	Position/Relationship	Period of Service

- 3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of DMPI, as provided for in Section 38 of the Securities Regulation Code (“SRC”), its Implementing Rules and Regulations, and other issuances of the Securities and Exchange Commission (“SEC”).
- 4. I am related to the following director, officer, or substantial shareholder of (covered company, and its subsidiaries and affiliates) other than the relationship provided under Rule 38.2.3 of the SRC. (where applicable)

Name of Director / Officer / Substantial Shareholder	Company	Nature of Relationship

– or –

I am not related to any director, officer or substantial shareholder of DMPI and its subsidiaries or affiliates other than the relationship provided under Rule 38.2.3 of the SRC. (where applicable)

- 5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding. (where applicable)

– or –

To the best of my knowledge, I disclose that I am the subject of the following criminal / administrative investigation or proceeding (as the case may be):

Offense Charged / Investigated	Tribunal or Agency Involved	Status

- 6. (For those in government service / affiliated with a government agency or GOCC) I have the required permission from the [head of the agency / department] to be an Independent Director in DMPI, pursuant to the Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules.



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7. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the SRC and its Implementing Rules and Regulations, the SEC Code of Corporate Governance for Publicly Listed Companies and other SEC issuances.
8. I shall inform the Corporate Secretary of DMPI of any changes in the abovementioned information within five days from its occurrence.

Done this [date] in [place of execution].

[Name of Affiant]

SUBSCRIBED AND SWORN to before me this [date] at [place], affiant personally appeared before me and exhibited to me his/her [competent evidence of identity] issued at [place of issuance] on [date of issuance].

Doc. No. _____;
Page No. _____;
Book No. _____;
Series of _____.