

Creating Value at Jardines

Jardine Matheson ('Jardines' or the 'Group') is a diversified family group, operating in multiple industries across our core geographies of China and ASEAN. We maintain a sustainable balance of both growth (Indonesia and Vietnam in particular) and developed markets (Hong Kong and Singapore). We have deep roots across the region and have been partnering with founders and management for 190 years to build and grow successful companies. Our Group companies serve millions of people each day and support the communities in which they operate. Today, we have over 400,000 employees and generate a gross revenue of over US\$109 billion.

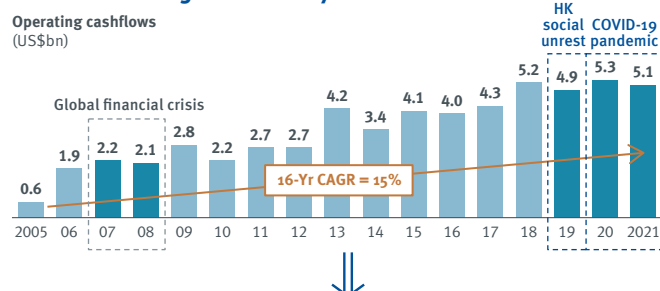
This section of the Annual Report describes in more detail Jardines' approach to business and how we create value, both at a Group level and for our investee companies.

Our Investment Principles

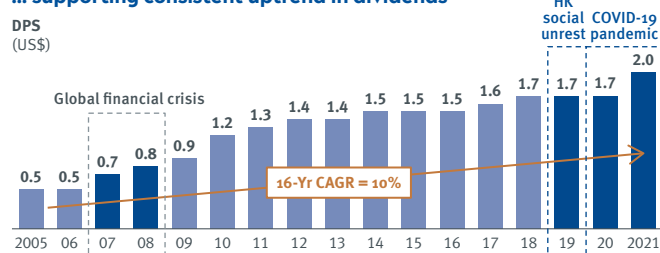
Throughout its long history, Jardines has successfully grown its businesses by following a series of core investment principles. We have always invested in sectors where there is strong growth, in leading companies, and with people in whom we trust. We have also always focussed on evolving our portfolio to reflect changes in the environment in which we operate and the needs of our customers, and have invested in new sectors and businesses, or divested non-core businesses and exited sectors, whenever it has been appropriate.

Our application of these principles over many years has led to the diverse portfolio we have today, and has delivered steady growth in returns, through economic cycles.

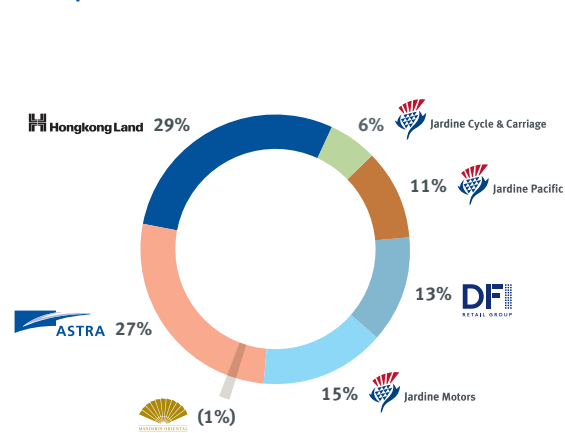
Diversified long-term portfolio delivering resilient profit and cashflows through business cycles...



