CORPORATE GOVERNANCE

Overview of the Group's Governance Approach

DFI Retail Group (DFI Retail Group Holdings Limited (the 'Company') and its subsidiaries together known as 'DFI Retail Group' or the 'Group') understands the value of good corporate governance in driving the long-term sustainable success of business and attaches importance to the corporate stability that strong governance brings, as well as the opportunities that result from it being part of the Jardine Matheson Holdings Limited ('Jardine Matheson') group.

The Group is committed to high standards of governance. The system of governance it has adopted has been developed, over many years, by the members of the Jardine Matheson group, and both the Group and its stakeholders regard as appropriate to the nature of its business and the long-term strategy it pursues in its markets, primarily China and Southeast Asia. The Group's governance framework is tailored to its size, ownership structure, complexity and breadth of businesses. It enables the Company to benefit from Jardine Matheson's strategic guidance and professional expertise while at the same time ensuring that the independence of the Board is respected and clear operational accountability rests with the Company's executive management teams.

The Company also ensures that the Group retains and promotes those characteristics and values of a family-owned business that have enabled the Group to prosper over the long-term:

- **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, as opposed to focussing on short-term profitability. 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. The Company has focussed in years 2021 and 2022 on changing the Group's approach to corporate governance more generally and has led a series of changes to the governance of the Group, including the composition of the Company's Board. These changes, which were made to the Board in November 2021, have increased the diversity and brought greater sector expertise to the Board through the appointment of new Independent Non-Executive Directors. The size of the Board has also generally reduced as a result of the retirement of a number of Directors. In addition, the Company has established formal Audit, Remuneration and Nominations Committees at the listed company level.

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.

Having an effective corporate governance framework supports the Board in delivering the Group's strategy and supports long-term sustainable growth, and ensuring it operates transparently and in accordance with the best practice.

Group Structure

Jardine Matheson is the ultimate holding company of the Group. The structural relationship between the Jardine Matheson group and the Group is considered a key element of the Group's success. By coordinating objectives, establishing common values and standards, and sharing experience, contacts and business relationships, the Jardine Matheson group companies, including the Group, aim to optimise their opportunities across the Asian countries in which they operate.

To better reflect the future business plans and development of DFI Retail Group and provide the Company with a more relevant and distinctive corporate identity that would benefit its future business development, the Company's name had been changed from 'Dairy Farm International Holdings Limited' to 'DFI Retail Group Holdings Limited' on 5th May 2022.

Governance and Legal Framework

The Company is incorporated in Bermuda. The retailing business interests of DFI Retail Group are entirely in Asia. 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 Dairy Farm International Holdings Limited Consolidation and Amendment Act 1988 (as amended), pursuant to which the Company was incorporated and the Bermuda Dairy Farm International Holdings Limited Regulations 1993 (as amended) were implemented; and
- The Company's Memorandum of Association and Bye-laws.

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 on the LSE 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 (the 'DTRs') issued by the Financial Conduct Authority in the United Kingdom (the 'FCA'), the UK Market Abuse Regulation (the '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 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.

Governance and Legal Framework continued

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 as were then applicable to the Company's premium listing. As a result, the Company adopted several governance principles (the 'Governance Principles') which were 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. In addition, the Company shall observe the mandatory related party transaction rules under the DTRs, including assessment, approval and disclosure requirements for material related party transactions, that apply to UK standard-listed companies.

- 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 ('AGM'), 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.

The Management of the Group

The 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 for which the Directors are responsible 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 significant changes to 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 annual 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 of capital expenditure (other than major capital expenditure which is required to be approved by the Board), has been delegated to the finance committee established within the Hong Kong-based Group management company, DFI Retail Group Management Services Limited ('DFIRGMS'), with specific written terms of reference outlining its role and authorities.

The Company sees the value of regularly reviewing the effectiveness of its processes and making improvements where appropriate.

Board Composition and Operational Management

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

The Chairman has been appointed in accordance with the provisions of the Bye-laws of the Company, which provide that the chairman of Jardine Matheson, or any Director nominated by him, shall be the Chairman of the Company.

The Company has a dedicated executive management team led by the Group Chief Executive. The Memorandum of Association of the Company, however, provides for the chairman of Jardine Matheson to be, or to appoint, the Managing Director of the Company. Reflecting this, and the Jardine Matheson group's 78% interest in the Company's share capital, the Group Chief Executive and the Managing Director meet regularly. Similarly, the board of DFIRGMS and its finance committee are chaired by the Managing Director and include DFI Retail Group executives as well as Jardine Matheson's deputy managing director, group finance director and group general counsel.

