

## Audit Committee Report

### Audit Committee

The Board is supported by the activities of the Audit Committee. Matters considered by the Audit Committee are set out in its terms of reference, a copy of which can be obtained from the Company's website at [www.jardines.com](http://www.jardines.com).

The current members of the Audit Committee are:

- Stuart Gulliver (Chairman);
- Anthony Nightingale; and
- Michael Wu.

Stuart Gulliver was appointed as the chairman of the Audit Committee with effect from 25th January 2021. He has recent financial experience and expertise, as well as a deep understanding of risk management. Michael Wu was appointed as a member of the Audit Committee on 2nd March 2023, in place of Adam Keswick who stood down with effect from the same date.

With the appointment of Michael Wu to the Audit Committee, the Company considers that the Audit Committee now comprises only Independent Non-Executive Directors.

The Company's Chairman, Group Managing Director, Deputy Managing Director, Group Finance Director and Group General Counsel, together with representatives of the internal and external auditors, also attend Audit Committee meetings by invitation. Other individuals may attend part of a meeting for specific agenda items as appropriate. The Audit Committee meets on a scheduled basis twice a year and reports to the Board after each meeting.

The role of the Audit Committee is governed by its terms of reference. The Committee's remit includes:

- independent oversight and assessment of financial reporting processes, including related internal controls;
- independent oversight of risk management and compliance; cybersecurity, business ethics issues and the risks related to information systems and procedures;
- monitoring and reviewing the effectiveness of the internal and external audit functions;
- considering the independence and objectivity of the external auditors;
- reviewing and approving the level and nature of non-audit work performed by the external auditors; and
- reviewing independent assurance in respect of the effectiveness of sustainability metrics adopted by the Group.

Before completion and announcement of the half-year and year-end results, a review of the Company's financial information and any issues raised in connection with the preparation of the results, including the adoption of any new accounting policies, is undertaken by the Audit Committee with the executive management and a report is received from the external auditors. The external auditors also have access, when necessary, to the full Board and other senior executives and the boards of the Group's operating companies.

The Audit Committee also keeps under review the nature, scope and results of the audits conducted by the internal audit function and the findings of the various audit committees across the Group's companies.

The matters considered by the Audit Committee during 2022 included:

- reviewing the 2021 annual financial statements and 2022 half-yearly financial statements, with particular focus on the impact of COVID-19, valuation of investment properties, carrying value of investments in certain associates and joint ventures, and provisioning for consumer financing debtors;
- reviewing the actions and judgments of management in relation to changes in accounting policies and practices to ensure clarity of disclosures and compliance with new accounting standards;
- receiving reports from Internal Audit on the status of the control environment of the Group and its business divisions and progress made in resolving matters identified in the reports;
- reviewing the principal risks, evolving trends and emerging risks that affect the Group and monitoring changes to the risk profile, as well as the effectiveness of risk management measures and crisis management arrangements;
- receiving updates on the cybersecurity threat landscape and the Group's cybersecurity environment, risk management approach, training, priorities and control effectiveness;
- reviewing the annual internal audit plan and status updates;
- reviewing and approving the revised terms of reference of the Group's Internal Audit and Risk Management function;
- receiving updates on risk management initiatives, including cross-Group sharing on risk topics and best practices, an external review and benchmarking of the Group's enterprise-wide risk management approach completed in 2022;
- reviewing the biennial assessment of the effectiveness of the Group's Internal Audit function;
- reviewing the Group's governance approach to cybersecurity management, data security and privacy management across its businesses;
- reviewing the independence, audit scope and fees of PwC as External Auditor and recommending their re-appointment as the External Auditor; and
- conducting a review of the terms of reference of the Audit Committee.

### **Audit Committee Attendance**

The table below shows the attendance at the scheduled 2022 Audit Committee meetings:

	Meetings eligible to attend	% attendance
<b>Current Audit Committee members</b>		
Stuart Gulliver (Chairman)	2/2	100%
Adam Keswick*	2/2	100%
Anthony Nightingale	2/2	100%

\* Adam Keswick resigned from the Audit Committee on 2nd March 2023. Michael Wu was appointed to the Audit Committee on 2nd March 2023.

