Corporate Governance

Overview of the Group's Governance Approach

The Jardine Matheson Group (the 'Group') understands the value of good corporate governance in driving the long-term sustainable success of the business. It is committed to high standards of governance and has evolved, over many years, an approach that the Group regards as appropriate taking account of its size, structure and the complexity and breadth of its business and the long-term strategy it pursues in its markets, primarily China and Southeast Asia.

An important part of strong governance is corporate stability, and this is provided by the long-term stewardship of the business by family as well as related and like-minded shareholders, who hold a significant proportion of the shares of the parent company of the Group, Jardine Matheson Holdings Limited (the 'Company'). This stability, coupled with an effective and robust corporate governance framework, supports the Board of the Company in delivering the Group's strategy and sustainable growth. It also ensures that the Group retains and promotes those characteristics and values of a family-owned business that have enabled Jardines to prosper over its 191-year history:

- **A long-term perspective** – the Group takes a long-term view in its decision-making and investments and draws on the many years' experience of our directors, rather than just focussing on short-term profits. This leads to long-term growth for our shareholders and the communities where we operate.
- **Credibility and trust** – the credibility and trust that family ownership brings to the business are highly valued by our partners and other stakeholders, especially in developing markets.
- **Deep knowledge of the business and our markets** – the involvement of many generations of the family in the running of the Group has led to a deep understanding of how to drive successful growth by the business across its markets, giving the Group a competitive advantage.

The Group believes that its stakeholders gain significant value from the historical governance approach the Group has taken as a family-owned business and that it is therefore important to retain the key elements of this approach. It is also important, without losing these benefits, to adapt to changing circumstances in our markets and, where appropriate, to the developing expectations of stakeholders and changes in best practice and the approach taken by our peers.

Accordingly, the Company continues to focus on enhancing the Group's approach to corporate governance more generally, focussing on changes which benefit the Group.

Several changes were made to the governance of the Company during the year, including the appointment of Michael Wu as a member of the Audit Committee, replacing Adam Keswick with effect from 2nd March 2023, which means that the membership of the Company's Audit Committee now comprises solely Independent Non-Executive Directors. The proportion of Independent Non-Executive Directors on the Board also increased as a result of the retirement of Jeremy Parr in March 2022.

Independent Non-Executive Directors with a broad and diverse range of backgrounds are a valuable source of external perspectives and are a key element of good governance and decision-making. The Company and the Group can benefit from the expertise and experience they bring, and the Company is taking steps to increase the independence and diversity of its Board.

Group Structure

The Company's management is concerned both with the direct management of the Company's own activities and with the oversight of the other listed companies within the wider Group. By coordinating objectives, establishing common values and standards and sharing experience, contacts and business relationships, the Group optimises opportunities across the Asian countries in which it operates.

This approach has been developed over time and is designed so that individual subsidiaries and affiliates benefit from the Group's strategic guidance and professional expertise, while at the same time ensuring that the independence of their boards is respected and clear operational accountability rests with their executive management teams. We believe this approach is a key element of the Group's success.

In April 2021, the Company completed the simplification of the parent company structure of the Group, which included the acquisition by the Company, for cash, of the approximately 15% of the issued share capital of Jardine Strategic Holdings Limited that it did not already own. At the Company's 2022 Annual General Meeting, shareholders approved the cancellation of Jardine Strategic's almost 60% shareholding in the Company and the shares were cancelled on 18th May 2022.

Governance of the Company's Listed Subsidiaries

The Company also continues to lead enhancements to the governance of the Group's listed subsidiaries. These have included increasing the diversity of, and bringing greater sector expertise to, the boards of DFI Retail Group Holdings Limited ('DFIRGH'), Mandarin Oriental International Limited ('MOIL') and Hongkong Land Holdings Limited ('HKLH') through the appointment of new Independent Non-Executive Directors in 2021 and 2022, as well as the appointment of Independent Non-Executive Directors as chairman of the HKLH and MOIL audit committees.

Governance and Legal Framework

The Company is incorporated in Bermuda. The primary listing of the Company's equity shares is a standard listing on the Main Market of the London Stock Exchange (the 'LSE'). The Company also has secondary listings in Singapore and Bermuda. As the Company has only secondary listings on these exchanges, many of the listing rules of such exchanges are not applicable. Instead, the Company must release the same information in Singapore and Bermuda as it is required to release under the rules which apply to it as a standard listed company on the LSE.

As a company incorporated in Bermuda, the Company is governed by:

- the Bermuda Companies Act 1981 (the 'Companies Act');
- the Bermuda Jardine Matheson Holdings Limited Consolidation and Amendment Act 1988 (as amended, the 'Special Act'), pursuant to which the Company was incorporated, and the Bermuda Jardine Matheson Holdings Limited Regulations of 1993 (as amended, the 'Regulations') were implemented; and
- the Company's Memorandum of Association and Bye-laws.

The Bermuda Takeover Code for the Company is set out in the Regulations and is based on the UK City Code on Takeovers and Mergers. It provides an orderly framework within which takeover offers can be conducted and the interests of shareholders protected.

Other acquisition mechanisms available under the Companies Act include schemes of arrangement and amalgamation and mergers. The Companies Act provides a framework within which such procedures can be conducted and the interests of shareholders protected.

The shareholders can amend the Company's Bye-laws by way of a special resolution at a general meeting of the Company.

The Company's standard listing in London means that it is bound by many of the same rules as premium-listed companies under the UK Listing Rules, the Disclosure Guidance and Transparency Rules issued by the FCA (the 'DTRs'), the Market Abuse Regulation[1] ('MAR') and the Prospectus Regulation Rules, including in relation to continuous disclosure, periodic financial reporting, disclosure of interests in shares, market abuse and the publication and content of prospectuses in connection with admission to trading or the offering of securities to the public. In addition, the Company is subject to regulatory oversight from the Financial Conduct Authority of the United Kingdom (the 'FCA'), as the Company's principal securities regulator, and is required to comply with the Admission and Disclosure Standards of the Main Market of the LSE. The Company and its directors are also subject to legislation and regulations in Singapore relating, among other things, to insider dealing.

Some of the rules applicable to premium listed companies do not apply to the Company. When the shareholders approved the Company's move to a standard listing from a premium listing in 2014, however, the Company stated that it intended to maintain certain governance principles which were then applicable to it by virtue of its premium listing.

As a result, the Company adopted a number of governance principles (the 'Governance Principles') based on the then-applicable requirements for a premium listing, which go further than the standard listing requirements.

The key elements of the Governance Principles are as follows:

- When assessing a significant transaction (a larger transaction which would be classified as a class 1 transaction under the provisions of the UK Listing Rules), the Company will engage an independent financial adviser to provide a fairness opinion on the terms of the transaction.
- If the Company carries out a related party transaction which would require a sponsor to provide a fair and reasonable opinion under the provisions of the UK Listing Rules, it will engage an independent financial adviser to confirm that the terms of the transaction are fair and reasonable as far as the shareholders of the Company are concerned.
- Further, as soon as the terms of a significant transaction or a related party transaction are agreed, an announcement will be issued by the Company, providing such details of the transaction as are necessary for investors to evaluate the effect of the transaction on the Company.
- At each annual general meeting, the Company will seek shareholders' approval to issue new shares on a non-pre-emptive basis for up to 33% of the Company's issued share capital, of which up to 5% can be issued for cash consideration.
- The Company adheres to a set of Securities Dealing Rules which follow the provisions of MAR with respect to market abuse and disclosure of interests in shares.

