

Sustainability



Tomato farm in the Central Valley, California where all our tomatoes grow

OUR SUSTAINABILITY JOURNEY – NOURISHING FAMILIES. ENRICHING LIVES. EVERY DAY.

Throughout our over 100 years of history, our Company has strived to operate a sustainable business that produces quality products, creates jobs, acts with integrity and contributes to the economic, environmental and social wellbeing of the local communities we serve.

By embracing the Global Reporting Initiative (GRI) framework, we have now embarked on a journey towards a more holistic approach to social, environmental and economic performance. Sustainability has been firmly embedded in our annual plans and is one of five pillars driving our long-term strategic blueprint for growth. This commitment is reinforced by a dedicated function at Group level that reports to the Board of Directors. Each part of the Company is responsible for integrating sustainability in its operations and proposals. Initiatives and results are regularly reviewed by the Company's Executive Committee.

In this report, we are pleased to share with you the progress we have made during the past year through our productivity and cost efficiency programmes, agricultural enhancement measures, supply chain improvements, capital expenditure and facilities improvement projects, and other key

programmes, including the Del Monte Foundation. We also continued to explore ways to further reduce our environmental footprint and broaden our social responsibility.

We're passionate about *cultivating good food for a better life* by bringing high-quality, healthy, and nutritious food to people in a way that protects the environment, builds strong ties to our communities, and enables our Company, consumers, customers and employees to grow and flourish.

We have long been considered a leader in introducing agricultural practices that minimise the use of pesticides and help farmers grow stronger, more productive crops with less fertilizer, water, and other materials. We know that the success of our business relies on a healthy environment, in our growers' fields and across our own operations.

Equally important is our attention to the relationships we have established with our employees, suppliers, and customers, and within the communities in which we live and work. For us, sustainability reflects the balanced consideration of people, planet, and performance.

Del Monte in the Philippines extended its sustainability programmes to their toll manufacturers. We have included in our Suppliers Quality Management

Programmes (SQMP) for toll manufacturers that their manufacturing facility be certified with Food Safety System Certification 22000 (FSSC 22000). This is aimed to provide safe and quality products to our consumers.

The Del Monte office in Manila was recently awarded a LEED (Leadership in Energy and Environmental Design) Silver certification by the U.S. Green Building Council (USGBC). Based on the USGBC Project Directory, the Jose Y. Campos Centre (JYCC) building is the 44th LEED Certified building in the Philippines and is the first building in the Philippines to earn the LEED Innovation Credit for Bird Collision Deterrence. The building prides itself of environment friendly features on energy efficiency, water reduction, waste management and health and safety features for the building occupants.

Through the Del Monte Foundation, we also focus on communities where we operate, where we help provide education, healthy living and livelihood to over 100 communities in Bukidnon and Misamis Oriental in the Philippines.

We believe in building future long-term resiliency for our business. New challenges and threats emerge. Our Company needs to continually understand these global issues and engage our stakeholders to identify key issues which affects our customers,

the community where we operate, our employees, the environment and our ability to deliver a fair return to our investors. We continue to remain mindful of the impact of our activities on the future of our planet.

Our Company stands by our commitment to grow our business in a manner that sustains a healthy balance among diverse interests of all our stakeholders – our employees and their families, business partners, customers and host communities.

As a leading global food company, we have organised a Corporate Sustainability Team to develop strategic plans guided by the GRI framework and included corporate sustainability as part of the company's strategic plan.

With the formalisation of our sustainability efforts, we, together with our stakeholders, stand to reap greater benefits, both tangible and intangible. The sustainability framework should help the Company achieve its business objectives since sustainability benefits not only the environment and society, but also the business -- people, planet and profit or the Triple Bottomline.

Sustainability is not just a business strategy, it is essential to our success. Living sustainably ensures our company nourishes families, enriches lives every day!

OUR APPROACH

Fully acknowledging this responsibility towards the future, the Corporate Sustainability Team leads our efforts to increase sustainability advocacy among all our stakeholders. Key leaders across the organisation have been oriented on business sustainability and reporting. Each team within the Group has set goals to formalise commitments to our overall effort and recognise individual share of accountability as we strive to meet varying market demands.

Our goal is to promote sustainability to achieve our business objectives, environmental stewardship and social responsibility. The benefits we envision are to:

- Improve the **business performance** by generating operational efficiency

and cost savings through a more sustainable business model;

- Promote **risk management** and **compliance** and avoid penalties by catching risks early on and taking action to mitigate them.
- Boost the **brand** equity of the company; and
- Enhance the company's **reputation** with stakeholders, including investors, credit institutions, customers, employees, and business partners through a sustainable economic performance, environmental and social responsibility;

Our initial steps to embrace sustainability and promote this value within the organisation include the following:

- Make sustainability an important and critical agenda along other business matters discussed in the operating committee and presented to the board of directors;
- Identify key sustainability material issues using our risk management assessment and feedback from stakeholders;
- Weekly dissemination of sustainability articles gathered from leading international and local sustainability websites to improve awareness and provide benchmarks and best practices;
- Conduct orientations to advocate sustainability in all levels of the company and eventually extend this to our business partners and other stakeholders; and
- Include sustainability as part of the goals of managers and supervisors.

We will take stock of all the corporate-wide sustainability initiatives within the GRI framework to come up with a baseline report and eventually publish a sustainability report. GRI reporting provides common performance measures among enterprises worldwide leading to easier benchmarking.

Part of our strategic plan is to develop long-range goals on:

1. Health and safety
2. Environment
 - a. Renewable energy
 - b. Reduction in greenhouse gas

emissions

- c. Climate Change
- d. Water stewardship
3. Supply chain and sourcing
4. Employee Engagement
5. Corporate social responsibility

We continue to focus on building future long-term resiliency for our business as we deepen our understanding of the global business environment and remain mindful of the impact of our activities on the future of our planet.

Guided by our Vision, Mission and Values, on providing Health and Wellness, Environmental Stewardship and Employee Welfare, we strive to ensure that we nourish families, enrich lives every day!

GOVERNANCE

We have a strong and comprehensive governance structure accountable to the shareholders and stakeholders to ensure we operate in an ethical and responsible manner. Our Board of Directors shapes the long-term strategy of the Company, reviews material issues and provides guidance on matters relating to shareholders, the SGX, and sustainability.

The Company abhors any form of corruption by its employees and suppliers. Any solicitation or offering of gifts, payments or commissions by Company employees and their families, or by suppliers and their representatives, in exchange for business or for personal gain is strictly prohibited. Employees are expected to report any such violations or suspected violations.

The Del Monte Anti-Corruption programme aligns with the U.S. Department of Justice Hallmarks of an effective compliance programme. We have an Anti-Corruption task force that meets as needed to reassess the programme and evaluate whether further enhancements are necessary and roles and responsibilities of the task force are documented. An Anti-Corruption Policy as well as supporting policies (e.g., Code of Conduct, Employee Handbook, Travel & Expense) have been communicated to employees and are readily available on the Del Monte intranet.

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The Anti-Corruption procedures also require Del Monte employees to follow a specific due diligence process and obtain prior written approval from the Law Department before retaining any consultant, agent, or other third-party who or which may reasonably be expected to interact with any foreign government official on behalf of Del Monte. Anti-Corruption training is provided every two years to approximately 100 officers and employees at Del Monte and its subsidiaries.

The Group implements a Whistleblower Policy that aims to deter and uncover any corrupt, illegal, unethical, fraudulent or other conduct detrimental to the interest of the Group committed by officers and employees, as well as third parties/any other persons, such as suppliers and contractors.

Internal audits are periodically performed to assess corporate, facility and subsidiary processes and controls to mitigate corruption risks. The company has a Code of Conduct which directors, management and all employees abide by. All employees are required to provide information on related party and conflict of interest which is updated annually.

A separate team evaluates and manages Risks and both Compliance and Risk Issues are reported to the Board of Directors.

Please refer to the Corporate Governance report found on pages 60 – 73 for more details on this.

SUPPLIER SELECTION

The Company acknowledges the importance of building a sound relationship with its suppliers. Accordingly, the Company shall conduct business with all customers on the basis of integrity, mutual interest and fairness.

In selecting suppliers, Del Monte in the Philippines uses its Supplier Quality Management Programme (SQMP). The SQMP assesses the quality and delivery performance, feedback, recognition and continuous improvement programme for all direct materials suppliers and toll manufacturers.