... supporting consistent uptrend in dividends



2017-2021 cumulative underlying profit by business of US\$7.4 billion^{1,2}

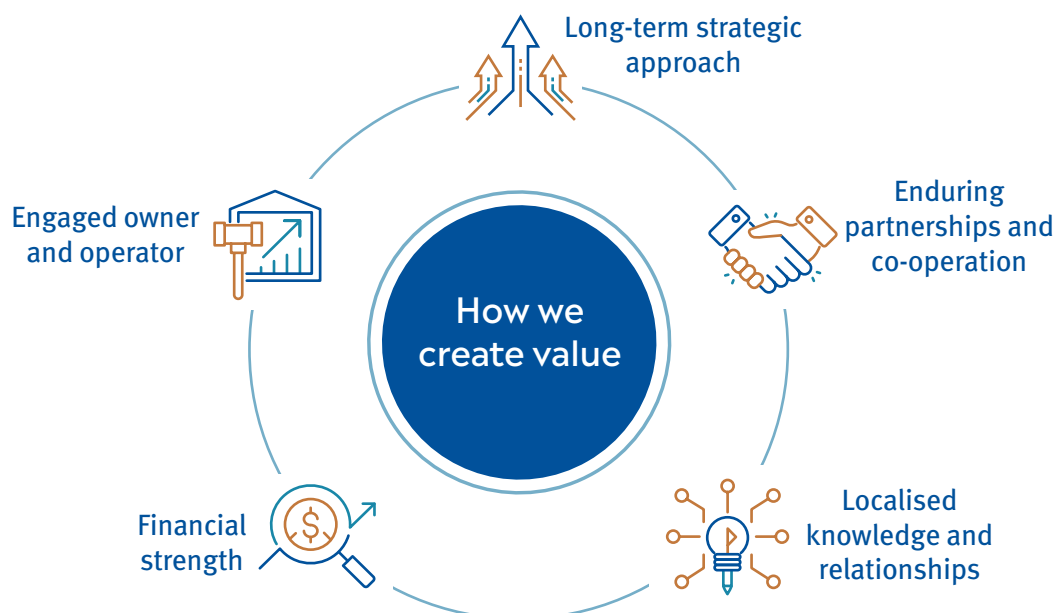


¹ The Group uses underlying profit in its internal financial reporting to distinguish between ongoing business performance and non-trading items.

² Cumulative underlying profit of US\$7.4 billion is before corporate and other interests, and excludes Jardine Lloyd Thompson profits (sold in 2019).

How We Create Value

Our stewardship of the Group as a whole and its individual businesses creates value through five core attributes which set us apart from other companies:



These characteristics are explored in more detail below.



Long-term Strategic Approach

We are a family group which takes a long-term view on Asia's development. We are steadfast in our investment approach, seeing through short-term periods of volatility. Some of our biggest businesses, such as Hongkong Land, DFI Retail Group ('DFI Retail') and Jardine Cycle & Carriage, have been operating successfully for well over a century. We apply a long-term mindset to managing a truly diversified portfolio of businesses which generate strong and stable cashflows regardless of cycles, while building long-term value for the portfolio as a whole. This is exemplified by our relationship with Astra, which has seen this leading Indonesian conglomerate go from strength to strength over the past 21 years since we first took a stake in the business. We are well-positioned to capture future growth opportunities, with a focus on the growth markets of the Chinese mainland and ASEAN, while benefitting from our leading positions in the well-established markets of Hong Kong and Singapore.

Astra



PT Astra International Tbk ('Astra') was established in Jakarta in 1957. It was listed on the Indonesia Stock Exchange in 1990. Jardines began its successful long-term investment in the leading Indonesian conglomerate in 2000, when it acquired a 40% interest. Our investment took place against the volatile backdrop of the 1997 Asian Financial Crisis, when the rest of the world was still anxious about developments in Southeast Asia. In subsequent years, we increased our stake and now own just over 50% of Astra.

Over the past 21 years, Jardines has been a supportive shareholder of Astra and its management, working closely with the group, sharing networks and partnerships, and deploying talent and resources, as it has expanded its business, growing in scale to become one of the leading companies in Indonesia. Astra today has interests across a wide range of sectors, including automotive, financial services, heavy equipment, mining and construction, infrastructure and logistics, and agribusiness. It continues to evolve its portfolio and enter new sectors in order to drive sustained growth, demonstrated through the establishment of Astra Digital and most recently by its investments in Gojek, Sayurbox and Halodoc, fast-growing digital businesses in Southeast Asia.



Enduring Partnerships and Co-operation

We have a track record of building long-term partnerships, collaborating with founders and management to achieve mutual and shared success. Over many decades, we have become the trusted business partner in Asia for leading global brands such as Daimler, Schindler, IKEA and 7-Eleven, as well as local champions like Maxim's. We currently have over 90 important partnerships across the region.

As a family group, we are uniquely placed to bring continuity and consistency to these relationships from one generation to the next, which gives our partners significant comfort and value.

As well as building enduring partnerships with businesses across Asia, we also focus on creating high levels of collaboration and the sharing of knowledge and experience between our colleagues across our Group businesses.