### **Auditor Independence and Effectiveness**

The Group Auditor's independence and objectivity are safeguarded by control measures, including:

- reviewing the nature of non-audit services (including the adoption by the Company of a non-audit services policy);
- the External Auditor's own internal processes to approve requests for non-audit work to the external audit work;
- monitoring changes in legislation related to auditor independence and objectivity;
- the rotation of the lead auditor partner after five years;
- independent reporting lines from the external auditor to the Committee and providing an opportunity for the external auditor to have in-camera sessions with the Committee;
- restrictions on the employment by the Group of certain employees of the external auditor;
- providing a confidential helpline that employees can use to report any concerns; and
- an annual review by the Committee of the policy to ensure the objectivity and independence of the external auditor.

The Board's annual review in 2022 of the Auditor's Independence and Effectiveness found that the Auditor performed their duties effectively. The Board found the level of professional scepticism, the number and regularity of meetings with the Audit Committee (both informal as well as formal), feedback from Audit Committee members and internal stakeholders, and the levels of technical skills and experience to be effective.

### **Risk Management and Internal Control**

The Board has overall responsibility for the Group's systems of risk management and internal control. The Board has delegated responsibility to the Audit Committee for providing oversight in respect of risk management activities. The Audit Committee considers the Group's principal risks and uncertainties and potential changes to the risk profile. It reviews the operation and effectiveness of the Group's systems of internal control (financial, operational and compliance) and the procedures by which these risks are monitored and mitigated.

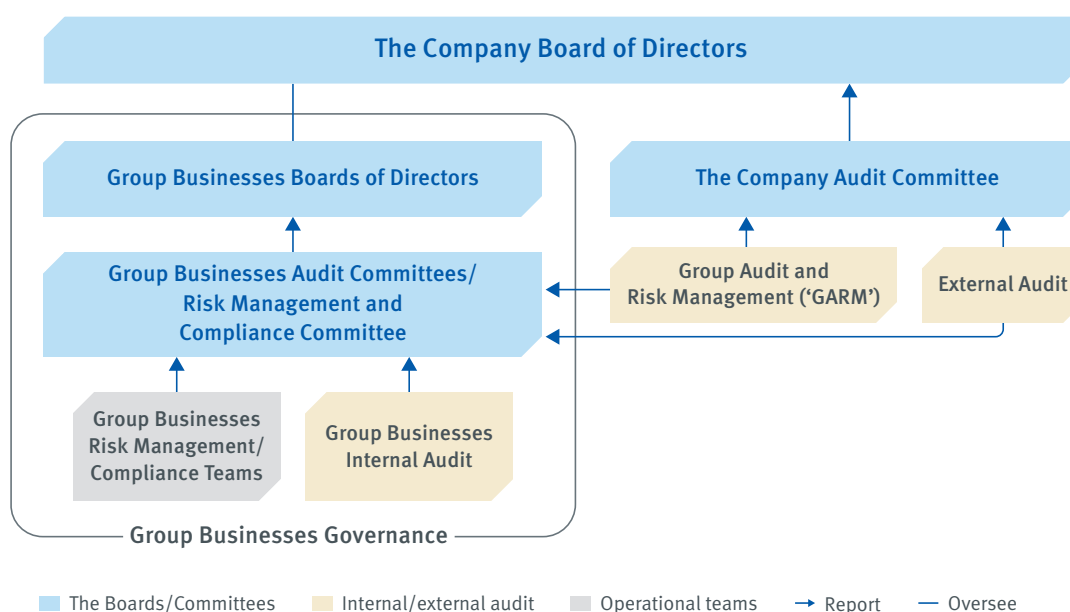
The Audit Committee considers the systems and procedures regularly and reports to the Board semi-annually. The Group's Audit and Risk Management function (Group Audit and Risk Management or 'GARM') assists the Audit Committee in fulfilling its assurance and reporting roles. GARM adheres to international standards for the professional practice of internal audit. To safeguard its independence and objectivity, GARM reports functionally to the Audit Committee of the Company and has full and unrestricted access to all business functions, records, properties and personnel.

The internal control systems are designed to manage, rather than eliminate, business risk; to help safeguard the Group's assets against fraud and other irregularities; and give reasonable, but not absolute, assurance against material financial misstatement or loss.

Executive management oversees the implementation of the systems of internal control within the Group's operating companies, the responsibility for which rests with each company's board and its executive management.