The Supplier Quality Management Programme (SQMP) was launched in April 2008 for direct materials suppliers and later applied to toll manufacturers as an aid to help in the selection of best suppliers for the Company. The objective of the programme is to

1. Align the Company's quality parameters with that of suppliers;
2. Provide suppliers with performance scorecards;
3. Classify suppliers into certified, preferred, approved and conditional suppliers;
4. Align suppliers with Del Monte Philippines, Inc. goals that would help support growth in the next 5 years; and
5. As a tool to determine allocation of the Company's requirements to suppliers.

The suppliers are rated based on quality performance, delivery performance and competitiveness. For FY2017, this programme will be open to indirect materials and service providers. The Company also has in place, product traceability measures to respond to customer requirements.

Del Monte Foods, Inc. has in place a Supplier Code of Conduct that applies to any entity providing goods or services, including suppliers and sub-contractors. The objective is for suppliers to practice and uphold ethical business standards. The Company performs periodic audits of contract manufacturers and certain direct suppliers, some independent and unannounced audits are used to address quality assurance and compliance issues. Furthermore, we prohibit the practice of forced and child labour.

Del Monte's Supplier Diversity Programme enables small and diverse businesses to be considered fairly as subcontractors and suppliers. It is our policy to seek out opportunities to buy from these suppliers where price, quality, and delivery of service are competitive.

WHY WE REPORT

Our Company strives to be transparent when reporting on sustainability where we focus on our environmental

and social responsibility. We have supported communities around our plantation providing employment, health services and livelihood programmes.

We continue to build on our reporting based on the principles of transparency and accountability. We believe the value of reporting can help communicate the Company's efforts on environmental stewardship, social responsibility and our economic progress. The report will also provide information on our successes and failures, challenges and opportunities.

By reporting on sustainability, we believe that we can build trust with our stakeholders and help address issues, enhance sustainability within the organisation, and provide us an opportunity to improve by incorporating sustainability in our business strategy, process and culture.

NOURISHING OUR PEOPLE

We are a people-driven organisation committed to growing wellness and a high quality of life through healthy working relationships with all stakeholders, including customers, employees, business partners and investors.

Our employees are our most valuable resource. Some 6,300 regular employees work at our plantation, manufacturing facilities, and administrative and marketing offices in the United States, Mexico, Venezuela, Philippines, India and Singapore.

HEALTHY WORK ENVIRONMENT

We are committed to fundamental human rights and adherence to labour standards. Our farm and production facilities employ people from



Our US employees' ensuring our green beans' high quality

	FY2015	Incidence FY2016	% Change
Injury Rate	1.36	1.34	-1.1%
No. of Occupational Health Illness	5	3	-40.0%

surrounding villages. Workers are paid above average rates in the industry, and are informed of the terms and conditions of employment prior to their appointment. They undergo annual medical examinations or whenever required. Child and forced labour and any other form of exploitation are not practised.

Discrimination on the grounds of nationality, ethnic group, religion, age and gender is against the Group's Code of Business Ethics.

We are mindful of our employees' health and safety. Our company provides an ongoing safety training of plantation, cannery employees and enforce the use of personal protective equipment (PPE) required in performing their assigned duties and responsibilities. Work committees identify potential safety improvements and concerns to ensure workplace health and safety.

These safety trainings have been extended to our service providers in both the plantation and cannery. We conducted inspection of trucks, safety talks, imposed the use of PPEs and initiated accident forums on safety and training on defensive driving. These initiatives helped reduce our accident rate and occupational health and safety incidence in the Philippine Cannery and Plantation.

The Jose Y. Campos Centre building where our office in Manila is located was certified LEED Silver by the USBGC. The building provides employees with a safe and healthy work environment. The building boasts itself as energy and water efficient and uses materials safe for building occupants. Our office design promotes collaboration and better communication among employees.

The health and safety of our employees are of paramount concern to the Group. We strive to provide a workplace free of preventable hazards and to comply with all laws and regulations governing workplace safety and health, including the Occupational Safety and Health Act. Our managers and supervisors are expected to keep abreast of and understand the workplace safety laws and regulations that apply to their areas of responsibility and ensure compliance with these provisions.

TRAINING AND DEVELOPMENT

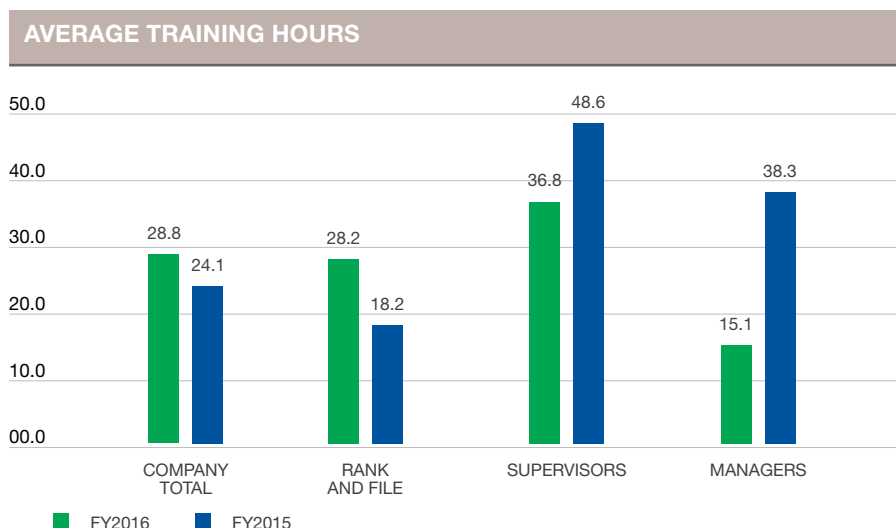
Our Company cultivates a culture of excellence as we continue to encourage our people to innovate and strive for continuous improvement.

Our Roadmap to Global Competitiveness starts with building on the capabilities of each employee on the ground. With the Centre of Excellence on Talent Management, key leaders at the Plantation, Cannery and Philippine Market, we have developed a Competency Framework that will guide their teams towards achieving the Company's Strategic Roadmap. The Framework that each team drafted pinpoints the specific

technical and operational skill set each team member must develop to deliver high performance. Each Competency Framework also serves as a foundation for broad-range people programme on recruitment, learning, career development, succession planning and performance management.

Training facilities on-site help employees upgrade technical and other skills. At "PineU" (Pineapple University), plantation personnel hone farming expertise through formal sessions and benchmarking trips. "ManU" (Manufacturing University) is a breakthrough for cannery staff to reorient on processes and adapt to new technologies. ManU also administers two-year supervisory and trade-traineeship programmes for high-potential applicants and long-serving employees. On the faculty are our senior managers who count among leading experts in their respective fields. Similar development programmes are implemented in Finance through its Finance University and Marketing's Brand Leadership University (BLU). The objective of these programmes are to improve and enhance development in their respective fields.

In FY2016, the Company's average training hours in the Philippines increased by 20% vs. FY2015 which include leadership and business training programmes, culture building, technical and regulatory training. The Company strengthened the competencies of Rank and File employees in FY2016.



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In the United States, professional development is an integral part of our performance system and links to our core values and competencies. Employees are encouraged to participate in opportunities and programmes that will contribute to their ability to deliver value and ensure further growth and success for themselves and the Company.

We offer specific developmental programmes to help employees meet organisational objectives, enhance their careers, and maintain a consistently high level of performance. These opportunities include the following:

- Managers provide internal learning opportunities by working closely with employees to structure appropriate on-the-job activities to meet identified developmental needs.
- External programmes and professional certifications are provided at seminars, conferences or other specialised workshops.
- External university courses are available through the Del Monte Employee Education Assistance Programme. Under the provisions of this programme, eligible employees may receive up to \$5,250 annually in financial assistance for approved courses of study at accredited educational institutions.

A management succession plan is fully in place, with a deep bench of candidates trained among our ranks to be able to immediately assume responsibilities of key management positions in the event of vacancy.

BENEFITS

Our workforce enjoys one of the most attractive compensation and benefit packages granted to agro-industrial workers in the Philippines. Complementing government-mandated privileges for all employees and qualified dependents is a broad range of free medical and dental services, a comprehensive retirement package, and voluntary plans for providential and insurance benefits.

Plantation employees live with their families in Group-owned houses and dormitories (for unmarried employees) within housing camps complete with

social hall, chapel, playground and plaza, day care centre, primary and secondary schools, camp clinics and a 100-bed hospital managed by a medical service provider. Employee-organised cooperatives provide our workers with services that enhance economic benefits for their families. Cooperative members enjoy annual dividends and patronage refunds.

Children of cannery employees enjoy free year-round weekend tutorials on basketball and, as scheduled, other sports (tennis, swimming, martial arts) and creative skills (photography, theatre arts). Core values are introduced through learning exposure that help them grow a strong sense of community and family life.

