

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

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**REMUNERATION AND SHARE OPTION COMMITTEE**

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The Code of Corporate Governance 2012 (“2012 Code”) recommends that listed companies set up a Remuneration and Share Option Committee which reports to the Board of Directors.

The primary role of the Remuneration and Share Option Committee is to ensure appropriate transparency and accountability to shareholders and to make recommendations to the Board on remuneration matters of the Directors and Key Management Personnel<sup>1</sup> in the Company.

The terms of reference for the Remuneration and Share Option Committee are annexed hereto as Appendix A.

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<sup>1</sup> *Key Management Personnel shall mean the CEO and other persons having authority and responsibility for planning, directing and controlling the activities of the Company.*

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**TERMS OF REFERENCE FOR  
REMUNERATION AND SHARE OPTION COMMITTEE**

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**1. MEMBERSHIP**

- 1.1 The Remuneration and Share Option Committee (the "RSOC") shall be appointed by the Board of Directors (the "Board") from amongst its members, and shall comprise at least three (3) members.
- 1.2 All RSOC members shall be Non-Executive Directors of the Company, a majority of whom including the RSOC Chairman should be independent. This is to minimise the risk of any potential conflict of interest. Any member may appoint another Director to act as a member in alternate to himself, provided, however, that an independent member may only appoint another independent member as his alternate.
- 1.3 A Director may be considered independent in character and judgement if \*he/she has no relationship with the Company, its related corporations, its 10% shareholder or its officers; or there are circumstances that could interfere, with \*his/her exercise of independent business judgement with a view to the best interests of the Company and in carrying out his functions as a member of the NC.

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

- (a) a Director being employed by the Company or any of its related corporations for the current or any of the past three financial years;
- (b) a Director who has an immediate family member who is, or has been in any of the past three financial years, employed by the Company or any of its related corporations and whose remuneration is determined by the RSOC;
- (c) a Director, or an immediate family member, accepting any significant compensation from the Company or any of its related corporations for the provision of services, for the current or immediate past financial year, other than compensation for Board service;

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

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

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

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

1.4 The RSOC Chairman shall be elected by the Board (from the members of the RSOC) and shall be an independent Non-Executive Director.

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

The Board may, after considering the change in circumstances (with the recommendation of the NC), require the resignation of the member, in compliance with provisions of the RSOC's terms of reference and/or any applicable other statutes, rules or regulations.

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

1.6 A member who wishes to retire or resign from the RSOC shall notify the Board in writing, giving at least one (1) month's notice.

1.7 The office of a member shall become vacant upon the member's death/resignation/retirement/removal or disqualification as a Director of the Company.

- 1.8 Any vacancy in the RSOC shall be filled within three (3) months. The Board of Directors shall appoint new members as may be required to comply with the minimum membership composition as herein provided.

## 2. **ADMINISTRATION**

### 2.1 **Meetings**

- (a) The meetings of the RSOC (“RSOC Meetings”) may be conducted by means of telephone conference, video conference or any other form of audio or audio-visual instantaneous communication 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 RSOC Chairman or Chairman of the meeting shall be conclusive of any meeting conducted as aforesaid.

- (b) RSOC Meetings shall be held at least once a year. Additional RSOC Meetings may be called, at any other time, by the RSOC Chairman or any member.
- (c) The RSOC shall have full discretion to invite any Director or Management to attend its meetings.
- (d) The Secretary of the RSOC shall be the Company Secretary for the time being or, such other person as may be nominated by the RSOC.
- (e) The Secretary shall attend all meetings and minute the proceedings thereof including providing an attendance record of individual members present at all meetings.
- (f) Minutes of all RSOC Meetings shall be confirmed by the RSOC Chairman or Chairman of the meeting and circulated to all members.
- (g) If the RSOC Chairman so decides, the minutes shall be circulated to other members of the Board. A Director may, provided there is no conflict of interest and with the agreement of the RSOC Chairman, obtain copies of the minutes of RSOC Meetings.
- (h) The notice of each RSOC 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 RSOC at least seven (7) working days prior to the date of the meeting.

### 2.2 **Quorum**

The quorum shall be three (3) members, including at least two (2) members who are Independent Directors. A meeting of the RSOC at which a quorum is

present shall be competent to exercise all the powers and discretion for the time being exercisable by the RSOC.

If the RSOC 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 independent, to chair the meeting.

### **2.3 Voting**

Each member present shall have one vote. A resolution shall be considered passed if:

- (a) There is a majority of votes cast in favour of the resolution at an RSOC meeting, or
- (b) There is agreement in writing by a majority of members entitled to vote on the decision.

In the event of an equality of votes, the Chairman shall have a casting vote. All conflicting views shall be submitted to the Board for its final decision.

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

### **2.4 RSOC Resolutions in Writing**

The RSOC may pass resolutions by circulation. A resolution in writing signed by all members, including at least one (1) Independent Director, shall be as valid and effectual as if it had been passed at a meeting of the RSOC duly called and constituted.

