

Audit Committee Report

Chair's introduction



I am pleased to present the Audit Committee's report for the year ended 31 December 2024. As part of the continuing focus on evolving the Company's governance, we increased the number of Audit Committee meetings each year to three in 2024, with the extra meeting held in December. The third Audit Committee meeting focused on providing the Company with an early warning for issues that might impact the full-year results.

The challenging macro environment has been an area of focus for the Audit Committee this year, with close attention paid to the non-cash impairments in Hongkong Land's Build-to-sell business on the Chinese mainland in the first half, in addition to first-half headwinds faced by a number of our portfolio companies, including lower new car sales margins at Zhongsheng and commodity prices at Astra.

The Audit Committee has regularly scrutinised key accounting issues and judgements made by management, to monitor and

assess the continued integrity of the Company's financial reporting. Read more in note 44 to the financial statements.

The Audit Committee has monitored the approach and scope of the Company's non-financial reporting framework, taking into account evolving environmental, social and governance reporting. It also receives regular updates from management on the wider control environment, such as the controls in place for financial reporting, and examines the progress being made in remediating any deficiencies, with input from the Group's Audit and Risk Management function (GARM) and our external auditor, PricewaterhouseCoopers (PwC).

The Audit Committee reviewed and monitored the Company's principal risks through a combination of business reviews, focused engagements, and regular updates from management, GARM, and PwC. Read more on page 93.

The Audit Committee's role is to monitor the effectiveness of the Company's financial reporting, including ESG and climate-related financial disclosures, systems of internal control, and risk management. The Audit Committee also monitors the integrity of the Company's external and internal audit processes.

The Audit Committee's key responsibilities are summarised in its terms of reference on page 92, and the full terms of reference can be obtained from the Company's website at www.jardines.com.

Stuart Gulliver

Audit Committee

The Board is supported by the activities of the Audit Committee. Matters considered by the 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);
- Janine Feng; and
- Michael Wu.

Stuart Gulliver was appointed as the chairman of the Committee with effect from 25 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 Committee on 2 March 2023, in place of Adam Keswick who stood down with effect from the same date. Janine Feng was appointed as a member of the Committee on 5 May 2023. Janine Feng has recent financial experience and expertise, as well as a deep understanding of risk management.

As announced on 24 November 2023, Anthony Nightingale stepped down from the Committee on 31 January 2024 and the Audit Committee now comprises only INEDs.

The Company's Group 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 Committee meets on a scheduled basis three times a year (the number of annual meetings was increased from two to three in 2024 as part of the Group's focus on improving its governance approach further and strengthening the oversight of the Committee).

The Committee 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; business ethics issues and the risks related to information systems and procedures;
- independent oversight and responsibility for cybersecurity;
- monitoring and reviewing the effectiveness of the internal audit function and the Group's external auditor;

- 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 Company's half-year and full-year results, a review is undertaken by the Committee, with the executive management, 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. A report is also received by the Committee 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 portfolio companies. The Committee confirms, to the best of its knowledge, the consolidated financial statements prepared in accordance with International Financial Reporting Standards, including International Accounting Standards and Interpretations as issued by the International Accounting Standards Board, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group.

The 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 portfolio companies.

The matters considered by the Audit Committee during 2024 included:

- reviewing the 2023 annual financial statements and parts of the 2023 annual report and accounts, as well as the 2024 half-yearly financial statements, with particular focus on the valuation of investment properties, recoverability of properties for sale held by the Group and its joint ventures, provisioning for consumer financing debtors, carrying value of associate investments in Zhongsheng and Robinsons Retail and accounting for the divestment of associate Yonghui;
- 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 and compliance 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;
- 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 2024;
- reviewing the biennial assessment of the effectiveness of the Group's Internal Audit function;
- reviewing audits of businesses by PwC and by auditors other than PwC;
- reviewing confirmations provided in respect of the Group's exposure to fraud;
- reviewing the assurance provided by PwC as External Auditor on the Group's Sustainability metrics;
- reviewing the Group's governance approach to cybersecurity management, data security and privacy management across its businesses; and
- reviewing the independence, audit scope and fees of PwC as External Auditor and recommending their re-appointment as the External Auditor.

Audit Committee attendance

The table below shows the attendance at the scheduled 2024 Audit Committee meetings:

| | Meetings eligible to attend | % attended |
|--|-----------------------------|------------|
| Audit Committee members in 2024 | | |
| Stuart Gulliver (Chairman) | 3/3 | 100% |
| Janine Feng | 2/3 | 67% |
| Michael Wu | 3/3 | 100% |

Auditor independence and effectiveness

The independence and objectivity of the Group's external auditor are safeguarded by control measures, including:

- reviewing the nature of non-audit services (including compliance with the Company's 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 audit partner after seven years following the transfer in 2023 of audit responsibility from PwC UK to PwC Hong Kong;
- 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 2024 of the external auditor's independence and effectiveness found that they 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 Committee members and internal stakeholders, and the levels of technical skills and experience to be effective.