DMFI employee benefits are designed to provide employees the flexibility to select a package of coverage that meets their unique needs. Benefits are available to employees and their dependents, including children, spouses, and domestic partners. Benefits may include: medical, dental, and vision insurance; short and long-term disability insurance; life insurance; paid time off for vacation and holidays; savings plans; and employee assistance programmes. In addition, we offer additional benefits that we believe help our employees improve their quality of life including an adoption assistance programme, community service day allocation (one volunteer day time-off per year), matching gifts donations, and floating holidays (at designated locations).

COMMUNICATION

The Group's strategies and accomplishments as presented to the Operations Committee during the Annual State-of-the-Business



Company summer event with the family

Meeting are cascaded to all employee levels through various forms of formal and informal information sharing in divisional, departmental and team assemblies.

Our news magazine called "Tidbits" and a digital edition called "FreshCut" feature key operational goals and programmes, team achievements, environmental initiatives, community outreach efforts, and individual stories that highlight our core values. A quarterly wall poster called "Pinikit," written in a Philippine dialect commonly understood in our areas of operations, provides information on our business thrusts and social programmes for the community.

EMPLOYEE ENGAGEMENT

As part of the ongoing employee engagement programmes, our employees were involved in various activities that promote a healthy work-life balance.

The Del Monte family prides itself in giving back to the community. It has become our tradition which started back when the first pineapple was planted in the 1920's. To this day, Del Monte employees keep this tradition as we visit various communities. DMPL employees volunteer their time to help make lives better for the less fortunate, our way of being a blessing to others.

Each employee believes in having a sound mind and sound body. It is part of our employees' healthy lifestyle. Competition on various sporting events in Manila, the Cannery and Plantation are held each year. These sporting events extend to the employees' dependents in summer during school break. Programmes include sports, music, arts outreach and eco-projects



Del Monte Runners

that promote positive values to the children. Other employee activities include tree planting activities, fitness classes, summer outing, Halloween and Christmas parties, the Brown Bag lifestyle series focus on employee health.

As a way to improve employee communication, our Human Resources Department has enhanced our online HRIS system called MyHR. It is an online system that maximises technology for fast and accurate employment transactions. Employees can access and update their personal data, online application of leaves, benefits, certificate of employment, view corporate announcements, download HR forms, policies and videos, and update and monitor employee performance.

Other employee engagement initiatives by the company are the Montee stores, where employees can purchase DMPL products at a discount, and the Montee Pass, a tie-up with various restaurants and stores for employee discounts and privileges. These programmes aim to help each employee achieve great results for the organisation.

Our US facilities and corporate employees are actively involved in contributing time and money to organisations that serve:

- Medical research
- Education
- Natural disaster
- Special needs
- Youth activities
- Veteran support

To further support our communities and employees, we offer employees the option to take one paid day off per year to volunteer for the non-profit



Our US employees have the option to take one paid day off per year to volunteer for the non-profit organisation of their choice

organisation of their choice. Employees may also request and receive a matching donation to their charitable financial contributions.

Building a culture of engagement is an ongoing journey. It requires commitment from everyone in the organisation. We know that with DMPL's commitment to engagement, it is a journey worth taking. It is one way we nourish our employees, enrich lives, every day!

LABOUR-MANAGEMENT COOPERATION

In the Philippines, Labour-Management Cooperation (LMC) councils meet regularly to discuss and decide issues affecting employees, their families, the Group and the community. Memorandums of agreement with three key labour unions stipulate wage increases and enhancements in benefits for farm and factory workers from year to year. An LMC Day enjoins plantation union members to celebrate 'wins', including innovations whose benefits have created ripples beyond their own families.

LMCs prepare the ground for efficient and short negotiations between Union and Management, as manifested in the signing of two memorandums of agreements covering enhanced economic and social benefits for close to 3,000 employees at the plantation and cannery in the Philippines this year.

INNOVATION, OUR WAY OF LIFE

To highlight the value of Innovation as a key pillar for global competitiveness and recognise the invaluable contributions of our employees, the Group showcases innovations and creative ideas of employees in various forums within and outside the organisation.

Plantation and cannery employees and service providers present process breakthroughs in work through quarterly and annual Innovations Congress and Quality Circle forums. Past winners have brought home honours from regional competitions.

The Productivity and Cost Efficiency Programme (PCEP) awards both production and support teams that initiate and implement innovations that enhance production capability,

enhance worker efficiency and reduce operational costs. Major innovations included energy efficiency and conservation initiatives, automation, process flow improvement, cost reduction programmes, reduced usage of production materials, and improvements on line equipment, generating total savings of close to USD 2 Million in FY2016.

NOURISHING OUR COMMUNITY

The impact of the Group's business is clearly felt in the day-to-day life of communities around its farm and production units. While its business directly and indirectly supports the livelihood of at least 20,000 residents – from fruit growers and truckers to harvesters and maintenance crews – other rural residents greatly benefit from the Group's presence.

As a responsible corporate citizen, the Group continues to contribute to the development and upliftment of the quality of life in communities where we operate.

Our rich heritage of partnership with host communities inspires us to continue to make a difference in the lives of thousands of families around our worksites and in other areas where there is insurgency and unrest.

Del Monte Foundation, Inc, a non-stock and non-profit organisation, spearheads our efforts as we expand our reach in the community. The Foundation employs a framework for identifying and selecting community projects,

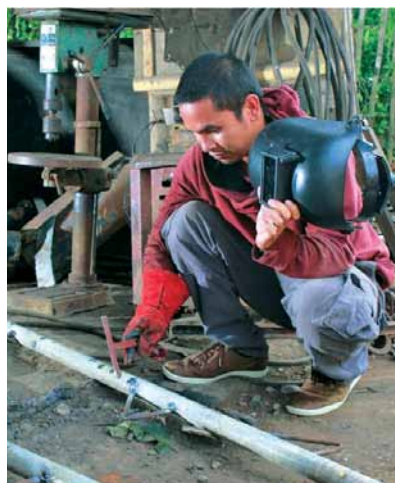


Manila-based employees lend a hand to the community

Sustainability



'Adopt a Highway Programme' where we sponsor roads near the plants and clean them up



Arc welding course

in coordination with the Del Monte Plantation and Cannery teams. This is in line with their policies and procedures for CSR projects.

Teams fan out daily through close to 100 urban and remote villages to deliver vital community services and help residents face new challenges. The Foundation has served close to 100,000 community residents through scholarships and education, capacity-building, home care and community health, youth development and other programmes.

LIVELIHOOD SUPPORT

We have embarked on a landmark partnership with select local farmers and entrepreneurs who now earn more from underutilised or unproductive farm land. Farmers learn eco-friendly ways to grow high-volume pineapple and papaya for processing at our cannery.

Del Monte Foundation continues to implement its Home Care Education Programme (HCEP), a 5-month programme that teaches women proper nutrition, preventive health, family planning, herbal remedies, emergency care and livelihood skills, among others. Five classes were conducted during the fiscal year benefitting 274 homemakers in the company's expansion and more remote areas.

TECHNICAL EDUCATION

We promote short-term technical skills courses as an alternative to college education as we introduce community

leaders, family heads, women and out-of-school youth and families of employees to agro-technical skills.

Our main Community Education Centre received official accreditation from the Philippine Technical Education and Skills Development Authority (TESDA), highlighting public-private sector cooperation for community education. The Group has channelled funds for enhanced learning in five centres, all satellite training centres of the government. Fully-equipped workshops welcome students in food processing, commercial cooking, baking, electronics, welding and woodworking. A computer centre, with 15 computer units and internet access, also serves the community. Continuing partnership with TESDA ensures that training standards comply with government requirements. Local governments help us select training participants, identify skills needed by the community, and find jobs for graduates.

Over 800 out-of-school youth and unemployed heads of families availed of the Foundation's free technical skills training courses conducted in 15 municipalities. About 50% of all participants were members of the Pantawid Pamilyang Pilipino Programme of the DSWD which partnered with the Foundation to help its members gain self-sufficiency. Training graduates took national certification exams given by TESDA and were helped by the government's

employment officer for job placement. Others opt to be self-employed and were also given start-up assistance by the DSWD or LGU.

The Del Monte Foundation Centre in Camp Phillips continues to offer technical and vocational training on shielded metal arc welding, bread and pastry production and basic driving. In the past year, about 200 completed courses and passed the NC II assessment of TESDA. The Centre also started negotiation with the Holy Cross High School for the provision of technical and vocational courses to its Grade 11 and 12 students beginning school year 2016 to 2017.

The Foundation likewise continues to operate Community Education Centres in Libona and Manolo Fortich, Bukidnon, respectively. These centres serve as headquarters for the barangay health workers' federation in Manolo Fortich and as a venue for the Alternative Learning System for out-of-school youth in Libona. The facilities are being used year-round.