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

### **2.5 Attendance at Annual General Meetings**

The RSOC Chairman shall attend the Annual General Meetings of the Company and be prepared to answer questions concerning remuneration matters of the Directors and Key Management Personnel.

## **3. DUTIES**

- 3.1 The role of the Committee is to ensure that a formal and transparent procedure is in place for fixing the remuneration packages of the Directors as well as the key executives in the Company and its subsidiary companies (the "Group").

- 3.2 The duties of the RSOC shall be (on an annual basis):
- (a) to review and recommend to the Board in consultation with the Chairman of the Board, a framework of remuneration for members of the Board and Key Management Personnel and to determine the specific remuneration packages and terms of employment for each of the Executive Directors and Key Management Personnel of the Group including those employees who are immediate family members of Executive Directors and controlling shareholders of the Group (immediate family members shall cover spouse, parents, children, adopted child and step-child).
  - (b) to recommend to the Board any long term incentive schemes which may be set up from time to time and to do all acts necessary in connection therewith.
  - (c) to administer the Del Monte Pacific Executive Share Option Scheme (the "Scheme"), the Del Monte Pacific Restricted Share Plan (the "RSP") and the Del Monte Pacific Performance Share Plan (the "PSP") in accordance with the terms of the Scheme, the RSP and the PSP and in connection therewith to recommend to the Board, in consultation with Senior Management and the Chairman of the Board, modifications to the Scheme, the RSP and the PSP which may be set up from time to time and to do all acts necessary in connection therewith.
- 3.3 Carry out its duties in the manner that it deems expedient, subject always to any regulations or restrictions that may be imposed upon the RSOC by the Board of Directors from time to time.
- 3.4 As part of its review, the RSOC shall ensure that:
- (a) all aspects of remuneration including Directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards, and benefits-in-kind are covered.
  - (b) the level and structure of remuneration is:
    - (i) aligned with the long-term interest and risk policies of the Company and should be appropriate to attract, retain and motivate the Directors to provide good stewardship of the company and Key Management Personnel to successfully manage the Company;
    - (ii) performance-related and aligned with the interests of shareholders and promote the long-term success of the Company;
    - (iii) symmetric with risk outcomes and be sensitive to the time horizon of risks;

- (iv) comparable within the industry and with comparable companies; and
- (v) appropriate and meaningful as measures for assessing the performance of Executive Directors' ("EDs") and Key Management Personnel's performance.

A significant and appropriate proportion of the remuneration of EDs and Key Management Personnel should be structured so as to link rewards to corporate and individual performance and align such Directors' interests with those of shareholders.

- (c) the remuneration of Non-Executive Directors ("NEDs") is appropriate to the level of their contribution, taking into account factors such as effort and time spent, and responsibilities of the NEDs. NEDs should not be overly compensated to the extent that their independence may be compromised. The RSOC may, if it considers necessary and in consultation with the Chairman of the Board, consult experts on the remuneration of NEDs. The RSOC should also consider implementing schemes to encourage NEDs to hold shares in the Company so as to better align the interests of such NEDs with the interests of shareholders.
- (d) the remuneration package of employees related to Directors or controlling shareholders of the Group is in line with the Group's staff remuneration guidelines and is commensurate with their respective job scopes and levels of responsibility.
- (e) service contracts should include a fixed appointment period for all Directors, after which they are subject to re-election. Such contracts should not be excessively long nor include onerous removal clauses. In the event of early termination, the RSOC should consider what the compensation commitments entail.
- (f) existing relationships, if any, between the Company and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants.
- (g) the contracts of services of the EDs and Key Management Personnel should contain contractual provisions:
  - (i) to allow the Group to reclaim incentive components of remuneration from EDs and Key Management Personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Group.
  - (ii) that are fair and reasonable and are not overly generous in the event of termination of the contracts of service of the EDs and Key Management Personnel. The RSOC should aim to be fair and avoid rewarding poor performance.

(h) in the event that the remuneration package of a RSOC member is to be discussed, the RSOC member concerned should abstain from the discussion on his/her own remuneration package.

3.5 All recommendations of the RSOC should be made in consultation with the Chairman of the Board and submitted for endorsement and approval by the Board.

#### 4. **REMUNERATION**

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

4.2 Such special remuneration shall be in addition to the annual fees payable to members.

#### 5. **GENERAL**

5.1 The RSOC in carrying out its tasks under these terms of reference may obtain such external or other independent professional advice as it considers necessary to carry out its duties.

5.2 The Board will ensure that the RSOC has access to internal and external professional advice in order for it to perform its duties.

5.3 These terms of reference may from time to time be amended as required.

*Approved and adopted by the RSOC on: 5 November 2012*  
*Noted by the Board of Directors on: 5 November 2012*