Maxim's



Jardines has had a partnership with the Maxim's Group for 50 years. The food, beverage and restaurant group was founded by brothers S.T. Wu and James Wu, and their school friends, who opened the first Maxim's restaurant in 1956. Jardines first became a shareholder in Maxim's in 1972 and in 1986 Dairy Farm acquired a 50% interest, which continues to this day. Both companies have thrived as a result of their partnership, with each company supporting the other's business. This has included Jardines helping Maxim's secure prime locations for its outlets, and Maxim's producing ready meals and other products for sale in DFI Retail's convenience stores and supermarkets.

Maxim's is a household name in Hong Kong, especially famous for its mooncakes and successful restaurants, bakeries, cafes and catering. It pursues a multi-brand strategy across a network which spans the Asia Pacific region, with over 1,800 outlets in Hong Kong, Macau, the Chinese mainland, Vietnam, Cambodia, Thailand, Singapore and Malaysia. Maxim's runs Starbucks franchises in seven markets and is a franchisee for Genki Sushi and Shake Shack in various territories.



Localised Knowledge and Relationships

The Group's unparalleled regional network and connections create a real advantage as we use the deep local knowledge gained to work with our Group companies to evolve their businesses and position them well for future growth.

The management of Jardine Matheson prioritises the maintenance of strong relationships with key businesses, governments and other stakeholders in each of the markets where we operate, and our businesses utilise and benefit from these relationships. We also have individual Country Chairs based in every major market in Asia, who together with the management of our local businesses, play an important role in maintaining and enhancing our local relationships and knowledge. This approach gives us deep first-hand understanding of each of our markets and exceptional levels of access to key stakeholders there. It also helps us source for investment opportunities.



Financial Strength

We take a disciplined long-term approach to capital allocation, to maximise financial and strategic value.

Over time, we have developed deep relationships with a diverse portfolio of well-capitalised, leading banks and corporate partners, which have supported our financial strength.

Our approach is underpinned by always maintaining a strong balance sheet and liquidity position, for both Jardine Matheson and its subsidiaries. This position has enabled the Group to move with confidence in making some of our most substantial past acquisitions at times of market dislocation.



Engaged Owner and Operator

We actively build, develop and operate best-in-class businesses to generate sustained value over time. We do so with active leadership, support and governance from the Group, while working closely with the boards and senior management of each of our businesses, who are responsible for implementing strategy and driving performance and growth.

Our Governance System

The Group's system of governance is based on a proven approach to oversight and management, in which individual subsidiaries and affiliates benefit from the Group's strategic guidance and professional expertise, while at the same time the independence of their boards is respected and clear operational accountability rests with their executive management teams.

The presence of Jardine Matheson representatives on the boards and committees of each of our listed subsidiaries, and access to the resources of the Group by our businesses, provide

additional stability to each company's financial and business planning, enhancing its ability to take a long-term view of business development. Our governance structure also helps the management of our different businesses to work effectively together in exploiting the full range of the Group's commercial strengths.



Strategic Priorities

The Group works with our businesses to deliver on our strategic priorities of:



Evolving our Group Portfolio

We have developed from our founding in 1832 into the Group we are today by aligning ourselves with our customers and staying relevant to the needs of Asian consumers. We focus on the growing middle class and urbanisation in our key markets. We invest in new strategic partnerships where we see long-term growth opportunities aligned to our values and priorities.

We have established our reputation as a partner of choice for high-growth Asian businesses, working with a broad range of partners including technology companies, start-ups, OEMs, suppliers and entrepreneurs.

Zhongsheng



Our strategic partnership with the founders of Zhongsheng, a leading Chinese mainland motor dealership group, began in 2014, when the Group first acquired a strategic interest. We have since worked closely with the founders and senior management of Zhongsheng to develop our relationship and deepen mutual trust. Zhongsheng's business strategy, focussed on broadening its offering in the mobility space, as well as its strong manufacturing relationships and presence across the Chinese mainland, align well with Jardines' ambitions in the automotive sector.

Last year, we agreed with Zhongsheng to combine our Zung Fu China motor dealership business with their business, in order to create a single, larger integrated platform, and better position Jardines for growth in a dynamic environment and an evolving industry landscape. Jardines continues to be the second largest shareholder in Zhongsheng, after the founders, solidifying the Group's relationship with Zhongsheng.

This transaction demonstrates how the Group manages its relationships effectively, enabling key strategic decisions of mutual benefit to be taken quickly and in an environment of mutual trust.

As well as evolving our businesses in traditional sectors, we are expanding our footprint into the new economy through ventures in new areas which align with and address the increasing use of digital technology by consumers.