The Company is not required to comply with the UK Corporate Governance Code (the 'Code'), which applies to all premium-listed companies and sets out the governance principles and provisions expected to be followed by companies subject to the Code. However, the Company does have regard to the Code in developing and implementing its approach to corporate governance and disclosure.

[1] The EU Market Abuse Regulation and, with effect from 1st January 2021, the UK Market Abuse Regulation.

The Management of the Group

Board

The Board is responsible for ensuring that the Group is appropriately managed and achieves the strategic objectives it sets, in a way that is supported by the right culture, values and behaviours throughout the Group.

The Directors have the full power to manage the Company's business affairs, except matters reserved to be exercised by the Company in a general meeting under Bermuda legislation or the Company's Bye-laws. Key matters that the Directors are responsible for include:

- responsibility for the overall strategic aims and objectives of the Group;
- establishing the Company's purpose and values;
- approval of the Group's strategy and risk appetite to align with the Group's purpose and values;
- approval and oversight of the Group policy framework and approval of appropriate Group policies;
- approval of the Annual Budget and monitoring of performance against it;
- oversight of the Group's operations;
- approval of major changes to the Group's corporate or capital structure;
- approval of major capital expenditure and significant transactions in terms of size or reputational impact;
- approval of interim and final financial statements upon recommendation from the Audit Committee, as well as interim management statements;
- approval of the Annual Report and Accounts;
- approval of dividend policy and the amount and form of interim and final dividend payments, for approval by shareholders as required;
- any significant changes to the Company's accounting policies or practices, upon recommendation from the Audit Committee;
- appointment, re-appointment or removal of the external auditor, subject to shareholders' approval, upon recommendation from the Audit Committee;
- approval of matters relating to AGM resolutions and shareholder documentation;
- approval of all shareholder circulars, prospectuses and listing particulars issued by the Company; and
- approval of material public announcements concerning matters decided by the Board.

Responsibility for certain matters, including the approval of borrowing facilities and capital expenditure (other than major capital expenditure required to be approved by the Board), has been delegated by the Board to the Group management company, Jardine Matheson Limited ('JML').

Board Composition

The Board's composition and the way it operates provide stability, allowing the Company to take a long-term view as it seeks to grow its business and pursue investment opportunities.

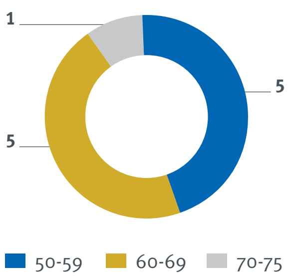
As at 2nd March 2023, the Board comprises 11 Directors, three of whom (27%) – Stuart Gulliver, Julian Hui and Michael Wu – are Independent Non-Executive Directors as defined by the Code. Two further Non-Executive Directors – Anthony Nightingale and Percy Weatherall – do not have any executive responsibilities, nor have they been an employee of the Company or Group within the past five years, and they are sufficiently distanced from the day-to-day operations of the Company for the Company to take the view that they are Independent Directors, even though they have served on the Board for over nine years. Although there are no female Directors on the Board at present, the Board has plans to increase its gender diversity in the short- to medium-term. More information on the actions the Group is taking in relation to diversity and inclusion can be found in the Diversity and Inclusion section of this report on pages 72 to 73.

The names of all the Directors and brief biographies appear on pages 60 to 61 of this Report.

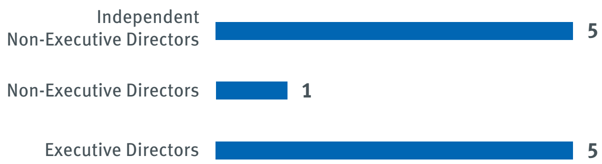
Ben Keswick has been Executive Chairman of the Board since 15th June 2020. John Witt has held the role of Group Managing Director from the same date. Ben Keswick previously held the roles of Executive Chairman and Managing Director on a combined basis from 1st January 2019.

The Board considers that there is a clear division of responsibilities between the Chairman and the Group Managing Director, and this ensures an appropriate balance of power and authority.

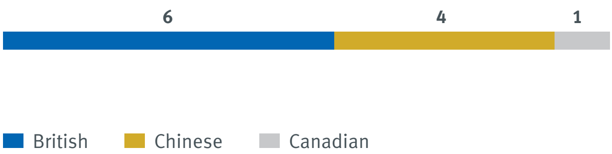
Age of Directors



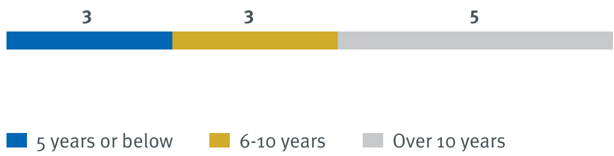
Capacity of Directors (Number of Directors)



Nationality



Tenure of Directors



Directors' experience

Chairman

The Chairman's role is to lead the Board, ensuring its effectiveness while taking account of the interests of the Group's various stakeholders, and promoting high standards of corporate governance.

The Chairman's principal responsibilities are in the areas of strategy, external relationships, governance and people. He leads the Board in overseeing the long-term strategic direction of the Group and approving its key business priorities. His key responsibilities also include:

- building an effective Board supported by a strong governance framework;
- supporting the Group Managing Director in the execution of his duties;
- ensuring a culture of openness and transparency at Board meetings;
- chairing Board meetings effectively, ensuring all Directors effectively contribute to discussions;
- ensuring comprehensive committee reporting to the Board;
- ensuring all Directors receive accurate, timely and clear information;
- communicating with Directors on a regular basis between Board meetings and promoting effective communication between Executive and Non-Executive Directors;
- ensuring that all Non-Executive Directors have a comprehensive induction programme and an ongoing programme to build their knowledge and understanding of the business;
- providing feedback to Non-Executive Directors on their performance and attendance at meetings;
- leading succession planning for the Group Managing Director;
- leading, with the Group Managing Director, the development of the culture and values of the Group;
- agreeing, together with the Group Managing Director, key business priorities;
- supporting the development and maintenance of relationships with existing and new key business partners, governments and shareholders; and
- ensuring, with the Group Managing Director, an appropriate focus on attracting and retaining the right people and carrying out succession planning for senior management positions.

Group Managing Director

The role of the Group Managing Director is to implement the strategy agreed by the Board and manage the Group's operations. The Group Managing Director is responsible for developing the Group's strategy and ensuring its timely execution, as well as managing all aspects of the performance and management of the Group, with day-to-day responsibility for:

- effective management of the Group's businesses;
- leading the development of the Group's strategic direction and implementing the agreed strategy;
- overseeing the Group's capital allocation, business planning and performance;
- identifying and executing new business opportunities;
- managing the Group's risk profile and implementing and maintaining an effective framework of internal controls;
- developing targets and goals for his executive team;
- leading, with the Chairman, the development of the culture and values of the Group;
- ensuring effective communication with shareholders and key stakeholders and regularly updating institutional investors on the business strategy and performance;

- providing regular operational updates to the Board on all matters of significance relating to the Group's businesses or reputation;
- ensuring, together with the Chairman, an appropriate focus on attracting and retaining the right people and carrying out succession planning for senior management positions;
- deepening collaboration within the Group and with external partners; and
- fostering innovation and entrepreneurialism to drive the Group's businesses.