SCHOLARSHIPS AND EDUCATION

Gifted children earn quality education from pre-school and primary levels up to post-graduate studies through our academic scholarships, grants-in-aid and sports scholarships. The Jose Yao Campos College Grants-in-Aid Scholarships, launched in 2008, is funded through the personal contribution of Group CEO Joselito D Campos, Jr.

For the school year 2015-2016, 375 Del Monte scholars were enrolled in different schools in the region



Del Monte Pacific Group COO, Mr. Luis F. Alejandro and Ms. Bella Quimpo of the Foundation, with some of the Del Monte Foundation scholars

under academic, barrio and sports scholarships and the Jose Yao Campos Grants-in-Aid for children of Del Monte employees and from the community. Nineteen (19) college scholars supported by the Foundation graduated in March 2016 and seven (7) scholars passed licensure exams. Of the board passers, 4 are licensed agriculturists, an accountant, a mechanical engineer and a doctor. Six of the college scholars who graduated garnered academic honours from their respective universities.

Over 1,000 alumni of Del Monte's college scholarship programme started in 1956 are now key contributors to community growth in the Philippines. Among Del Monte's former scholars are:

- Cayetano Paderanga, Jr, former member of the Cabinet of Philippine President Benigno C Aquino III, who served as Secretary for Economic Planning and Director-General of the National Economic and Development Authority;
- Attorney Rufus Rodriquez, a prominent member of the Philippine House of Representatives representing Cagayan de Oro City, who initiates and supports legislative proposals for enhanced government support to community education;
- Engineer Elpidio Paras, an inventor and pioneer in the telecommunications industry in Southern Philippines, who now serves as Chairman of the Board of Trustees of Xavier University-Ateneo de Cagayan, and a leading proponent of quality education in the Philippines;
- Dr Lampa Pandi, former Undersecretary of Health for the Autonomous Region of Muslim Mindanao, who continues to serve the region's Muslim community as municipal mayor of his hometown Poona Bayabao, Lanao del Sur. He also served as resident doctor of Phillips Memorial Hospital.
- Dr Glenn Gregorio counts among the leading plant geneticists in Asia. For his pioneering work in rice genetics and outstanding contributions to enhanced rice production in the Philippines, he was named one of the Ten Outstanding Young Men of the Philippines in 2004.

Consistent with our commitment to help the national government address the shortage in school facilities, i.e., classrooms, chairs, etc., the Foundation undertook the construction and donation of one 2-classroom building for the Impalutao Integrated School in Impasug-ong, a classroom for Sumilao Elementary School. Another classroom was donated to the Sumilao National High School Annex in Upper Culaman, Sumilao, where the vast pineapple fields in the town are located. All classrooms meet the Department of Education classroom building standard and each were equipped with a toilet, armchairs and chalk and bulletin boards.

YOUTH DEVELOPMENT

We work closely with the community to harness the potential of the youth to lead and transform their communities into self-sufficient units for nation-building.

Twenty-nine (29) schools in Eleven (11) towns benefitted from the assistance extended by the Foundation during the annual Brigada Eskwela. Materials to help restore classroom buildings and facilities were donated to make them functional and ready for the opening of the new school year.

Using recycled wood from DMPI's Cannery, the Foundation fabricated 900 classroom chairs for twelve (12) public schools and 50 sets of kiddie tables and chairs for day care centres and pre-schools in 10 towns where the company grows its pineapples. It also continued its partnership with Manolo Fortich and Libona in the production of armchairs for which the local government units provide labour and other materials.

The Foundation continues to promote child development through the material assistance it extends to institutions that cater to the needs of young children. This year, it donated various materials designed to help develop the psychomotor skills of pre-school children in sixteen (16) communities, located mostly in Claveria, Misamis Oriental.

To help keep children, teenagers and young adults physically fit and healthy and stave off the lure of drugs and gambling common in most communities

today, the Foundation invests in programmes for youth development. Eight barangays were recipients of playground equipment fabricated by graduates of the Del Monte Foundation Centre's welding course. Each set of equipment has swings, slides, see-saws and monkey bars that are placed in the communities' open grounds where children and adults alike congregate for fun and recreation. It has also partnered with the Labour Management Councils of DMPI's North, West and East Operations teams to stage inter-barangay sports tournaments that span several weeks. This brought communities together in friendly competitions that also strengthened relations with the company's neighbours.

Rural youth comprises a majority of graduates under the Foundation's technical skills training programme. Community youth leaders also join Leadership Trainings after which they are expected to harness resources of their respective youth organisations to attain both medium- and long-term development goals of their communities.

Foundation scholars and selected community youth leaders likewise participated in the various trainings on leadership and values enrichment.

COMMUNITY HEALTH

As a company with a mission to raise the level of global health and wellness, we help bring greater awareness of health, nutrition and food safety to our host communities.

The Foundation helped address a community concern on sanitation and health in the barangays of Patpat and Dalwangan in Malaybalay City.



School chairs made from recycled wooden pallets

Sustainability



Doctors providing health care to patients in the plantation area

Over 100 families residing around the company's pineapple plantation did not have toilets. In partnership with the local government, each household was given materials to construct individual toilets. The Foundation provided the toilet bowls, pipes and cement, the local government unit provided sand and gravel and technical assistance while the beneficiary's counterpart was the manual labour for construction.

Twelve barangays were recipients of medical apparatus given by the Foundation to ensure health services are properly rendered in local health centres or clinics. Several communities are not equipped with the appropriate tools due to lack of resources. Based on their need, the Foundation donated blood pressure apparatus, weighing scale and sphygmomanometer.

The Foundation's Mobile Clinic catered to about 30,000 patients in its daily rounds over 40 remote communities within and around the company's plantation. It serves one to two barangays daily, bringing free medicines and the services of a doctor to communities where medical care is out of reach. With about 40 areas to cover per month, the Mobile Clinic



Dental mission in Baungon, Bukidnon

team is able to visit a barangay once a month. The team also recommends interventions to help improve health conditions in a particular area. It gives feedback on its significant findings to the municipal health officers or recommends health education classes to be conducted by the Foundation.

Del Monte Foundation continues to influence residents in small communities towards a better way of life through short and informal information campaigns and educational sessions. Topics recommended by community leaders pertained to family values, health and nutrition, prevention and treatment of common illnesses, financial management, family planning and such other concerns relevant to the community. About 2,000 attended the twenty seven (27) sessions organised by the Foundation last fiscal year.

The Foundation conducted twelve (12) medical and dental missions benefitting about 4,000 patients, providing them with free treatment and medicines. Over 1,000 community health workers underwent continuous training supported by the Foundation so they could render better service to their constituents. These trainings were spread over nine municipalities. These are some of the Foundation's programmes as we nourish communities, enrich lives, every day!

FEEDING AMERICA



Since 2015, Del Monte Foods, Inc. (DMFI) contributed more than 8.5 million lbs. of product to Feeding America® or local food banks.

Del Monte is proud to be a long-standing supporter of Feeding America®¹, a leader in hunger-relief charity work. Feeding America® is the nation's largest nonprofit organisation addressing hunger. Each year the Feeding America® network provides food assistance to more than 25 million low-income people facing hunger in the

United States, including more than nine million children and nearly three million senior citizens, through their network of more than 200 food banks throughout the country. These food banks support about 63,000 local charitable agencies that distribute food directly to Americans in need by way of some 70,000 programmes including food pantries, soup kitchens, emergency shelters, and after-school programmes.

We partnered with Feeding America® to help create and participate in innovative programmes such as the:

- **"Grocery Programme"** through which we sold the not-so-pretty, but still perfectly edible, safe and healthy peach product to Feeding America® to supplement their inventory to support local pantries.
- **"Brite Recovery" Programme** in Rochelle, IL, during which Feeding America collected damaged brite, or unlabeled cans, and re-labelled the product for their food banks.
- **Second Harvest® "Field to FoodBank" Programme** - A system that our Wisconsin plants created, through which they process carrots on behalf of growers who want to provide product specifically for Feeding America Wisconsin food banks. This programme was developed in response to the financial collapse in 2008 to serve local Wisconsin communities who were impacted. Along with our can manufacturer who donates the cans, the growers who donate the crops, and the truckers who donate the hauling time and fuel; we donate the processing time and equipment to deliver safe and nutritious products in an area where we do business. Together, we have collectively grown the programme from 3,000 cases in 2008 to over 23,000 cases in 2015.

PRODUCT INTEGRITY

Drawing strength from our heritage of quality and reliability, we produce globally competitive food products in the most sustainable way possible.