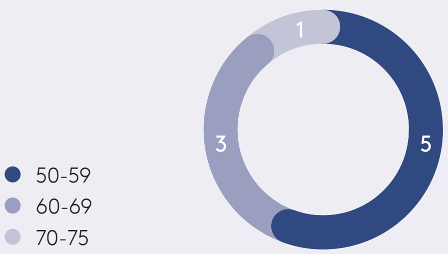
Board Composition and Operational Management continued

The presence of Jardine Matheson representatives on the Board and Audit Committee of the Company, as well as on the board and finance committee of DFIRGMS, provides an added element of stability to the Company's financial planning and supervision, enhancing its ability to raise finance and take a long-term view of business development. In addition, the presence of Jardine Matheson representatives on the Company's Board, Audit, Nominations and Remuneration Committees, as well as DFIRGMS' finance committee, also strengthens the ability of management to work effectively together in exploiting the full range of the Jardine Matheson group's commercial strengths.

As at 2nd March 2023, the Company comprises nine Directors, three of whom (33%) – Dave Cheesewright, Weiwei Chen and Christian Nothhaft – are Independent Non-Executive Directors as defined by the Code. A Non-Executive Director – Anthony Nightingale – does not have any executive responsibilities, nor has he been an employee of the Company or the Group within the past five years. He is sufficiently distanced from the day-to-day operations of the Company for the Company to take the view that he is an Independent Non-Executive Director, even though he has served on the Board for over nine years, bring the number of Independent Non-Executive Directors to four (44%). The names of all the Directors and brief biographies appear on pages 51 and 52 of this Annual Report.

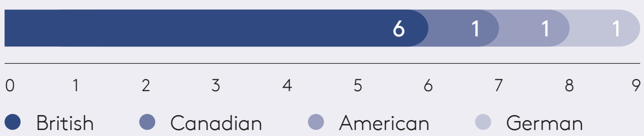
Ben Keswick has been Chairman of the Board since 16th May 2013. John Witt has held the role of Managing Director from 15th June 2020. Ian McLeod has been Group Chief Executive since 18th September 2017. Ben Keswick previously held the roles of Chairman and Managing Director combined from 16th May 2013 until the separation of these roles from 15th June 2020. The Board considers that there is a clear division of responsibilities among the Chairman, the Managing Director and the Group Chief Executive in order to ensure an appropriate balance of power and authority is maintained at all times.

Age of Directors

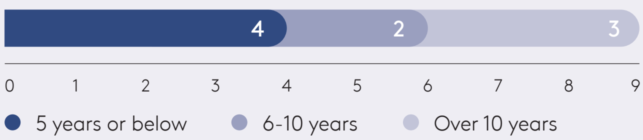


Capacity of Directors

Nationality of Directors



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. In addition, 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:

- Leading, with the Managing Director and the Group Chief Executive, the development of the culture and values of the Group;
- Supporting the development and maintenance of relationships with existing and new key business partners, governments and shareholders;
- Ensuring (together with the Managing Director and the Group Chief Executive) an appropriate focus on attracting and retaining the right people and carrying out succession planning for senior management positions;
- Creating a culture of openness and transparency at Board meetings;
- Leading, with the Managing Director, the succession planning for the Group Chief Executive;
- Building an effective Board supported by a strong governance framework;
- Ensuring all Directors effectively contribute to discussions and feel comfortable in engaging in healthy debate and constructive challenge;
- Ensuring all Directors receive accurate, timely and clear information; and
- Promoting effective communication between Executive and Non-Executive Directors (including the Independent Non-Executive Directors).

Managing Director

The Managing Director acts as chairman of DFIRGMS and of its finance committee and is a member of the Company's Nominations and Remuneration Committees. In addition, he has responsibility for representing Jardine Matheson, as the major shareholder of the Company, including:

- Providing oversight of the day to-day management by the Group Chief Executive and his leadership team of the business;
- Carrying out ongoing reviews of the business, financial and operational performance of each business against agreed objectives;
- Providing regular feedback to the Group Chief Executive on his/her performance and conducting an annual performance review;
- Leading the Group Chief Executive 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 capex decisions; and
- Communicating with shareholders as appropriate.