The Chairman has appointed the Group Managing Director as Managing Director of the Group's listed subsidiaries HKLH, DFIRGH and MOIL, pursuant to their respective Bye-laws. The Group Managing Director's role in relation to each of these businesses includes:

- providing oversight of the day to-day management of each business by its CEO and his leadership team;
- carrying out ongoing reviews of the business, financial and operational performance of each business against agreed objectives;
- providing regular feedback to each CEO on his/her performance and conducting an annual performance review;
- leading CEO succession planning;
- ensuring that there is appropriate discussion of future competencies required of the management team to execute the strategy;
- ensuring that the information submitted to the Board is of high quality and provided on a timely basis;
- ensuring the Board conducts reviews on past significant investment decisions; and
- communicating with shareholders as appropriate.

Non-Executive Directors

The Non-Executive Directors bring insight and relevant experience to the Board. They have responsibility for constructively challenging the strategies proposed by the Executive Directors and scrutinising the performance of management in achieving agreed goals and objectives. In addition, Non-Executive Directors work on individual initiatives as appropriate.

Board Meetings

The Board usually holds four scheduled meetings each year, as well as ad hoc meetings when appropriate to deal with urgent matters that arise between scheduled meetings. Board meetings are usually held in different locations around the Group's markets.

In March 2022, as border restrictions began to ease, a hybrid meeting was held in Singapore. The May 2022 Board meeting was held virtually. In-person Board meetings were held in Singapore in July and Bangkok in December.

The Board receives high quality, up-to-date information for each of its meetings, which is provided to Directors via a secure online board information portal. The Company reviews the information provided to the Board regularly, to ensure that it remains relevant to the needs of the Board in carrying out its duties.

Those of the Company's Directors who are based outside Asia will usually visit the region regularly to review and discuss the Group's businesses. They also participate in a series of strategy review meetings that precede each of the regular Board meetings. These Directors are not directly involved in the operational management of the Group's business activities, but their knowledge of the Group's affairs, as well as their experience of the wider Group, provide significant value to the ongoing review by the Company of the Group's businesses and reinforce the Board oversight process.

Board Attendance

Directors are expected to attend all Board meetings. The table below shows the attendance at the scheduled 2022 Board meetings:

	Meetings eligible to attend	% attendance
Current Directors		
Executive Directors		
Ben Keswick	4/4	100%
John Witt	4/4	100%
Y.K. Pang	4/4	100%
Graham Baker	4/4	100%
Adam Keswick	4/4	100%
Non-Executive Directors		
Stuart Gulliver	4/4	100%
David Hsu	4/4	100%
Julian Hui	4/4	100%
Anthony Nightingale	4/4	100%
Percy Weatherall	4/4	100%
Michael Wu	4/4	100%
Former Director		
Jeremy Parr	1/1	100%

Note: Jeremy Parr retired from the Board of the Company on 31st March 2022.

Appointment and Retirement of Directors

Each new Director is appointed by the Board and, in accordance with the Company's Bye-laws, is subject to retirement and re-appointment at the first annual general meeting after the appointment. After that, Directors are subject to retirement by rotation requirements under the Bye-laws, whereby one-third of the Directors retire at the annual general meeting each year. These provisions apply to both Executive and Non-Executive Directors, but the requirement to retire by rotation does not extend to the Chairman or Group Managing Director.

In accordance with Bye-law 84, David Hsu, Adam Keswick and Anthony Nightingale will retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election. Neither David Hsu nor Anthony Nightingale have service contracts with the Company or its subsidiaries.

Operational Management

Operational management is delegated to the appropriate level, and coordination with the Group's listed subsidiaries is undertaken by the board of the Group management company, JML. The JML board meets regularly in Hong Kong and is chaired by the Group Managing Director. It has six other members, whose names appear on page 207 of this Report.

Company Secretary

All Directors have access to advice and support from the Group Corporate Secretary, who is responsible for advising the Board on all governance matters.

Insurance and Indemnification

The Company purchases insurance to cover its Directors against their costs in defending themselves in civil proceedings taken against them in that capacity and in respect of damages resulting from the unsuccessful defence of any proceedings. To the extent permitted by law, the Company also indemnifies its Directors. Neither insurance nor indemnity arrangements, however, provide cover where the Director has acted fraudulently or dishonestly.

Delegations of Authority

The Group has an organisational structure with defined lines of responsibility and delegation of authority in place. Across the Group, there are established policies and procedures for financial planning and budgeting, information and reporting systems, risk management and monitoring of the Group's operations and performance. The information systems in place are designed to ensure that the financial information reported is reliable and up to date.

Directors' Responsibilities in Respect of the Financial Statements

Under the Companies Act, the Directors are required to prepare financial statements for each financial year and present them annually to the Company's shareholders at the annual general meeting. The financial statements are required to present fairly, in accordance with International Financial Reporting Standards ('IFRS'), the financial position of the Group at the end of the year, and the results of its operations and its cash flows for the year then ended. The Directors consider that applicable accounting policies under IFRS, applied on a consistent basis and supported by prudent and reasonable judgments and estimates, have been followed in preparing the financial statements. The financial statements have been prepared on a going concern basis.

Substantial Shareholders

As a non-UK issuer, the Company is subject to the provisions of the DTRs, which require that a person must, in certain circumstances, notify the Company of the percentage of voting rights attaching to the share capital of the Company that person holds. The obligation to notify arises if that person acquires or disposes of shares in the Company and that results in the percentage of voting rights which the person holds reaching, exceeding, or falling below, 5%, 10%, 15%, 20%, 25%, 30%, 50% and 75%.

The Company has been informed of the following holdings of voting rights of 5% or more attaching to the Company's issued ordinary share capital: the 1947 Trust (as defined below) is interested in 36,327,391 ordinary shares carrying 12.54% of the voting rights; Butterfield Trust (Bermuda) Limited is interested in 38,632,892 ordinary shares carrying 13.24% of the voting rights and First Eagle Investment Management, LLC is interested in 14,714,540 ordinary shares carrying 5.08% of the voting rights. Apart from these interests and the interests disclosed under 'Directors' Share Interests' below, the Company is not aware of any holders of voting rights of 5% or more attaching to the issued ordinary share capital of the Company as at 2nd March 2023.

There were no contracts of significance with corporate substantial shareholders during the year under review.

Related Party Transactions

Details of transactions with related parties entered into by the Company during the course of the year are included in note 37 to the financial statements on page 167.

Engagement with Shareholders and Stakeholders

The Group regularly engages with its shareholders and other stakeholders. Since the beginning of 2022, we have held two results briefings and a number of analyst and institutional shareholder meetings to provide an opportunity for questions to be asked of senior management, discuss concerns and hear feedback on areas where improvements could be made.

The Group also engages with internal and external stakeholders to communicate the progress it is making in respect of its sustainability approach and seek feedback. More information can be found in the Stakeholder Engagement and Materiality Assessment section of the Group's 2022 Sustainability Report, which will be published later this year and can be accessed via the corporate website https://www.jardines.com.

Securities Purchase Arrangements

The Directors have the power under the Bermuda Companies Act and the Company's Memorandum of Association to purchase the Company's shares. Any shares so purchased are required to be treated as cancelled and, therefore, reduce the Company's issued share capital. The Board regularly considers the possibility of share repurchases or the acquisition of further shares in Group companies. When doing so, it considers the potential for enhancing earnings or asset values per share. When purchasing such shares, the Company is subject to the provisions of MAR.

During the year ended 31st December 2022, the Company repurchased and cancelled 2,963,600 ordinary shares for an aggregate total cost of US$171 million. The ordinary shares, which were repurchased in the market, represented approximately 0.5% of the Company's issued ordinary share capital.

Annual General Meeting

The 2023 Annual General Meeting will be held on 4th May 2023. The full text of the resolutions and explanatory notes in respect of the meeting are contained in the Notice of Meeting that is distributed at the same time as this Report and can be found at https://www.jardines.com/en/investors/shareholder-centre/annual-general-meeting.