Our agro-industrial processes are accredited by the world's leading certifying bodies, with at least 20

¹ FEEDING AMERICA is a registered trademark of its owner. Use of the trademark does not imply any affiliation or endorsement by said owner.



Cannery employee performing a pineapple quality check.



Quality managers of the Company's US based facilities took time out to attend the Preventive Control for Human Food Course

quality audits performed during the year by reputable, independent international auditors, business partners and customers. Once again, audit results confirm that our processes meet or often exceed standards for the purchase or importation of food products to certain countries.

Del Monte Philippines elevated the bar higher on quality manufacturing with its Food Safety Systems Certification (FSSC) from Société Générale de Surveillance Philippines (SGS Philippines) at the Cannery. FSSC 22000 covers fruit and juice products in cans, aseptic pack, plastic cups and stand-up pouches. The certification ensures the product quality of products manufactured in our Cannery. It is a key requirement for marketing our products worldwide. FSSC incorporate key systems – ISO, HACCP, GMP manufacturing standards into a single system.

The Company has expanded its FSSC certification to toll manufacturers. To ensure that the products manufactured by the toll packers comply with stringent food safety standards, a key sustainability improvement in the Supplier Quality Management Programme (SQMP) of the toll packers includes a provision that toll packers are certified with Food Safety System Certification 22000 (FSSC 22000).

Aside from the FSSC22000, other quality certifications issued to Del Monte Philippines includes ISO

9001:2008, HACCP (Hazards Analysis and Critical Control Points) and Food Hygiene – GMP (Good Manufacturing Practices), certified by Société Générale de Surveillance), Grade A certification from British Retail Consortium for continued entry of our products into the United Kingdom, International Featured Standards for food imports into Europe; Sure – Global – Fair (certified under the Voluntary Control System of the SGF of the European Union) and certifications for HALAL (certified by the Ulamah Conference of the Philippines) for countries with Muslim population, and Kosher (certified by Kashrus and Triangle K) for the Jewish community.

The respective Food and Drug Administrations of the United States, Republic of South Korea and the Philippines have issued quality certifications for importation and purchase of our products in their respective markets.

The Company is ISO9001:2008 certified for Toll Manufacturing Operations Quality Management Systems, validating Industry Best Practices in cooperation with manufacturing business partners in producing safe and quality products for our customers in the Philippines. Likewise, our Fresh Fruit Pack House is also ISO 9001:2008 certified in line with the Company's commitment to quality.

In the United States, we implement strict controls throughout our operations to ensure our products consistently

meet the highest levels of quality, safety, and purity. Continuous improvement of our quality system is driven through management review, quality planning and quality improvement teams. The foundation of our food quality and safety programme is based upon the following: Industry Best Practices, FDA and USDA Regulations and Compliance Standards, Customer Requirements, the Global Food Safety Initiative (GFSI), the ISO 22000 standard, and AIB guidelines. As of July 2012, all Del Monte-owned production facilities are GFSI certified.

We are regularly challenging and evolving our system to meet the changing needs of both the industry and our customers. We built a multi-layered quality system protocol which starts with our executive leadership establishing the Company's quality protocol. This quality protocol is then communicated to each of our facilities to provide guidance and direction which is further supported by our manufacturing site level procedures. We further rely on effective packaging to protect our products from damage and contamination once they leave our processing plants.

In accordance with federal food safety requirements, we maintain a product traceability programme that allows us to track products shipped to our customers. We have significantly enhanced this programme to allow for faster and more accurate traceability using electronic tracking

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of product movement. The system is tested frequently, and test results are used to drive continuous process improvements. Del Monte also maintains records that allow the Company to determine the source of the ingredients used in its products. All of our facility quality managers have received the Preventive Control Qualified Individual certification as part of the Food Safety Modernization Act.

NUTRITIOUS PRODUCTS FOR CONSUMERS

Our brands are some of the best known and most trusted in the marketplace today. We work hard to earn and keep this trust, and invite consumers to contact us with any questions or concerns about our products. We are always listening for ways to improve our products and service. Consumers can be assured that their feedback will be shared with key decisions makers.

In Asia, our nutrition platforms are anchored on weight management, heart health and bone health. In the United States, we aim to have a good number of our products provide at least half of a cup of fruits or vegetables per serving and to meet healthy nutrient levels as recommended by the FDA. A majority of our products are low in fat and we carry several specialised product lines: organic, low-salt and reduced-salt, no sugar added, and light-in-calories for those seeking additional health benefits or following specific dietary regimes. We have more *No-Sugar-Added* fruit products, and *No-Salt-Added*, and *Reduced-Sodium* vegetable products than any other brand in the United States.



Approximately 95 percent of all Del Monte canned fruit, vegetable, and tomato products are preservative-free. None of our vegetables and tomatoes have preservatives, except potatoes. Vitamin C is the only preservative we use in canned fruit or shelf stable fruit cups, which is a naturally inherent nutrient already present in those products. As such, we are recognised

as a Produce for Better Health Foundation (PBH) Role Mode - PBH's highest recognition level, awarded to those companies which provide significant steps toward improving the health of Americans. We are proud to serve on the PBH Board of Trustees to help drive more consumer demand for fruits and veggies. We are also a national partner of the United States Department of Agriculture's "Choose My Plate" initiative and member of the Tomato Wellness Council.



We are also proud members of the Canned Food Alliance Executive Committee, where we are committed to educating health and nutrition professionals, as well as consumers, about the many benefits of canned fruits, vegetables and beans and how they can contribute to a healthy diet.

NON-BPA AND NON-GMO PRODUCTS

In March 2015, Del Monte Foods, Inc. announced plans to convert to non-BPA packaging and increase non-GMO product offerings. These moves, which represent a majority of the Company's products, are not a statement about the science around either issue, but come as a direct response and commitment towards meeting the evolving preferences of many consumers and ensuring that all consumers are empowered to make the most informed decisions.

In the United States, we began the process of verifying non-GMO ingredients from suppliers, and, where necessary, sourcing replacement non-GMO ingredients. We also successfully

labelled 70 vegetable and tomato products as non-GMO that year. All future non-GMO Del Monte products will be clearly labelled.

Starting with the Company's fresh pack production in 2016, which begins in May and runs through October, all Del Monte fruit and tomato products, as well as nearly 100 percent of vegetable products found under the Del Monte brand will convert to non-BPA linings. By 2017, all added ingredients in all Del Monte vegetables, single-serve fruit snacks and most tomato products will be non-GMO, representing a majority of its product line (154 products in total).

We do these initiatives to ensure the safety of our products as we nourish consumers, enrich lives, every day!

NOURISHING OUR ENVIRONMENT

The success of our business is intertwined with responsible stewardship of nature, the source of our products and profits. As such, we continuously build on our agro knowledge and experience, and communicate our Environmental Policy to our stakeholders as we support resource-efficient processes to enhance our environmental footprint.

Our environmental management system (EMS) sets out rigorous guidelines and processes to ensure that our facilities meet the highest standards of environmental performance, every day. Our programme is based on the ISO standard 14001. We view full compliance with all applicable regulations as a minimum goal, and strive to exceed industry standards across our operations.

Del Monte has an excellent track record in maintaining compliance with all applicable environmental regulations. We conduct in-house audits for all



Nutritious products for the family



Shift to non-BPA cans and non-GMO

our U.S.-based facilities at least once every three years.

We maintain a written Environmental Policy that is updated periodically to reflect new advances in best practice and to better serve the Company's operating needs. This policy is posted in our facilities, communicated to facility management, and also incorporated into training for environmental and operations staff.

Our environmental team remains on the cutting edge of environmental management by being active in industry and governmental forums, and by taking leadership roles in local, regional, and national environmental organisations.

In the Philippines, our Carbon Footprint is negative, implying that our operations are eco-friendly. We employ best practices to monitor and continuously improve our overall Carbon Footprint.

AGRICULTURAL PRACTICES IN THE PHILIPPINES

The foundation of our sustainable agriculture practices is efficient land use, carried on from our pioneers who started farming in 1926 in areas where no forests in the Philippines were cleared to give way to pineapple fields. Additional land acquired later by our pioneers were already cultivated to other crops. Today, pineapple is the fifth major farm produce in the Philippine province where we continue to farm, after corn, rice, sugar cane and banana. Pineapple fields account for five percent of the province's agricultural land area of 375,000 hectares or about two percent of its total land area of 1.04 million hectares.



Bountiful pineapple harvest

Across 90 years of operations, our land use practices are mainly aimed at improving plantation yield through ecologically friendly land preparation, plant disease management and chemical application; efficient water sourcing and drainage; and use of sustainable planting materials.