The Group has an established risk management process, which covers all business units within the Group. This includes the maintenance of risk registers that detail the emerging and existing risks to the future success of the business and the relevant key controls and mitigating factors that address those risks. The Group's risk management process and risk registers are reviewed on a regular basis.

### Risk Governance Structure



Each business unit is responsible for:

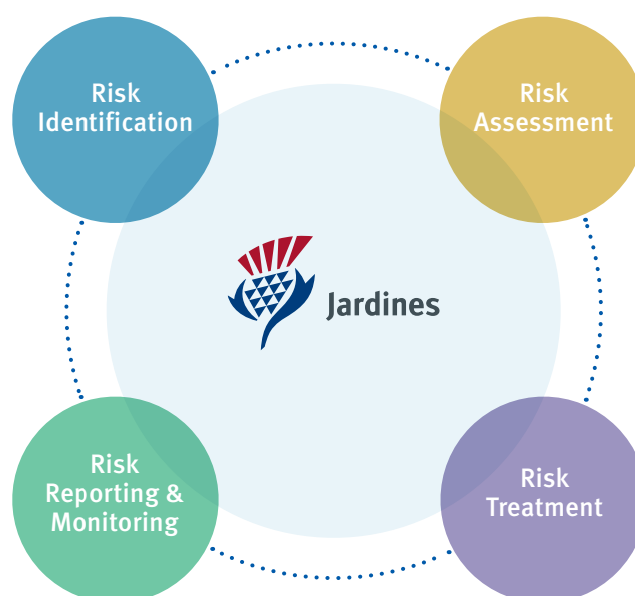
- identifying and assessing principal risks and uncertainties to which it is exposed;
- implementing the most appropriate actions to mitigate and control those risks to an acceptable level;
- providing adequate resources to minimise, offset or transfer the effects of any loss that may occur while managing acceptable risk/benefit relationships;
- monitoring the effectiveness of the systems of risk management and internal control; and
- reporting periodically to its board of directors and GARM on the principal risks and uncertainties.

The Group is a collection of businesses, each of which has a high degree of operational autonomy, for which GARM performs a Group risk consolidation, reporting, advisory and knowledge-sharing role. Each business determines the structure of enterprise risk management ('ERM') that is appropriate for its nature and size, and is responsible for its own ERM activities and documentation. GARM facilitates the building of the Group's ERM knowledge base with records of past events, newsletters, as well as learnings from matters of serious concern that inform its regular knowledge sharing and advisory to Group businesses. This Group-level activity supports and supplements the knowledge base that each business holds in respect of its own ERM.

Information and guidelines for reporting principal risks and uncertainties are regularly communicated to the business units. Risk management initiatives, such as training and sharing sessions, are undertaken by each business unit.

### **Risk Management Framework**

Risk management is integrated into each business unit's strategic planning, budgeting, decision-making and operations. Central to this is the continuous and systematic application of:



A Risk Management Framework based on ISO 31000 and COSO principles is embedded within the Group's processes, to identify, assess and define the strategies to be adopted to monitor risks. The risk registers prepared by each business unit provide the basis for an aggregation process, which summarises the principal risks and uncertainties facing the Group as a whole.

The key elements of the Risk Management Framework are as follows:

#### **Risk Identification**

- Identify and document the Group's exposure to uncertainty with existing strategic objectives
- Adopt structured and methodical techniques to identify critical risks

#### **Risk Assessment**

- Evaluate risks by estimating likelihood, financial and reputational damage, and the speed at which the risk materialises, based on its inherent and residual level
- Determine risk rating using the risk heatmap, with four levels of residual risk status

#### **Risk Treatment**

- Tolerate – accept if within the Group's risk appetite
- Terminate – dispose or avoid risks where no appetite

Risks may be accepted if mitigated to an appropriate level via:

- Transfer – take out insurance or share risk through contractual arrangements with business partners
- Treat – redesign or monitor existing controls or introduce new controls

#### **Risk Reporting & Monitoring**

- Periodic review of principal risks and uncertainties
- Setting key risk indicators to enhance monitoring and mitigation of risks
- Regular reporting of principal risks and uncertainties from business units to the Group's Board of Directors via Audit Committee and Group Audit and Risk Management