Corporate Website

The Company's corporate website, which contains a wide range of information of interest to investors, can be found at www.jardines.com.

Group Policies

Code of Conduct

The Group conducts business in a professional, ethical and even-handed manner. Its standards are clearly set out in its Code of Conduct, a set of guidelines to which every employee must adhere and which is reinforced and monitored by an annual compliance certification process. The Code of Conduct requires that all Group companies and employees comply with all laws of general application, all rules and regulations that are industry-specific and proper standards of business conduct. In addition, the Code of Conduct prohibits the giving or receiving of illicit payments. It requires that all managers be fully aware of their obligations under the Code and establish procedures to ensure compliance at all levels within their businesses.

During the year, the Code of Conduct has been updated to make it easier to understand, more impactful, and more relevant to the modern workplace. All employees are expected to familiarise themselves with the refreshed Code of Conduct and to be the person of integrity that the Code of Conduct envisages. Annual training on the refreshed Code of Conduct is being rolled out to staff. Each of the Group companies either applies the Code of Conduct or has implemented its own code of conduct which is aligned to the Code of Conduct but tailored to its particular industry, business or circumstances.

The Company's policy on commercial conduct underpins the Group's internal control process, particularly in the area of compliance. The policy is set out in the Code of Conduct.

The Code of Conduct can be viewed on the Company's website at https://www.jardines.com/en/about-us/corporate-governance.

Whistleblowing

The Company has a whistleblowing policy covering how employees can report matters of serious concern. The Audit Committee has the responsibility for overseeing the effectiveness of the formal procedures for colleagues to raise such matters and is required to review any reports made under those procedures referred to it by the internal audit function.

The Company has a confidential whistleblowing service, managed by an independent third party, which supplements existing whistleblowing channels in the business units to assist employees in raising matters of concern and reporting cases of suspected illegal or unethical behaviour. The service, which aims to help foster an inclusive, safe and caring workplace, is available 24 hours a day in multiple local languages and is accessible through phone hotline or online. Colleagues may make anonymous submissions in situations where it is inappropriate or not possible to report a matter of concern to a manager or supervisor, or a Human Resources ('HR') or Group Legal representative.

Reports may be lodged by one of three channels: email, website and telephone hotline. Each report is allocated a unique case number which enables follow-up with the reporter, if appropriate. Once a report is lodged, it is sent to certain authorised persons at the relevant business unit. These include senior representatives from legal, compliance and HR teams who have experience in dealing with such matters. The authorised persons will follow up on the report and investigate where necessary. The reporter will be notified of the outcome.

All reports are treated confidentially, and no retaliation against a person reporting a matter of concern in good faith will be tolerated.

Diversity and Inclusion ('D&I')

Jardines is a diversified Group operating a wide range of market-leading businesses across Asia and other regions. Our people represent many ideas, experiences, cultures and backgrounds. The Group's diversity is one of our key strengths, and our employees all have a part to play in ensuring that our workplace supports and encourages inclusion and collaboration.

The Group applies the principle that colleagues should always treat others in a way they would expect others to treat them. Bullying, intimidation, discrimination, and harassment of others have no place in the Group and will not be tolerated.

Our D&I Policy, which can be viewed at https://www.jardines.com/en/about-us/corporate-governance, encapsulates these principles and states that all employees, regardless of ethnicity, gender, age, sexual orientation, disability, background or religion, should be treated fairly and with dignity, should be given equal opportunities, and be valued for the contributions they make in their role.

We value the physical and mental health, safety and well-being of our employees, and this is key to the success of our Group. All staff are encouraged and supported to develop their full potential and contribute to the sustainable growth of the Group. Colleagues' views and ideas are important, and they are encouraged to express them respectfully at all levels within the organisation.

To build an inclusive workplace, we incorporate D&I principles across our business and HR practices. This includes:

- ongoing collaboration with our Group companies to ensure a set of inclusive working arrangements and policies to support D&I;
- keeping our recruitment, promotion and retention systems fair and based on aptitude, merit and ability, including ongoing reviews of remuneration to ensure appropriateness of pay levels;
- active talent management and career support for our talent pools, to provide equitable opportunities that will enable a diverse future pipeline of leaders; and
- cultivating the right set of leadership behaviours, through learning campaigns to ensure our people behave in a way consistent with the principles we have put in place.

The Company keeps the composition of its Board and senior management positions under review, to ensure that it adapts to the changing business landscape. The Company is actively focussed on increasing gender diversity at all levels of the organisation and in each of the Group's businesses.

The Company has a Group Head of D&I, who leads initiatives to develop a Group-wide approach to D&I and ensures that an open and inclusive culture is integrated into the way each of the Group's businesses operates.

We are continuing our work to create a diverse and inclusive culture where everyone can succeed. During the year, we launched a new D&I strategy to help progress our ambitions across the Group. New initiatives included a learning campaign on inclusive leadership and a comprehensive review to enhance HR policies and new processes which support D&I. We have also developed targets for increasing female representation in our workforce and leadership. We recognise, however, that further progress needs to be made to achieve our objectives.

Data Privacy

The Group is committed to being a responsible custodian of the data entrusted to it by customers, employees, suppliers and other stakeholders keeping the data secure and processing it in accordance with legal requirements and stakeholder expectations as they continue to evolve.

The Group's Code of Conduct and Data Breach Notification Policy underpin this commitment.

Remuneration Report

Introduction

This Report sets out the Company's approach to remuneration for its directors and employees. It summarises the link between the Company's values, strategy and its remuneration framework, and between performance and reward, in determining remuneration outcomes.

Remuneration Philosophy and Reward Framework

The Company aims to ensure that its compensation system is designed in a manner that reflects the Company's culture and strategic priorities. At the heart of the Company's remuneration framework is a commitment to deliver competitive remuneration for excellent performance at all levels, to attract the most talented individuals and motivate and retain them, while aligning the interests of colleagues and shareholders and taking account of stakeholder expectations, as appropriate.

The Company achieves this through performance-based variable compensation, reflecting incentives based on:

- financial measures and strategic objectives which reflect key goals critical to the long-term sustainable success of the Group and its businesses, including business and operational risk and sustainability-related goals; and
- individual performance objectives which reflect key development areas.

Given the nature of the Group and its diverse geographic base, a number of its senior executives are required to be offered international terms, and the nature of their remuneration packages is designed to reflect this, while retaining the link between remuneration to strategic and individual performance objectives.

The structure of remuneration varies from senior executive to more junior level employees and in particular the remuneration mix for employees varies depending on level. At senior executive levels, more remuneration is 'at risk', depending on performance levels against goals. At more junior levels, more remuneration is directed toward fixed remuneration. The Company strives to provide an appropriate amount of remuneration 'at risk' for the achievement of goals – whether those are short- or long-term in nature.

The Board has overall responsibility for setting remuneration for the Company's employees, ensuring it is appropriate and supports the Group's strategy, creating value for stakeholders and having regard to the core principles and integrity standard set out in the Code of Conduct.

How Remuneration is Linked to Business Strategy

The Company's approach to remuneration is designed to support and reinforce its strategic priorities, both short- and long-term. The level of remuneration is determined based on a review of the contribution to the achievement of these priorities. In particular, the level of contribution to and achievement of:

Priorities	Measurement period
Key strategic objectives and evolving the Group's portfolio	Long-term (>3 years)
Driving operational excellence	Short-term (<3 years)
Enhancing leadership and entrepreneurialism	Short-term
Progressing sustainability	Short- and long-term

At the beginning of each year, each senior executive sets out performance objectives that are relevant to their role. These objectives are required to take account of the role's expected contribution to the Company and be aligned with the Company's strategic direction, as well as Company culture. These objectives are then agreed between the senior executive and the Group Managing Director in consultation with the Executive Chairman, and the senior executive is held accountable for the agreed objectives. By assigning goals on an annual basis and reviewing them regularly, we ensure relevance to and alignment with the Group's strategic direction, as well as alignment between the interests of senior executives and shareholders.