We installed soil conservation measures in pineapple fields implemented by crop growing units for better soil and drainage management, deepen and install auxiliary canals and silting basins specially designed for each field and planted trees along river easement near pineapple fields. Furthermore, our agricultural team conducted soil erosion study and created a soil conservation manual. We also reinforced technical competency through continuous training and education on soil management to reduce soil erosion in our plantation.

During the business fiscal year, our plantation experienced El Nino weather phenomenon that affected the Group's crop yield. The counter this weather condition, the Group implemented continuity plans, programmes and initiatives to mitigate these effects.

With better fruit quality and greater operational efficiency, we have initiated programmes to minimise waste, improve efficiencies in electricity and water consumption; increase usage of recycled but viable packaging materials; measure production efficiencies via 5S, Total Productive Maintenance and 6 Sigma; enhance the health and well-being of our workforce and their families; and ensure compliance of our service providers with local labour laws.

Our agricultural teams work closely with local farmers to adopt agronomic measures that can mitigate adverse consequences of crop agriculture on soil and water conservation. Responsible farming focuses on sustainable crop cultivation and efficient drainage systems, with innovative as well as tried-and-tested practices, including minimising buildup of surface water during heavy rain, and positioning grass strips at strategic points to slow down waterflow.

Following local government regulations, the Group has not expanded its farmed areas in the Philippines. The Group's biggest leased landholdings remains under the collective ownership of the Del Monte Employees Agrarian Reform Cooperative, a cooperative among the Group's employees organised in 1988 under the Philippine Comprehensive Agrarian Reform Programme. The Group fully cooperates with agrarian reform beneficiaries and the Philippine Department of Agrarian Reform towards efficient implementation of CARP. Other landholdings are leased by the Group from lawful landowners by virtue of their respective ownership or stewardship documents as attested by concerned government agencies.

Our plantation in the Philippines received its first Global GAP (Good Agricultural Practices) certification, further affirming a management system focused on Food Safety, Worker's Health and Safety, Environmental Protection and Conservation of Wildlife. GLOBALG.A.P. is a globally-recognised private sector body that sets voluntary standards for agricultural products. Our pack house for fresh fruits was certified ISO 9001:2008 for growing, harvesting and packing of fresh fruits by SGS United Kingdom Ltd. Systems and Services Certification body.

Our participation in the GLOBAL G.A.P. certification process was voluntary, and was a strategic response to customers calling for safe food worldwide. A Philippine GAP certificate issued by the Philippine Department of Agriculture in the Philippines in 2010 also attests that our farms grow, pack and distribute fresh produce in conformance with international standards on food safety and quality.

AGRICULTURAL PRACTICES IN THE USA

Partnering with Growers

Del Monte contracts with 900 farmers across North America, and about 90% of the food we produce is grown in the U.S. Our crops are locally sourced and travel less than an average of 100 miles from the field

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Del Monte AGRI-News keep our partner growers well informed on new technology and processes

to the manufacturing gate, and an average of 350 miles from distribution centre to retailer. Many growers are 3rd generation Del Monte growers, especially in fruit where we have families that have grown for Del Monte for over 70 years. Tomato growers have somewhat shorter tenure, but many have grown for 30 plus years. Vegetable growers have been with our Company in excess of 20 years, with less than two percent turnover year-to-year.

Our Company is unique compared to our competitors in that we have our own dedicated agricultural Seed Operations research team. This team carefully selects those plants that exhibit desirable traits to produce stronger crops through traditional breeding techniques. Seeds for peas, beans, corn, and spinach are ones that originate from varieties that we have bred to exhibit beneficial characteristics such as high yield, hardiness, and pest-resistance which in turns reduces the overall environmental footprint. The Seed Operations team provides growers with the majority of our seeds for certain crops, including peas; Blue Lake, Romano, and wax beans; corn; and spinach where we are able to yield more common cases per acre for our corn and green beans. For example,

the yield per common case of corn was 43% greater from 2000 vs. 2014.

Lastly, we are an avid participant in the Stewardship Index for Specialty Crops, a multi-stakeholder organisation piloting on-farm metrics with growers to track and monitor agricultural inputs to drive continuous improvement and gained efficiencies.

Reducing Fertilizer Use

Our growers apply fertilizer to crops to ensure that the plants receive enough nutrients to grow vigorously and produce abundant yields. Too much fertilizer, however, can be worse than not enough: in many crops, excess nutrients can lead to lush vegetative growth and reduced crop yields. Fertilizers can also leach into groundwater, or wash off with the rain into nearby waterways, entering polluting streams and causing problems such as algae growth. Finally, synthetic fertilizers are often based on petroleum—an expensive and non-renewable resource.

Given the environmental risks and operating costs associated with improper or excessive fertilizer use, our research teams coordinate with our growers to identify the optimal amount of fertilizer suitable for the specific varieties grown. We have found that some crops need much less fertilizer to flourish than expected. For example, over the past several years, our pea and green bean growers have reduced fertilizer application by upwards of 25 percent over 50,000 acres. Although rising fertilizer costs contributed to this decision, Del Monte research also showed the crops would do as well or better with less fertilizer.

Reducing Pesticide Use

We have helped growers apply the principles of Integrated Pest Management (IPM) to minimise the amount of pesticides used to control insects, other pests, and crop diseases. IPM is a common-sense approach to pest control where Del Monte field staff and growers closely monitor crop conditions by field scouting, pheromone traps and use cultural tools to help avoid situations that could contribute to pest outbreaks.

By limiting pesticide use, we reduce the potential for contaminated runoff from fields, protect the health of farm workers, prevent the destruction of beneficial insects and other field organisms, and ultimately decrease the chance that any pesticide residue remains on the crop when it is harvested and processed.

We have participated in a number of IPM-related partnerships and initiatives to share knowledge and best practices:

- Charter member and active participant in the United States Environmental Protection Agency's Pesticide Environmental Stewardship Programme (PESP)
- Board member of the National Foundation for IPM Education
- Partner in the California Pear Pest Management Research Fund, which has funded more than \$2 million in IPM and sustainability research
- Lead Processor in the Pew Centre for Agricultural Partnerships (CAP) Northwest Pear Initiative
- Participate in the IR-4 programme to evaluate alternative and safer pesticides for use on minor acreage crops.
- In 2007, Del Monte's Dr. Brian Flood co-edited the definitive text on IPM in Midwest vegetables titled Vegetable Insect Management. The principles outlined in the book apply to both disease and weed pests and serve as a constant reference for our pest management team.
- Partner with seed companies on finding successful downy mildew resistance. Over 300 plots are put in annually to screen for natural resistance of this fungal disease that has affected peas.
- Annual meeting with Seedway, a commercial vegetable seed supplier to evaluate carrot varieties on disease resistance, yield potential, growth and canning characteristics to best suit our needs.
- We work with the University of Wisconsin Madison on herbicide trials for beets and impacts of insecticides on pollinators.

Increasing Crop Density

Del Monte researchers are investigating increased crop density as a way to increase yield per acre

while cutting pesticide and fertilizer use. High-density agriculture requires significant investment in research. Growers must also switch to new equipment that can accommodate closely spaced plants. The potential benefits with regard to resource and cost savings, however, are also significant. We continue to explore the possibility of rolling out high-density techniques to other crops.

Optimising Irrigation

Our growers use various irrigation systems to supplement natural rainfall and ensure a steady and reliable water supply for their crops. We are mindful that in many parts of the country, water scarcity is a real and pressing environmental concern. We work with our growers in implementing the least water-intensive cultivation methods possible.

We recently embarked on a new irrigation optimisation project with other food processors and the California Tomato Growers Association. The initiative focuses on optimising water use while maintaining crop productivity, thus lessening the strain on drought-stricken regions of the state. To date, over 98 percent of our 25 tomato growers located in California utilise drip irrigation.

ENERGY EFFICIENCY

Power supply has been an issue for operating companies in Mindanao. Power interruption causes businesses to cease operation and losses pile up most especially food products.

Responding to this challenge and the global clamour for the use of renewable energy, Del Monte embarked on a Renewable Energy project that produces bio-gas using the Cannery Wastewater. More significantly, cleansed water discharged at coastal waters of Macajalar Bay remains at BOD levels below mandated government food production industries.

This Plant supports our Company's long-range Business Plan for increased production which ensures 100% wastewater treatment, and serves as a shield against unstable power supply and power cost increases. This



The generator sets for the waste-to-energy facility

plant will take over the job done by an equally eco-effective but power-intensive aerobic treatment plant.

This plant highlights our commitment to environmental stewardship on reduction of our green house gas emissions (GHG), recycling while enhancing our business competitiveness through reduced energy costs.