At each AGM of the Company, the Company is required to appoint an external auditor to hold office until the conclusion of the next AGM. The Company's shareholders approved the reappointment of PwC HK as the Company's external auditor at the AGM on 8 May 2024.

Risk management and internal control

The Board has overall responsibility for the Group's systems of risk management and internal control. It is supported by the Audit Committee which is responsible for providing oversight of the Group's risk management activities.

The Audit Committee considers the Group's principal risks and uncertainties, as well as emerging risks that it may face. It also ensures that the Group maintains robust risk management systems to safeguard the Group's interests and those of its stakeholders. In addition, it reviews the effectiveness of the design and operation of the Group's systems of internal control (financial, operational and compliance) and the practices that the Group adopts to mitigate these risks. In 2024, the Audit Committee reported to the Board three times.

During the year, the Group reviewed its approach to ensuring appropriate governance of the portfolio operating companies. Following this review, in addition to having full accountability for setting and executing strategy, and driving operational performance and capital allocation to deliver enhanced growth and shareholder returns, the Boards and Executive Leadership of the portfolio companies are also fully accountable for governance, risk management and internal control. Accordingly, the Group’s executives no longer take a direct role in day-to-day operations or governance of the portfolio companies and the Board fulfils its assurance and reporting roles for the Group primarily by relying on portfolio Boards, Audit Committees and Executive Teams and their respective processes.

In order to advise on governance, risk management and risk appetite, the Group maintains ongoing engagement with the portfolio companies through shareholder representatives on both the Boards and Audit Committees of key controlled portfolio companies. Key risk and governance matters are regularly reported to the Group’s Audit Committee by the Chair of each portfolio company Audit Committee.

The Group has an established risk management process which has not changed materially and covers all of its portfolio companies. This process includes the portfolio companies maintaining their own risk registers that detail their existing and emerging risks to the achievement of their strategies as well as relevant key controls and mitigating actions to address these risks.

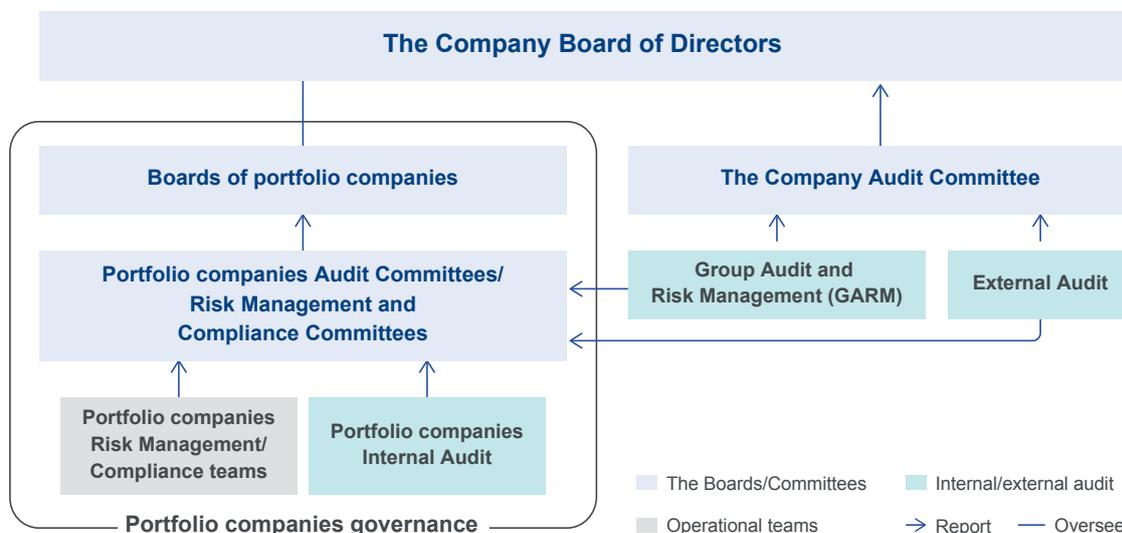
The Group’s Audit and Risk Management function (‘GARM’) assists the Audit Committee with fulfilling its assurance and reporting roles. GARM adheres to international professional practice standards for internal auditing. To safeguard its independence and objectivity, GARM reports functionally to the Audit Committee of the Group and has full and unrestricted access to the Group business functions, records, locations and personnel.