Objectives are determined in a manner that allows the Company to achieve its strategic ambitions, while delivering competitive remuneration upon their achievement. Further, the objectives aim to motivate senior executives to pursue stretch performance, which may deliver above-target remuneration levels.

Each year the Company reviews senior executive achievements and approves compensation levels. Communication of remuneration-linked goals and attainment is designed to be simple in nature, so it is easy to understand for participants, and it can clearly show direct alignment to the strategic priorities of the Company.

Directors' Remuneration

Shareholders decide in general meetings the Directors' fees which are payable to the Chairman and all Non-Executive Directors, as provided for by the Company's Bye-laws.

The remuneration of the Company's Non-Executive Directors is not linked to performance. This is consistent with Non-Executive Directors being responsible for objective and independent oversight of the Group. The Company's Bye-laws provide that Non-Executive Directors may determine their own remuneration, but the total amount provided to all Directors (not including the Group Managing Director and any other Executive Directors of the Company) must not exceed the sum agreed by shareholders at a general meeting. The maximum aggregate remuneration of US$1.5 million per annum was approved by shareholders at the 2022 AGM. Non-Executive Directors do not receive bonuses or any other incentive payments or retirement benefits. The Non-Executive Directors are reimbursed for expenses properly incurred in performing their duties as a Director of the Company. The schedule of fees paid to Directors in respect of 2022 is set out in the table below. Fees are annual fees, unless otherwise stated:

	US$
Base Non-Executive Director fee	100,000
Audit Committee Member fee	35,000

	Director	Director fee US$	Audit Committee fee US$	Total fees US$
1	Ben Keswick (Chairman)	–	N/A	–
2	John Witt	–	N/A	–
3	Y.K. Pang	–	N/A	–
4	Graham Baker	–	N/A	–
5	David Hsu†	41,920	N/A	41,920
6	Adam Keswick	–	–	–
7	Percy Weatherall	100,000	N/A	100,000
8	Stuart Gulliver	100,000	35,000	135,000
9	Anthony Nightingale	100,000	35,000	135,000
10	Jeremy Parr^	–	N/A	–
11	Julian Hui	100,000	N/A	100,000
12	Michael Wu	100,000	N/A	100,000
	Total	541,920	70,000	611,920

† David Hsu appointed as Non-Executive Director on 1st August 2022.

^ Jeremy Parr retired from the Board on 31st March 2022.

The Executive Directors[2] are paid a basic fixed salary and receive certain employee benefits from the Group.

The Executive Directors' performance is assessed by reference to: (i) the overall contribution by each Executive Director to increasing shareholder value over the long-term, by reference to long-term sustainable growth in earnings per share, focussing on underlying earnings per share, a progressive dividend policy and the share price as well as the achievement of agreed Group objectives; and (ii) performance by reference to agreed individual objectives.

Depending on their performance, the Executive Directors may receive amounts in lieu of discretionary annual incentive bonuses from the income of a trust created in 1947 (the '1947 Trust'), which holds 36,327,391 ordinary shares in the Company, representing 12.54% of the Company's issued share capital.[3] The Executive Directors do not otherwise receive any discretionary annual incentive bonuses from the Group.

This arrangement benefits shareholders by aligning their interests with those of the Executive Directors. This happens in two principal ways.

First, the 1947 Trust was established and acts completely independently of the Company. Decisions as to the allocation of the 1947 Trust's income to the Executive Directors are made by the Executive Chairman, taking into account the interests of shareholders as a whole. Decisions as to the allocation of the 1947 Trust's income are made in consultation with the Group Managing Director and others, including certain Non-Executive Directors of the Company and with the benefit of appropriate external advice as and when appropriate. The fact that this assessment and these decisions are made by a significant shareholder, taking into account the interests of shareholders as a whole and not the Company, is a key benefit for shareholders of this structure and arrangement.

Secondly, a significant part (up to 30%) of the amounts paid to Executive Directors from the 1947 Trust is specified to be for the purposes of acquiring shares in the Company. Executive Directors are expected to acquire shares in the Company up to the relevant value within a six-month period after the payment and then retain such shares in accordance with the share ownership policy, described in the section entitled 'Share Ownership by Executive Directors' below.

The 1947 Trust's income consists solely of ordinary dividends it receives on its shareholding in the Company and therefore the amounts paid to Executive Directors from the 1947 Trust are neither expenses of, nor borne by, the Group. This also directly benefits shareholders.

Share Ownership by Executive Directors

The Company believes that it is essential to align the interests of shareholders and Executive Directors. This means creating an environment where the Executive Directors are incentivised to create long-term shareholder value. The Company has sought to do this in part by encouraging all Executive Directors to accumulate and hold shares in the Company for the long-term.

In this regard, in 2020 the Company adopted the Directors' Shareholding Policy (the 'Policy') which was then updated in 2021.

The Policy requires that each of the Executive Directors should build a meaningful and increasing shareholding in the Company over time.

[2] For the purposes of this section entitled 'Directors' Remuneration' and the following section entitled 'Share Ownership by Executive Directors', Executive Directors means the Executive Directors of the Company and JML.

[3] Under the terms of the 1947 Trust, income can be distributed to eligible beneficiaries, including to senior executive officers and employees of the Company and its wholly-owned subsidiaries. The Executive Directors from time to time are discretionary objects or beneficiaries of the 1947 Trust.

The Policy sets a minimum shareholding requirement. For all Executive Directors (other than the Executive Chairman and the Group Managing Director) the minimum requirement is to hold shares in the Company with a value of 2.5 times their annual basic salary. For the Executive Chairman and the Group Managing Director the value is five times their annual basic salary. New Executive Directors are permitted two years from the commencement of their employment to accumulate the required level of shareholding.

Notwithstanding these minimum shareholding requirements, the fact that a significant part of the amounts awarded to Executive Directors by the 1947 Trust (as described above) is specified to be for the purposes of acquiring shares in the Company means that the minimum levels will generally be exceeded for each Executive Director within a relatively short period after the commencement of their employment. Current shareholdings of the Executive Directors are set out below.

All shares, once acquired, should be retained by the relevant Executive Director for so long as they are engaged by the Group and for at least two years thereafter.

As and when any Executive Director ceases to hold any office or be employed by the Company or any member of the Group, the Executive Chairman will discuss with the relevant individual how the Policy will apply in his or her circumstances. However, as noted above, it is expected that former Executive Directors will retain all shares held at the cessation of their engagement with the Group for at least two years thereafter.

Remuneration Outcomes in 2022

For the year ended 31st December 2022, the Company's Directors received US$66.6 million *(2021: US$58.9 million)* in aggregate, being:

- Distributions from the 1947 Trust of US$58.1 million *(2021: US$48.8 million)*; and
- Directors' fees and employee benefits from the Group of US$8.5 million *(2021: US$10.1 million)*.

Directors' fees and employee benefits included:

- US$0.5 million *(2021: US$0.3 million)* in Directors' fees;
- US$7.8 million *(2021: US$9.4 million)* in short-term employee benefits including salary, bonuses, accommodation and deemed benefits in kind; and
- US$0.2 million *(2021: US$0.3 million)* in post-employment benefits.