In the United States, as early as 2009 solar panels began generating renewable energy at our primary tomato production facility in Hanford, California. We installed 6400 solar panels covering over 122, 473 feet and producing 1.8 MM kWh – equal to more than 8 percent of total electricity requirements during non-pack season. The solar panel installation at our Hanford facility has enabled us to become members of the EPA Green Power Programme. As a result of these efforts, Del Monte received the



Solar panels in our Hanford tomato production facility

2011 Greenhouse Reduction Award from the California Manufacturers and Technology Association (CMTA) and the Industrial Environmental Association (IEA). This Award recognises companies that display environmental excellence in their operations.

Our Modesto Plant serves as an example of a facility that implemented multiple initiatives to reduce its energy consumption. In ongoing continuous improvement efforts, the plant installed a combined heat and power system, selective catalytic reduction unit, condensing economizer, and backpressure turbine generator to its boiler system. These upgrades cut natural gas use by 20 percent. Lighting, compressed air, and other electric efficiency upgrades also reduced energy use by 12 percent. We have a company-wide programme dedicated to implementing condensing economizers to improve heat recovery and steam system efficiency. As of 2012, 50 percent of our facilities utilise this technology, and we continue to expand this programme across our other facilities.

DMFI began utilising one type of energy efficiency equipment in 2001. This equipment helps us capture waste heat from boilers and reuse it in other plant processes. Six facilities installed “condensing boiler stack economizers” to use hot exhaust gases from boilers to preheat water in a heat-exchanger system. This process improves the

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operating efficiency of the boilers by up to 12 percent, reducing the amount of natural gas needed to run the boilers by the same percentage.

We continue to evaluate which facilities are good candidates for installing additional condensing economizers. Among the factors we consider are whether the extra production of hot water at the plant would be beneficial, whether similar results could be obtained through other (less costly) means, and whether the new equipment costs make sense given overall facility fuel consumption patterns. Currently, we are installing condensing economizers at two additional plants.

We will continue to seek out energy reduction opportunities across all our facilities and invest in the improvements that collectively reduce both our air emissions, including greenhouse gases (GHGs), and our operating costs. Our Company continually assesses our investment opportunities in renewable energy solutions at each of our facilities.

At DMFI, we track “total network miles” as a way to determine the success of our efforts to reduce the distance our finished products travel between processing plant and store. Since 2015, we have eliminated 2.3 million miles (the equivalent of approximately 390,000 gallons of diesel fuel) from our distribution network through a variety of initiatives.

WATER EFFICIENCY

Our plants use water for tasks such as washing and sanitising fruits and vegetables, thermally processing our canned products, and sanitising equipment. To the extent possible, we capture and reuse water within the plant. We recycle our can cooling water and, through heat exchangers, use it to preheat our boiler feed water in most of our facilities. By doing so, we reduce the amount of new water needed and also reduce our energy needs.

Water discharged from our facilities is sent to various destinations based on the quantity of water and whether it requires treatment to remove

contaminants before it can be returned to the environment.

Given all that we do, we do understand the current risks associated with water supply and quality. We operate and contractually grow food in seven states where water availability may be in jeopardy. Our water risks include:

- Fresh water shortages due to drought and pressures on limited surface and groundwater supplies. Increased drought may pose a particular risk to our water supplies in Mexico, California, Texas (the Carrizo-Wilcox Aquifer), and Wisconsin (the Central Wisconsin Sand and Gravel Aquifer) near term as well as longer term (over the next 15-45 years).
- New regulatory restrictions on fresh water use and grey water discharges
- Reputational damage if issues of sustainable and equitable water use are not properly addressed
- Increasing costs and/or reduced revenues due to all of the above risks

We also understand in order to decrease the risks, we need to:

- Invest in technologies to improve water conservation
- Encourage business culture to make saving water a daily priority
- Reuse and/or recycle water in operations as many times as possible before discharging to grey water
- Improve the quality of grey water discharges through source point pollution control and new raw product processing methods that discharge less pollutants of concern

Work with growers to encourage the use of more water-efficient irrigation systems and techniques to use less water.

WASTE MANAGEMENT

Our pineapple pulp waste disposal system, a pioneering effort started in the 1950s, converts a by-product of the cannery into feed for our cattle farm at the plantation. This helps us reduce waste and cut costs.

We operate effluent treatment plants that treat wastewater discharged from

our agro-industrial facilities. Our high-filtration extraction system processes excess juice into pineapple concentrate and syrup, significantly reducing volume of wastewater.

Plantation-based families share in our total conservation effort as they segregate domestic solid waste right in their own homes. Recyclable materials collected from households are sold to fund community projects.

In the United States, we are currently benchmarking our waste management practices and specifically comparing landfilling to recycling rates to ensure that we are managing our waste streams in the most efficient manner possible. We instituted a “Ner0 Landfill” policy where we aim to divert up to 98 percent from reaching the landfill based on the Environmental Protection Agency’s Waste Reduction Hierarchy.

For over four years, we have been actively involved in the Food Waste Reduction Alliance (a collaborative effort between the Grocery Manufacturers Association, Food Marketing Institute, and National Restaurant Association). We research food waste in our supply chains and identify where/how we can make a difference by learning from each other and receiving guidance from European entities, environmental organisations and industry-related firms. We were featured in the [FWRA’s Member Spotlight](#) in April 2016.

In fiscal 2016, less than 3% of the total waste generated at production facilities, distribution centres, and research locations went to a landfill. We supplied local farmers with approximately 290,000 tons of organic material for animal feed and 54,000 tons for land application purposes.

Our Walnut Creek Research Centre (WCRC) in California received a “RecycleSmart” Award from the Contra Costa Solid Waste Authority for our food waste recovery efforts. The WCRC diverts the food and packaging materials of the unused food by the manual opening of pallets of un-donatable packaged food, recycles the container and sends the food to compost for energy as part of a local restaurant programme, Food Recycling

Project. Our WCRC is also certified as a Bay Area Green Business due to its efforts to conserve water, energy and waste, implement eco-friendly materials and engaging employees in conservation behaviour best practices.

RESPONSIBLE USE OF MATERIALS

We work with suppliers and community organisations to ensure a safe environment for our workers and host communities. We comply with government standards in the use of fertilizers and industrial chemicals, including safe transport and handling, and collection and recovery of packaging materials. We conduct regular safety audits on our fertilizer and chemical storage and work areas. A Supplier Quality Management programme and product traceability measures are in place to respond to customer requirements. Audit results are shared with concerned teams to ensure deficiencies are immediately addressed. Workers handling chemicals are issued protective equipment and undergo regular medical check-ups.

One project of the Del Monte Foundation is to Use recycled wood from Del Monte Philippines' Cannery, to fabricate 900 classroom chairs for 12 public schools and 50 sets of kiddie tables and chairs for day care centres and pre-schools in 10 towns where the company grows its pineapples. It also continued its partnership with Manolo Fortich and Libona in the production

of armchairs for which the local government units provide labour and other materials.

In the United States, Del Monte products carry with them a pledge of freshness and quality—that the products we bring to the table will consistently deliver delicious, flavourful, and healthful nutrition. Part of the reason we can guarantee such high quality is our attention to product packaging. We devote significant effort to good packaging design to ensure that we meet the basic packaging criteria, but that we also use the least amount of materials and resources to package our products.

While Del Monte's innovations are focused on new products, new packages and meeting consumer needs, they also target environmental consciousness and affordability. By reducing the amount of materials used in Del Monte packaging everyone wins. Less packaging materials used means a lower carbon footprint for Del Monte's overall operations, and associated greenhouse gases emitted are lessened. Del Monte has been on a multi-year journey to safely reduce: the amount of metal used in our cans, the amount of plastic in our cups, and the amount of corrugate in our cases. Since 2009, Del Monte has reduced the amount of packaging by almost 15%, which equates to a reduction of about 20,000 tons of packaging materials. By using state of the art testing and simulation techniques, Del Monte's engineers continue to design the most lightweight materials required to meet their required function.

Our focus on packaging efficiency has significant benefits all along our production chain. Even slight adjustments to individual containers can result in big savings of materials, energy, and fuel when considered over millions of units. Reductions in secondary packaging can also significantly minimise waste during shipping.