Entrepreneurial flair and a deep understanding of how Asia is evolving have always been at the heart of our culture and success, and we are actively using these skills to identify new opportunities for the Group to invest alongside our partners in new areas of growth.

livi



We launched the virtual bank, livi, in 2019, in partnership with Bank of China Hong Kong and JD Technology, in order to foster fintech innovation, promote financial inclusion and enhance the customer banking experience. livi is focussed on ushering in a new banking experience, built from the ground up, to deliver customers a new and customer-friendly experience that aligns more closely to their increasingly digital lives. Innovation and customer centricity are at the heart of livi's approach to the market: it was the first bank in Hong Kong to launch the 'buy now pay later' concept with its livi Paylater product, which offers flexible repayment terms and approval in as little as two minutes.

livi has also formed a partnership with DFI Retail's *yuu* rewards platform, to provide a range of benefits to its customers, including the ability to earn *yuu* reward points which can be used across DFI Retail's store network. Since its launch, livi has grown quickly and currently has over 200,000 customers.

Driving Innovation and Operational Excellence

We operate in highly dynamic markets and need to constantly innovate and pivot our businesses to remain relevant and achieve sustained success. In the past few years, Asia has seen a large influx of new capital, the rapid rise of digital companies and an increasing desire among consumers for convenient digital services. In response, we aim to put innovation, operational excellence and an entrepreneurial spirit at the heart of everything we do.

Our businesses have accelerated the pace at which they embrace digital ways of working to improve operations, allowing them to navigate the challenges posed by the pandemic and prepare for future growth. On the B2C front, our businesses are embedding digital in how we anticipate

and serve customer needs – developing omnichannel experiences, building data capabilities and embracing start-ups to enable us to react with agility to the changing marketplace. Our Restaurants business saw peaks of 90% of sales coming through digital channels in some locations in 2021.

Our B2B businesses have equally embraced digital as an enabler to anticipate and exceed customer expectations. Gammon (an early adopter of building information modelling) now boasts one of the largest Virtual Design & Construction (VDC) teams in Hong Kong and Shenzhen. We also invest in digital companies that can help to drive growth – both in our core business and across our portfolio in emerging new economy growth areas.



yuu Rewards

DFI Retail's *yuu* rewards platform in Hong Kong, launched last year, is helping us move beyond a transactional focus to drive new ways of meeting and anticipating individual customer needs and preferences. The programme now has almost four million members, representing over 60% of Hong Kong's adult population, and over 90% brand recognition. There are high levels of customer engagement, with nearly 130 billion points issued and a large number of these points have been exchanged for rewards and offers – thus building loyalty for brands and partners.

The *yuu* ecosystem continues to expand and Maxim's, Chubb, Allianz and Shell have recently been added as additional partners. The success of *yuu* has been followed by the piloting in Singapore of CART, a new shopping experience which brings all of DFI Retail's key brands in Singapore onto one platform.

pickupp

Pickupp

As well as building digital solutions organically within our existing businesses, we also seek opportunities to invest in new digital businesses which enable our wider participation in the digital economy. In 2021, we were the lead investor in the Series B funding of Pickupp, a leading smart logistics and delivery business.

Pickupp is an asset-light last-mile logistics solutions provider, leveraging its technology platform to drive operational efficiency. This lowers delivery costs compared to traditional last-mile delivery options. Pickupp works with various Jardines businesses to provide the flexibility to quickly scale up deliveries during periods of high demand.

The relationship with Pickupp has enabled DFI Retail to accelerate and scale up its e-commerce offerings to customers across its banners, and our Restaurants business to increase the efficiency of its delivery services. Both businesses are able to take advantage of Pickupp's large crowd-sourced pool of 'walkers' (agents walking/bicycle/taking public transport) and its dynamic batch delivery approach, which involves agents making multiple pickups and deliveries in a single trip.

Enhancing Leadership and Entrepreneurialism

Jardines attaches great importance to attracting, developing and retaining leadership talent at the Group level, as well as supporting the management teams in our businesses to do the same for their organisations. As a Group, we strive to develop leaders with an owner mindset and who are entrepreneurial in how they develop their businesses. This has helped Jardines to capitalise on new business opportunities to achieve long-term sustained growth. We continue to enhance our performance management structures to recognise, reward and retain such talents. As the Group increasingly embraces digital ways of working and invests in new economy businesses, we are focussed on recruiting and developing digital talent across our Group companies.