Additionally, in 2021, Directors' fees and employment benefits included US$0.1 million in relation to share-based payments.

The information set out in this section headed 'Remuneration Outcomes in 2022' forms part of the audited financial statements.

Directors' Share Interests

The Directors of the Company and JML in office on 2nd March 2023 had interests* in the ordinary share capital of the Company as set out below. These interests included those notified to the Company in respect of the Directors' closely associated persons*.

Jardine Matheson Holdings Limited	Interests
Ben Keswick	48,637,169[a] [b]
John Witt	240,573
Y.K. Pang	445,000
Graham Baker	36,084
Stuart Gulliver	53,378
David Hsu	160,285
Adam Keswick	41,363,905[a] [b]
Anthony Nightingale	1,203,438
Percy Weatherall	40,226,839[a] [b]

Notes:

(a) Includes 1,750,004 ordinary shares held by a family trust, the trustees of which are closely associated persons of Ben Keswick, Adam Keswick and Percy Weatherall.

(b) Includes 36,143,701 ordinary shares held by family trusts, the trustee of which is a closely associated person of Ben Keswick, Adam Keswick and Percy Weatherall.

* within the meaning of MAR

Jardine Matheson Limited	Interests
Matthew Bland[a]	11,107
Stephen Gore[b]	35,000
Anne O'Riordan	18,614
Steve Sun[c]	–

Notes:

(a) Matthew Bland was appointed on 1st April 2022.

(b) Stephen Gore was appointed on 1st August 2022.

(c) Steve Sun was appointed on 1st August 2022.

In addition to the interests of the Directors of the Company and JML set out above, the interests for each of the Executive Directors include 36,327,391 ordinary shares in the Company held by the 1947 Trust, in which the Executive Directors are interested as discretionary objects under the 1947 Trust (as further described in the 'Directors' Remuneration' section above) and/or as the 1947 Trust is a closely associated person of certain of the Directors. For these purposes, such Executive Directors are deemed to be interested in the 36,327,391 ordinary shares held by the 1947 Trust.

In addition, as at 2nd March 2023, Ben Keswick, John Witt, Y.K. Pang, David Hsu and Adam Keswick held options in respect of 120,000, 90,000, 80,000, 30,000 and 50,000 ordinary shares, respectively, issued in the past pursuant to the Company's share-based long-term incentive plans.

Share Schemes

In the past, share-based long-term incentive plans provided incentives for Executive Directors and senior managers.
No options were granted in the period from 2020 to 2022, however, and there are no current plans to grant further options.
Share options are not granted to Non-Executive Directors.

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.

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
Current Audit Committee members		
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.

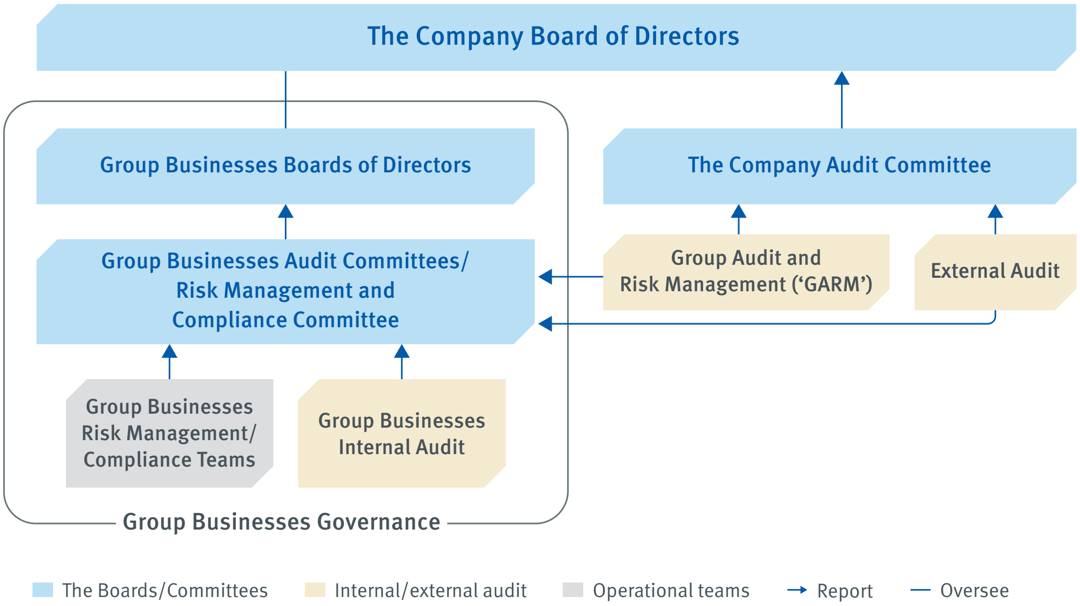
The Audit Committee considers the systems and procedures regularly and reports to the Board semi-annually. The Group's Audit and Risk Management function (Group Audit and Risk Management or 'GARM') assists the Audit Committee in fulfilling its assurance and reporting roles. GARM adheres to international 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:

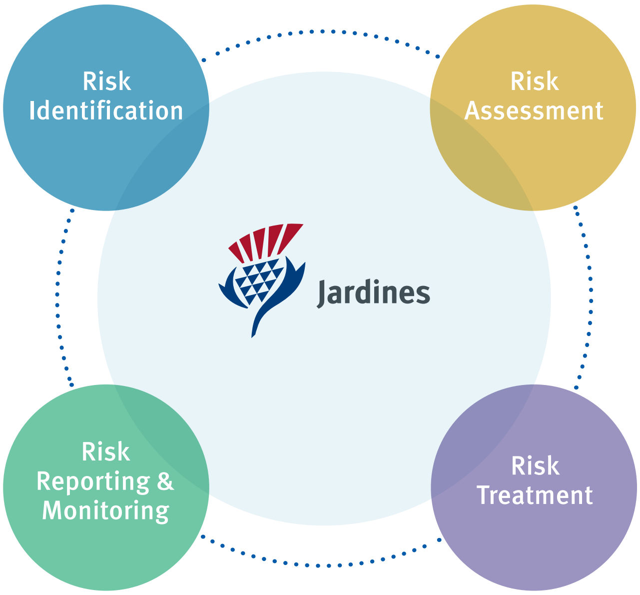
- identifying and assessing principal risks and uncertainties to which it is exposed;
- implementing the most appropriate actions to mitigate and control those risks to an acceptable level;
- providing adequate resources to minimise, offset or transfer the effects of any loss that may occur while managing 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

Principal Risks and Uncertainties

Set out below are the principal risks and uncertainties facing the Company as required to be disclosed pursuant to the DTRs, as well as a summary of the steps taken to mitigate those risks.

These risks are in addition to matters referred to in the Chairman's Statement, Group Managing Director's Review and other parts of the Annual Report.

Political and economic risk

Description

Changes and uncertainties in the political landscape pose risks for business activity and sentiment in the territories where the Group operates and, consequently, for the current investments and future growth of the Group's businesses.

Most of the Group's businesses are exposed to the risk of adverse developments in global and regional economies and financial markets, either directly, or through the impact such developments might have on the Group's joint venture partners, associates, franchisors, bankers, suppliers or customers. These developments could include recession, inflation, deflation, currency fluctuations, restrictions in the availability of credit, business failures, or increases in financing costs, oil prices or the cost of raw materials.

Mitigation

- Maintaining the Group's financial strength and funding sources under scenarios of economic downturn and other stresses.
- Monitoring the volatile macroeconomic environment and considering economic factors in strategic and financial planning processes.
- Making agile adjustments to existing business plans and exploring new business streams and new markets.
- Reviewing pricing strategies and keeping conservative assumptions on global commodity prices.
- Insurance programme covering business interruption due to civil unrest.