Group Chief Executive

The responsibility for running the Group's business and all the executive matters affecting the Group rests with the Group Chief Executive. The implementation of the Group's strategy is delegated to the Company's executive management, with decision-making authority within designated financial parameters delegated to the DFIRGMS finance committee. The Group Chief Executive has day-to-day operational responsibility for:

- The effective management of the Group's businesses;
- Leading the development of the Company's strategic direction and implementing the agreed strategy;
- 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;
- 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 business or reputation;
- Overseeing the Group's capital allocation, business planning and performance;
- Ensuring (together with the Chairman and the Managing Director) an appropriate focus on attracting and retaining the right people and carrying out succession planning for senior management positions; and
- Fostering innovation and entrepreneurialism to drive the Group's businesses forward.

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, 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, and ad hoc procedures are adopted to deal with urgent matters 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 Board meeting was held in Singapore. The May 2022 Board meeting was held virtually. In-person Board meetings were held in Singapore in July 2022 and in Bangkok in December 2022. 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.

The Company's Directors who do not serve on the board of DFIRGMS and who are based outside Asia will usually visit the region and Bermuda to discuss the Group's businesses, as well as to participate in the four strategic reviews that precede 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 Jardine Matheson group, provide significant value to the ongoing review by the Company of the Group's businesses and reinforces 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
Directors		
Non-Executive Directors		
Ben Keswick	4/4	100%
Dave Cheesewright	4/4	100%
Weiwei Chen	4/4	100%
Adam Keswick	4/4	100%
Anthony Nightingale	4/4	100%
Christian Nothhaft	4/4	100%
Executive Directors		
John Witt	4/4	100%
Ian McLeod	4/4	100%
Clem Constantine	4/4	100%

Appointment and Retirement of Directors

The Board appoints each new Director, and the Nominations Committee has been established to assist the Board in such matters. In accordance with the Company's Bye-laws, each new Director is subject to retirement and re-election at the first AGM 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 AGM 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 Managing Director of the Company. John Witt, being the Managing Director, has a service contract with the Company that has a notice period of six months.

In accordance with Bye-law 85, Clem Constantine and Adam Keswick will retire by rotation at the forthcoming AGM and, being eligible, offer themselves for re-election. Clem Constantine has a service contract with a subsidiary of the Company with a notice period of six months. None of the other Director proposed for re-election has a service contract with the Company or its subsidiaries.

Directors need to obtain the Chairman's approval before accepting additional appointments that might affect their time to devote to the role as a Director of the Company.

Company Secretary

All Directors have access to the advice of the Company Secretary, who is responsible for advising the Board on all governance matters.

Committees

The Board is supported by the activities of its Committees (the Nominations, Remuneration and Audit Committees), which ensure the right level of attention and consideration are given to specific matters. Matters considered by each of the Committees are set out in their respective terms of reference. Copies of these documents can be obtained from the Company's website at www.DFIretailgroup.com.

Nominations Committee

The Board established a Nominations Committee (the 'Nominations Committee') in March 2021. The key responsibilities of the Nominations Committee are to:

- Review the structure, size and composition of the Board and its committees and make recommendations to the Board on any appointments to maintain a right balance of skills, knowledge and experience and independence, as well as a diversity of perspectives;
- Support the Chairman to lead the process for Board appointments and nominate suitable candidates to the Board;
- Assess suitable candidates based on merit and objective criteria (giving consideration to the promotion of the diversity of social and ethnic backgrounds, knowledge, experience and skills), taking into account their ability to meet the required time commitments;
- Oversee the development of succession pipelines for both the Board and senior management positions to ensure talent is identified and nurtured to meet the challenges and opportunities facing the Group; and
- Satisfy itself that any skill gaps are addressed in the reviews of Board composition and that appropriate development opportunities are in place for Directors to keep abreast of market knowledge and industry trends to perform their role effectively.

The Nominations Committee consists of a minimum of three members, selected by the Chairman of the Board. The Chairman of the Board is the chairman of the Nominations Committee. The current members of the Nominations Committee are Ben Keswick, Adam Keswick and John Witt. The Nominations Committee meets as circumstances require, or by the circulation of Committee circulars and recommendations to the Board for approval as it deems appropriate. It plays a key role in the process of recruiting senior executives. Candidates for appointment as Executive Directors of the Company or other senior management positions may be sourced internally or externally, including by using the services of specialist executive search or recruitment firms. The aim is to appoint individuals who combine international business knowledge and experience, industry knowledge and experience if possible, and familiarity with, or adaptability to, Asian markets. When appointing Non-Executive Directors, the Committee pays particular attention to the Asian business experience and relationships that they can bring.