The Group actively connects talented individuals in our extended networks with Group businesses where there are talent gaps. Intra-group moves are an integral part of

Jardines' culture, with many of our senior colleagues having worked across a number of our businesses, gaining great breadth of experience. The Group leads talent management and succession planning processes for key management positions across our businesses.

Our Jardines Executive Training Scheme ('JETS'), Corporate Finance Managers Programme and management learning programmes such as the Advanced Leadership Programme, which is run in partnership with world-class business schools, develop high potential graduate trainees, seasoned finance leaders, and our senior executives, respectively.

At the same time, we value diversity and inclusion and mental wellbeing. Our Jardines employer brand campaign has shown that the more people learn about our story, reach and impact, the more they want to join us.

JETS alumnus, Simon Arnold, joined Jardines in 2009 and has since worked in five Jardines businesses across four different Asian markets. He is currently Managing Director of Zung Fu Hong Kong and Macau, overseeing the market-leading Mercedes-Benz passenger and commercial vehicle business. The JETS programme provided Simon with accelerated progression and exposure to many different businesses and leaders, giving him the support to become the leader he is today.



“Each posting in different industries and markets has helped me gain valuable experiences. My earlier roles gave me the opportunity to lead projects and manage teams, as well as develop a keen understanding of the nuances of working across different markets and cultures. In recent years, I have run businesses both in emerging markets and some of the most mature markets in Asia. Having the opportunity to achieve such accelerated progression has ensured that I’m being stretched and learning an immense amount both professionally and personally.”

Simon Arnold, JET 2009
Managing Director, Zung Fu Hong Kong and Macau

Embedding Sustainability

As a Group, we see sustainability as core to creating long-term value and are committed to integrating it into the strategy and business models of our portfolio companies.

More than ever, we acknowledge the role our Group companies need to play in the journey towards a net zero carbon future. This is an important priority for those of our

businesses which have a greater impact on the environment, and which are establishing plans to reduce carbon emissions, balanced with the responsibilities they have to their communities.

Our Sustainability Leadership Council was formed in July 2019 by chief executives from across our Group companies, to address three core pillars:



Leading climate action



Driving responsible consumption



Promoting social inclusion

Each of our businesses is developing an approach to sustainability which is aligned with these priorities but tailored to its own business, sector and market, as well as the interests of its stakeholders. The Group is working closely with each business to help them as they implement their sustainability strategies, providing support, guidance and resources as appropriate. The initiatives being progressed include auditing of carbon emissions and developing plans to promote emissions reduction; reducing single-use plastics and other waste; and supporting mental health, education and livelihoods in our communities.

For more information on our Sustainability approach, refer to the 'Sustainability' section on page 50.

We will also be publishing our inaugural Group Sustainability Report in May 2022. It will be available on our corporate website at www.jardines.com.



In November 2020, Hongkong Land launched its HK\$100 million HOME FUND. Through the HOME FUND, the company collaborates with more than 60 NGO partners to co-create programmes focussing on promoting the upward mobility of young people and assisting families with housing challenges.

In 2021, HOME FUND committed over HK\$50 million to support education and youth upward mobility projects, as well as help tackle social issues relating to housing. It also signed up six NGO partners for multi-year projects in education which will benefit 1,400 young people. The business also contributed over 850 volunteer hours through 16 events for 12,000 beneficiaries. Hongkong Land has successfully engaged its tenants in these initiatives, with more than 100 companies involved with in-kind donation programmes and green events. In early 2022, Hongkong Land announced that it would contribute further funds into the HOME FUND to support anti-epidemic efforts in Hong Kong.



Our Group businesses have for many years promoted action to support mental health, and our mental health NGO, MINDSET, celebrates its 20th anniversary this year. With operations in Hong Kong and Singapore, MINDSET collaborates with a number of mental health organisations and NGOs, advocacy groups and corporate partners, with the aim of raising awareness and changing perceptions of, and attitudes towards mental health. It also aims to strengthen and develop the fabric of mental health support within our communities.

These partnerships provide resources and expertise, which in turn allow MINDSET to develop comprehensive and effective mental health campaigns and programmes to ensure that those who are in need of mental health care have access to appropriate support and resources. MINDSET runs a range of initiatives focussed on raising awareness and reducing the stigma of mental illness, through the education and empowerment of individuals to enable them to share with, and support one another. It also provides direct assistance to people with mental health issues, providing financial support and helping people return to work.