GREEN INITIATIVES

Under our new sustainability framework, we have significantly enhanced our stakeholder advocacy programme for environmental



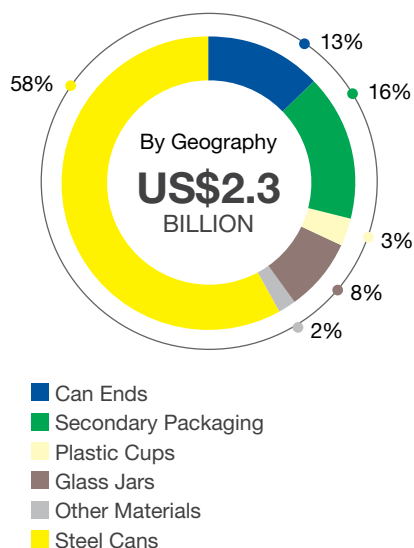
Tree seedlings ready for planting

conservation. While our carbon footprint remains within global standards, many initiatives were undertaken during the year to reduce process residues, strengthen energy conservation in all worksites and plantation homes, and explore more efficient energy sources.

Year-round, we perform many initiatives to help protect existing forest cover and rehabilitate degraded forests. Our Company plants seedlings from some of the 3,000 species that are indigenous to the Philippines. We work with our community to enhance disaster preparedness and reduce disaster risks as we ensure sustainability and promote resilience.

Through a concerted effort with local partners and Foundation programme beneficiaries, about 17,000 trees were planted in various municipalities in FY2016. Seedlings planted came from local farmers' nurseries supported by the Foundation. The Foundation aggressively pursued increasing its tree growing efforts and has partnered with schools and organisations in the vicinity of the plantation to gather volunteers to plant more trees. Beneficiaries of its training programmes also planted trees in community tree parks prior to their graduation. The Foundation scholars gathered to continue their yearly commitment to plant trees during school break.

The Bukidnon Protected Area Management Board has granted the Foundation permission to adopt a 10-hectare area in Mt. Kitanglad to reforest. A Memorandum of Agreement



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between the Foundation and the Dept. of Environment and Natural Resources formalized the agreement. The agro-forestry project shall be located at Sitio Mantaboo, Sil-ipon, Libona. A small community of about 50 households belonging to the Higaonon tribe has been established in the area. The Foundation plans to grow trees that will not only benefit the environment but will also help the IP's economically.

The Del Monte Foundation donated 10,000 indigenous tree seedlings to the Cagayan de Oro River Basin Management Council (CDORBMC) and its partners, the Department of Environment and Natural Resources (DENR), Department of Interior and Local Government (DILG), the Xavier University Science Foundation and an Indigenous People's Organization (IP) to help rehabilitate Mt. Kalatungan in Talakag, Bukidnon, home to the Philippine Eagle and watershed of the city's main river. The said donation represents Del Monte Philippines' contribution to the Payment for Ecosystem Services (PES) agreed upon by members of the Cagayan de Oro River Basin Management Council. DMPI was the pioneer among agro-industries in the province to contribute to the PES.

The Foundation helped rehabilitate the water system in Barangay Kulasi, one of the pineapple plantation areas of the DMPI in Sumilao. The community of 170 households suffered from poor water supply because its water system from the main water source was comprised of pipes of various sizes. To help the residents have better access to potable water, the Foundation provided 23 rolls or over a thousand meters of polyethylene water pipes for the rehabilitation of the barangay's existing water system.

Our cannery employee volunteers conducted its annual coastal clean-up of the shoreline of Macajalar Bay, one of Mindanao's largest bays and home to many marine species.

These green initiatives are geared towards a more sustainable environment, fulfilling our duty as stewards to nourish our resources, enrich biodiversity, every day!



Del Monte Foods' efforts to save the Karner Blue butterfly

KARNER BLUE BUTTERFLY HABITAT

The Karner blue butterfly is a threatened species in Wisconsin. It relies exclusively on wild lupine as its food source. Unfortunately, lupine is a prairie wildflower whose range has declined precipitously as agriculture has expanded into prairie lands. Del Monte partnered with the Wisconsin State Department of Agriculture, Trade, and Consumer Protection over a five-year period to grow lupine at the Company's research farm in Plover, Wisconsin. We distributed seeds from the lupine to volunteers for planting to spread the distribution of this native wildflower and support the resurgence of the Karner blue butterfly in its natural range. Read more about the Karner blue butterfly and habitat restoration efforts at: <http://dnr.wi.gov/>

Beneficial insect conservation is another project Del Monte participates in. In 2016, we planted a mixture of milkweed and lupine seed in the dry corners of our research field to provide habitat for beneficial insects and pollinators. Many of our growers also participate in county funded programmes to put in windbreaks to aid against wind erosion.

As part of our participation in the SYSCO Sustainable Programme we work with producers to establish and maintain pollinator habitat on and near their farms and also maintain field edge buffer zones to aid in erosion control and off target movement of pesticides.

NOURISHING OUR ECONOMY

The economic impact of Del Monte Pacific benefits more than the 6,300 regular employees of the company.



Del Monte products in stand-up pouches (SUP)

In addition, we have engaged service providers in all areas of our operation. Our pineapple plantation encompasses ten municipalities in Bukidnon and seven towns in Misamis Oriental, Mindanao, Southern Philippines. We engage over 50 supplier partners who provide various goods and services to the company. An estimated 15,000 families or approximately 75,000 individuals directly or indirectly depend on the company.

Over-all, our presence has immensely contributed to the region's economic growth, creating a multiplier effect in the local economy by fuelling local business supporting the Group's operations as well as serving day-to-day needs of our employees and their families.

The company has entered into a joint venture agreement with leading Spanish fruit processor Nice Fruit SL and UK-based investment firm Ferville Ltd. to build a food processing facility in the Philippines, and process, market and sell frozen fruits globally. The facility is in the final construction phase at the Del Monte plantation in Bukidnon. It would utilise Nice Fruits patented technology, nice frozen dry (NFD) that allows fruits and vegetables to be picked at optimal ripeness and frozen while preserving nutrients, structure, original properties and organoleptic characteristics.

In November, 2015, Del Monte Philippines started operations of its Heat Fill Beverage Plant and the Del Monte Technical Centre at the NutriAsia Compound in Cabuyao,

Laguna. The PET plant is an important milestone in our beverage business as this will enhance the competitiveness of our beverage products and support our continuous cost and quality improvement strategies.

The Del Monte Technical Centre on the other hand will be the first manufacturing facility of Del Monte Philippines outside Mindanao, capping 90 years of doing business in the Philippines. It will house modern laboratories for Research and Development and Quality Assurance further strengthening our product and process development capability.

OUR PERFORMANCE

For the fiscal year 2016, the Group generated sales of US\$2.3 billion, up from US\$2.2 billion in 2015. DMFI, which accounts for 78% of the Group's revenue, generated sales of US\$1.8 billion in 2016, 4% higher than prior fiscal year. DMFI increased its market share in the US canned vegetable and fruit segments amidst industry contraction.

The Group's gross margin for the full year improved to 21.2 percent, higher than the 18.7 percent in the same period last year with lower trade spend in DMFI and cost optimisation initiatives to mitigate the impact of lower pineapple output from El Niño, particularly in the first half of the financial year.

Meanwhile, sales for Del Monte in the Philippines and S&W in Asia and the Middle East were up strongly by 6% and 10%, respectively, in FY2016.



S&W Sweet 16 fresh pineapples

DMPL's share of loss in the FieldFresh joint venture in India was significantly lower at US\$1.6 million from US\$2.1 million in the prior year period.

The Philippine market delivered a record performance for the full year with sales up six percent as all product categories – packaged fruit, beverage and culinary – posted higher sales, driven by an expanded user base and household penetration.

In addition, the market continues to benefit from the resurgent multi-serve beverage segment, behind trade expansion and digital-based awareness building initiatives for the 1-liter Tetra Juice Drink line. The foodservice or institutional channel also performed strongly.

Sales of the S&W branded business in Asia and the Middle East also posted a record performance on higher sales from both the fresh and packaged

segments. China generated strong growth in fresh, driven by distribution expansion.

The Group generated an EBITDA of US\$235.2 million and a net income of US\$51.5 million for the financial year 2016 mainly due to acquisition-related and non-recurring expenses worth US\$31.7 million, after tax. Before other non-recurring expenses, the Group recorded an EBITDA of US\$202.1 million and a net income of US\$19.8 million for fiscal year 2016.

During the past year, the Group continued to lay the foundation for future growth and this is reflected in the sales and financial performance of Del Monte Pacific in the financial year 2016. The Company drove improvements in its cost structure, aligned operations better with its strategic direction to gain market share, increase margins, strengthen the core business, and expand into adjacent categories.

Del Monte Philippines, Inc donated US\$500,000 to the Del Monte Foundation, Inc to fund various projects such as scholarship grants, various technical training to unemployed community members and relief operations.

The economic benefits of the company are explained further through the financials of this annual report.



Nourishing Families. Enriching Lives. Every Day.