The Group expects each portfolio company to make appropriate provision for high-quality, independent internal audit of its operations, controls and risk management and governance processes. The choice of who to appoint to perform such work rests with the Audit Committees of the respective portfolio companies although, in many cases, GARM is appointed to fulfil this internal audit role. Whether or not that is the case, the Group requires the quality of audit work provided to each portfolio company to be regularly assessed (at least every five years) by a third-party independent consultant.

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

The Group’s risk management process, risk register and internal control are reviewed by GARM on a regular basis.

Risk governance structure



The Group operates a “three lines of defence” risk governance framework which defines clear responsibilities and the structure for ensuring accountability for and transparency regarding its risk management practices, as shown below:

- First line: identifies and assesses relevant risks and then implements and manages specific responses to, and other mitigating actions for, these risks. It also establishes, and is responsible for, control activities which ensure that its operations are carried out properly. Such activities are considered an integral part of corporate operations. The first line comprises functional management at the Group and in the portfolio companies as well as these entities’ company leadership;
- Second line: monitors the key risks of the Group’s portfolio companies and ensures that controls implemented by the first line are appropriate and effective. It also provides support to the first line in the identification and assessment of key risks, as well as in the implementation of the procedures and controls necessary to address them. This second line is entrusted to risk management and compliance functions at the Group and in the portfolio companies; and
- Third line: performs independent and objective assurance and advisory activities, to assess the adequacy of internal control, risk management and corporate governance processes, using a risk-based approach. These are carried out by the internal audit functions of the Group and of the portfolio companies, which operate independently.

The Group and each portfolio company are responsible for:

- implementing risk management and “three lines of defence” framework;
- identifying and assessing the principal and emerging risks and uncertainties to which the Group and each portfolio company are exposed, respectively;

- implementing the most appropriate actions to mitigate and control these risks to an acceptable level;
- providing adequate resources to minimise, offset or transfer the effects of any relevant risk event that may occur, whilst considering related costs and benefits;
- monitoring the effectiveness of their systems of risk management and internal control;
- reporting periodically to their respective board of directors and audit committee (or equivalent body) on principal and emerging risks and uncertainties; and
- reporting on key risks and other matters to GARM as part of GARM’s process for reporting to each Group Board and Audit Committee meeting.

GARM is responsible for:

- assisting the Company’s Audit Committee with fulfilling its assurance and reporting roles in governance, risk management and internal control, and reporting periodically on the results of this assistance, as mandated, including on its review of key risks and other matters reported from the Group’s portfolio companies;
- conducting internal audits of the processes implemented by the Group and the portfolio companies, where mandated;
- reviewing and aggregating risks reported by the Group’s portfolio companies and maintaining the Group’s risk register; and
- raising awareness of the Group’s approach to risk management amongst colleagues via various educational activities and communications.

Risk management framework

Risk management is integrated into the Group’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 the COSO principles, has been established and embedded into the Group's business activities, to enable the Group and each portfolio company to identify and assess their key risks and define their strategies for treating, monitoring and reporting on

such risks. The risk registers prepared by each portfolio company 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:

| | |
|--|--|
| <p>Risk identification</p>  <ul style="list-style-type: none"> Identifying and documenting the exposure to risks relating to the achievement of its strategic objectives, categorised with reference to a risk taxonomy. Adopting structured and methodical techniques for identifying critical risks. | <p>Risk treatment</p>  <ul style="list-style-type: none"> Tolerate – accepting the risk if it is within the risk appetite. Terminate – disposing of or avoiding the risk if there is no appetite to accept it. <p>Risks may be accepted if mitigated to an appropriate level via:</p> <ul style="list-style-type: none"> Transfer – insuring against the risk or sharing it through contractual arrangements with business partners. Treat – redesigning controls or introducing new controls to address the risk, and monitoring the performance of these controls. |
| <p>Risk assessment</p>  <ul style="list-style-type: none"> Evaluating risks by estimating the likelihood of their arising, their potential financial and reputational impact, and the speed at which they may materialise, at both the inherent and residual levels. Determining the relative significance of each risk using a scoring system and reflecting this in a risk trend summary based on residual risk. | <p>Risk reporting & monitoring</p>  <ul style="list-style-type: none"> Periodically reviewing principal risks and uncertainties. Monitoring the adequacy and effectiveness of risk management activity and internal control through regular review. Regularly reporting of principal risks and uncertainties by the portfolio companies to the Company's Board of Directors via the Audit Committee and GARM. |