Customers' changing behaviours and market competition

Description

The Group's businesses operate in sectors and regions which are highly competitive and evolving rapidly. Failure to compete effectively, whether in terms of price, product, distribution, service or application of new technologies, can hurt margins, earnings or market share.

Sustainability considerations has increasingly resulted in customers switching to other companies, brands or providers that provide sustainable products or services.

Mitigation

- Utilising market intelligence and deploying digital strategies for business-to-consumer businesses.
- Establishing customer relationship management and digital commerce capabilities.
- Diversifying the customer base and reducing dependency on any key customers.
- Re-engineer existing business processes to take advantage of new technological capabilities.
- Invest in and partner with companies that can provide the Group access to different capabilities and technologies.

Investment, partnerships and franchise rights

Description

Conflicts with joint venture partners or other strategic partners may arise due to (i) different corporate cultures, management styles and risk appetite; (ii) disagreement over business priorities, strategy, and allocation of capital/resources; and (iii) conflicts of interests.

The Group's retail and motor businesses rely on their franchises on relationships with principals, whereby non-compliance with the agreement or a strained relationship with principals might result in principals terminating, not renewing or renegotiating the franchise agreement.

Mitigation

- Conducting sufficient research, due diligence and evaluation of investment opportunities and potential business partners.
- In-house Legal reviewing shareholder agreements to ensure adequate rights and protections are in place.
- Developing clear frameworks and levels of authority for investment or partnership decisions.
- Established Group Investment and Business Development Committee to review significant investments.
- Maintaining close relationships with senior management of business partners.
- Requesting and influencing joint ventures and associates to operate in a proper manner and in compliance with policies and procedures.
- Strengthening existing relationships with principals through sustaining strong market shares, achieving high customer retention and complying with dealer standards and principal's policies.

IT, facilities and cybersecurity

The Group's businesses are ever more reliant on technology in their operations and face increasing cyber-attacks from groups targeting both individuals and businesses. As a result, the privacy and security of customer and corporate information are at risk of being compromised through a breach of our IT systems or the unauthorised or inadvertent release of information, resulting in brand damage, impaired customer trust, loss of competitiveness or regulatory action.

Cyber-attacks stemming from inadequate cybersecurity or lack of employee cybersecurity awareness may also adversely affect the function of important equipment and facilities and our ability to manage daily business operations, resulting in business interruption, reputational damage, regulatory penalties, lost revenues, repair or other costs.

Mitigation

- Engaging external consultants to perform assessments on the business units with industry benchmarks.
- Defining cybersecurity programme and centralised function to provide oversight, promote cybersecurity hygiene, strengthen cybersecurity defences and manage cybersecurity incidents.
- Performing regular vulnerability assessment and penetration testing to identify weaknesses.
- Maintaining and testing disaster recovery plans and backup for data restoration.
- Arranging regular security awareness training at least annually and phishing testing to raise users' cybersecurity awareness.
- Conducting regular internal audits of IT general controls and cybersecurity.

Concentration risk

Description

Certain locations in Asia contribute a significant portion of the Group's underlying profit and are where many of its key functions and senior management are based. Adverse conditions such as social upheaval, erosion of the rule of law or travel restrictions could reduce a location's competitiveness and impact the Group's businesses concentrated operations in that jurisdiction.

Mitigation

The diverse nature of the Group's businesses mitigates concentration risk at a portfolio level. Ongoing strategic initiatives include:

- Exploring diversification of businesses through organic growth, selective acquisitions and establishing support services beyond locations where the Group typically operates.
- Maintaining financial strength under challenging scenarios.
- Further strengthening the Group's brands to sustain competitiveness and resilience.
- Supporting governments with constructive input and activities.

Talent and labour

Description

The competitiveness of the Group's businesses depends on the quality of the people that it attracts and retains. The unavailability of needed HR may impact the ability of the Group's businesses to operate at capacity, implement initiatives and pursue opportunities.

Recent and future workforce rationalisation in some businesses may raise the potential for organisational gaps in capabilities, succession and controls.

Mitigation

- Supporting workforce practices that promote well-being and flexible work arrangements that are competitive with the market.
- Ensuring proactive manpower planning and succession planning are in place.
- Enhancing modern employer branding, training for staff members, compensation and benefits, including retention incentives.
- Establishing employee assistance and counselling programmes.
- Enhancing talent development plans to increase employees' visibility on future career paths, including identifying strategic talent pools.
- Delivering new learning academy programmes to equip staff with finance, procurement, HR, digital, IT and innovation technical capabilities for business transformation.

Environmental and climate risk

Description

Environmental disasters such as earthquakes, floods and typhoons can damage the Group's assets and disrupt operations. The Group is also facing higher insurance premiums or reduced coverage for such natural disasters.

Some of the Group's businesses operate in areas which are sensitive from a biodiversity point of view have the potential to impact the local environment and to be negatively perceived by stakeholders.

Mitigation

- Sustainability Leadership Council established to mobilise and coordinate sustainability efforts across the Group.
- A Climate Action Working Group, with representatives from all business units, drives Group-wide initiatives which strengthen collaboration and share knowledge.
- Each business is building a net zero carbon pathway and climate change plan to build climate resilience.
- Conducting climate risk assessments and adaptation action plans based on recommendations of TCFD, including implementing measures to address physical risks posed by climate change and identifying opportunities in global transition to a low carbon economy.
- Company has issued Just Energy Transition commitments to scale up investment in renewable energy and related innovations, diversify into non-coal mineral mining, and make no investments in new thermal or metallurgical coal mines or new thermal coal-fired power plants.

Third-party service provider and supply chain management

Description

Supply chain disruption caused by key suppliers or service providers, or failure to deliver by contractors/subcontractors could cause significant operational disruption, lack of inventory supply, financial loss and reputational damage to the businesses.

The Group's operations may be materially affected if third parties on which we depend are compromised by cyber-attacks. With increased reliance on third-party ecosystems, the Group has greater exposure to third-party risk if there is insufficient vetting, oversight or visibility over third parties and their subcontractors, particularly on information security, resilience, regulatory compliance, and their ongoing capability.

Mitigation

- Ensuring protective terms and conditions in third-party service agreements, including vendors being contractually required to bear higher liability for failures to deliver or if they are responsible for a cyber incident at a Group business.
- Having robust evaluation and selection procedures for vendors and third-party service providers, including an information security assessment where appropriate.
- Engaging suppliers only if they agree to comply with a supplier code of conduct where businesses require.
- Maintaining a minimum safety stock for key/high risk ingredients at all times.
- Sourcing back-up suppliers, warehouses or other alternative plans.
- Maintaining strong relationships with suppliers that are designated by principals.
- Maintaining supplier insurance to cover logistics interruption.

- Ensuring early negotiation of new contracts for key service providers.
- Diversifying the product range to reduce the impact of disruptions to single products.
- Including third-party disruption scenarios as part of business continuity planning.

Change management, cultural agility and strategic initiatives

Description

Challenges include managing change, fostering an agile and entrepreneurial culture that supports innovation and exploring, and ensuring skilful project management of strategic initiatives.

Dependence on legacy systems and processes may also undermine change initiatives due to inability to support new tools and efficiency improvements.

Inadequate change management, cultural agility or strategic initiatives could lead to erosion of competitive position and reputation, loss of valued employees, project delays, failure to deliver results on invested resources, and lost opportunities for cross-business synergies.

Mitigation

- Senior management maintain support and regular communication across the organisation on strategic direction and cultural values.
- Oversight of material strategic initiatives by Steering Committees or Board.
- Encouraging innovation, including cross-organisation sharing of ideas, incentives and championing of change initiatives.
- Encouraging cross-departmental input and involvement on projects.
- Appointing experienced personnel to manage projects and change, including external consultants where needed.
- Exploring potentially disruptive business models by partnering with start-ups or allowing business units autonomy to create new ventures.

Health, safety and product quality

Description

Several of the Group's businesses engage in construction, production or other physical activities that may lead to serious injury or fatal incidents if work conditions are unsafe or workers do not take due care to observe safety procedures.

The safety and quality of food products, elevators, vehicles and other items delivered by the Group's businesses are fundamental to their reputation with customers. Any actual or perceived deficiency in product safety or quality may damage consumer confidence and the brand's reputation, leading to financial loss.

Mitigation

- Establishing and maintaining safe working environments and regular safety training for all employees and subcontractors.
- Establishing contractual requirements for contractors to comply with high expected levels of safety standards.
- Incorporating site safety plans in tenders and contracts.
- Conducting occupational health and safety awareness campaigns.
- Disseminating safety materials such as signage, guard rails and pictorial representations of safe work procedures accessed via mobile phones.
- Purchasing sufficient insurance coverage including employee compensation and motorbike insurance for delivery riders.
- Establishing product quality and safety standards, guidelines.
- Reporting and including quality and food safety as KPIs.
- Establishing and maintaining proper supplier selection processes.
- Implementing comprehensive quality control measures in all retail stores.
- Ensuring suppliers follow the Group's guidelines, principals' requirements and local regulations.
- Conducting regular audits on suppliers, manufacturers, warehouse services providers and own facilities.
- Conducting periodic drills and crisis management procedures for safety incidents, including media handling.
- Obtaining adequate product liability insurance.

Compliance with and changes to laws and regulations

Description

The Group's businesses are subject to several regulatory regimes in the territories they operate in. New or changing laws and regulations in a wide range of areas such as foreign ownership of assets and businesses, exchange controls, building and environmental standards, competition, tax, employment and data privacy could potentially impact the operations and profitability of the Group's businesses.

Non-compliance may lead to reputational damage from media exposure and financial loss due to litigation or penalties by government authorities.

Mitigation

- Engagement of legal experts at early stage to assess implications of new rules.
- Staying connected and informed of relevant new and draft regulations.
- Annual update on new regulations.
- Lobbying of relevant bodies.
- Undertake early scenario planning assessing the implications of new rules and preparing contingencies.

Pandemic

Description

COVID-19 has demonstrated the wide-ranging and long-lasting impacts and disruptions for businesses, communities and employees that may result from the spread of a pandemic.

Significant disruptions and uncertainties would likely result from global or regional pandemics if they raise the prospect of lockdowns, restrictions on cross-border mobility, interruptions to supply chains, and dampened consumer sentiment while vaccines are unavailable.

Mitigation

- Increasing flexibility and resilience of work arrangements, including tools that enable all employees to work remotely.
- Testing business continuity plans periodically for various scenarios including loss of premises, systems, people and extended periods of split teams.
- Increasing resilience of supply chain with sourcing alternative suppliers for key inputs and close coordination with logistics partners.

Customer exposures and claims on customers

Description

If not carefully managed, receivables from customers could be impaired and lead to financial loss. Customers may also present financial exposures for businesses that provide product warranties or insurance as part of their offering.

For construction projects, claims on customers are substantial parts of the contract sum. Failure to agree claims with customers due to disputes on terms such as delivery of contractual scope or cost estimates may impair profitability and cash flow of the projects.

Mitigation

- Setting credit limits based on comprehensive and regular evaluation of customers' creditworthiness.
- Monitoring the ageing of accounts receivable.
- Implementing receivables collection to maximise recoverability.
- Reviewing and ensuring terms and conditions of contracts are acceptable, including payment terms, during tender stage.
- Maintaining sufficient provision for doubtful debts, based on prudent assessment of recoverability of receivables.
- Allocating sufficient allowances for contingencies for each project.
- Considering sanctions lists when assessing potential customers.

Financial strength and funding

Description

The Group's activities expose it to a variety of risks to its financial strength and funding, including market risk, credit risk and liquidity risk.

The market risk the Group faces includes (i) foreign exchange risk from future commercial transactions, net investments in foreign operations and net monetary assets and liabilities that are denominated in a currency that is not the entity's functional currency; (ii) interest rate risk through the impact of rate changes on interest bearing liabilities and assets; and (iii) securities price risk as a result of its equity investments and limited partnership investment funds which are measured at fair value through profit and loss, and debt investments which are measured at fair value through other comprehensive income.

The Group's credit risk is primarily attributable to deposits with banks, contractual cash flows of debt investments carried at amortised cost and those measured at fair value through other comprehensive income, credit exposures to customers and derivative financial instruments with a positive fair value.

The Group may face liquidity risk if its credit rating deteriorates or if it is unable to meet its financing commitments.

Several of the Group's businesses and projects may have concessions, franchises or other contracts which contain financial requirements as part of their obligations which, if breached, may lead to termination or renegotiation.

Mitigation

- Setting clear policies and limits on market, credit and liquidity risks, including in relation to foreign exchange exposure, interest rate risks, cash management and prohibition on derivatives not used in hedging.
- Regular internal audits of compliance with treasury policies.
- Adopting appropriate credit guidelines to manage counterparty risk.
- When economically feasible, taking borrowings in local currency to hedge foreign exchange exposures on investments.
- Fixing a portion of borrowings in fixed rates.
- Maintaining adequate headroom in committed facilities to facilitate the Group's capacity to pursue new investment opportunities and to provide some protection against market uncertainties.
- Keeping an appropriate funding balance between equity and debt from banks and capital markets, both short- and long-term in tenor, to give flexibility to develop the business.
- Maintaining sufficient cash and marketable securities, and availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions.
- The Group's Treasury operations are managed as cost centres and are not permitted to undertake speculative transactions unrelated to underlying financial exposures.

The detailed steps taken by the Group to manage its exposure to financial risk are set out in the Financial Review on pages 42 to 49 and Note 43 to the financial statements on pages 181 to 190.

Governance and misconduct

Description

Ethical breaches, management override of controls, employee fraud and misconduct, or other deficiencies in governance and three lines of internal controls may result in financial loss and reputational damage for the Group.

Inadequate capability and diversity in management or the Board may also lead to sub-optimal deliberations and decisions.

The Group holds minority stakes in various companies. Lack of control or significant influence over these companies may lead to losses on the Group's investment if the companies are mismanaged.

Mitigation

- Established Groupwide mandatory Code of Conduct and training that applies to all Group businesses and new joiners.
- Maintaining a robust Corporate Governance Framework which includes whistle-blowing channels.
- Compliance departments of individual businesses reviewing internal controls.
- Maintaining functionally independent internal audit function that reports to the Group Audit Committee on risk management, the control environment and significant non-compliance matters.
- Maintaining Professional Indemnity, Crime and General Liability insurance policies with adequate coverage.

Monitoring of Risk Management and Internal Control Systems

The effectiveness of the Company's risk management and internal control systems is monitored by the internal audit function, which reports functionally to the Audit Committee of the Company, and by a series of audit committees or risk management and compliance committees that operate in each significant business unit across the Group. The internal audit function also monitors the approach taken by the business units to managing risk. The findings of the internal audit function and recommendations for any corrective action required are reported to the relevant audit committee and, if appropriate, to the Company's Audit Committee.