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 applicable law, every Director shall be indemnified and secured harmless out of the assets of the Company against all liability and loss suffered and expenses reasonably incurred. However, neither insurance nor indemnity arrangements 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. There are established policies and procedures for financial planning and budgeting, information and reporting systems, assessment of risk, 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.

The Group's 50% associate, Maxim's Caterers Limited ('MCL'), has a separate board, audit committee, risk management and internal audit structure. The Group is represented on the board of MCL, at which reviews of strategy, operations, budgets and significant investments are undertaken. The MCL board has delegated to the MCL group's audit and risk management committees and its audit department responsible for reviewing major risk areas and the effectiveness of the internal control procedures.

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 AGM. The financial statements are required to present fairly, in accordance with the 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 consistently and supported by prudent and reasonable judgements and estimates, have been followed in preparing the financial statements. The financial statements have been prepared on a going concern basis.

Substantial Shareholders

As classified 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 holding of voting rights of 5% or more attaching to the Company's issued ordinary share capital by Jardine Strategic Limited ('Jardine Strategic'), which is directly interested in 1,049,589,171 ordinary shares carrying 77.54% of the voting rights. By virtue of its interest in Jardine Strategic, Jardine Matheson is also interested in the same ordinary shares. Apart from this shareholding, the Company is not aware of any holders of voting rights of 5% or more attaching to the Company's issued ordinary share capital as of 2nd March 2023.

There were no contracts of significance with substantial corporate 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 34 to the financial statements on pages 103 and 104.

Engagement with Shareholders and Stakeholders

The Group regularly engages with its shareholders and other stakeholders. For the full year 2022, the Group have held two results briefings and 20 analyst and institutional shareholder meetings to provide an opportunity for questions to be asked of senior management, discuss concerns and hear feedback where improvements could be made.

The Group has also engaged with several Sustainability Non-Governmental Organisations and government agencies to listen, learn and understand how we can improve. The engagements provide an opportunity for us to explore and discuss key social, environmental and economic issues facing society and where our businesses operate. These engagements occur across all stages of the project cycle, and provide an important touch point to sense-check the issues that matter most to society and help us better understand evolving expectations. The meetings with shareholders and stakeholders are attended by senior management, who are ultimately responsible.

Securities Purchase Arrangements

The Directors have the power under the Companies Act and the Company's Memorandum of Association to purchase the Company's shares. Any shares so purchased shall be treated as cancelled and, therefore, reduce the Company's issued share capital. When the Board reviews the possibility of share repurchases, it will consider the potential for enhancing earnings or asset values per share. When purchasing such shares, the Company is subject to the provisions of MAR.

Workforce Engagement

The Group is working hard to support the growth of the next generation of leaders within our businesses, ensuring our colleagues can develop the skills they need.

We also aim to create an owner mindset among our staff and support this by enhancing our incentive structures to focus less on current profits and more on value creation over a longer time horizon. This longer-term view also incentivises experimentation and innovation.

The Group also conducts an annual Your Voice Counts survey. In 2022, over 91% of total population took part in the survey sharing feedback. Follow-up actions include listening sessions ensuring engagement strategies are focussed and effective.

Annual General Meeting

The 2023 AGM 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 AGM, despatched at the same time with this Annual Report.

Corporate Website

A corporate website is maintained containing a wide range of information of interest to investors at www.DFIretailgroup.com.

Group Policies

Code of Conduct

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

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 Group's Code of Conduct.

Data Privacy

The Group is committed to being a responsible custodian of the data entrusted to it by customers, employees, business partners and other stakeholders keeping the data secure and processing it in accordance with legal requirements and stakeholder expectations as they continue to evolve. Appropriate protections are in place to prevent misuse and unauthorised disclosure of personal data.

In addition, the Group's Personal Data Protection Policy and Security Incident Response Plan underlines the Group's commitment to being a responsible data custodian.

Speak-Up Policy

The Group has a Speak-Up policy covering how individuals can report matters of serious concern on a named or anonymous basis. The Audit Committee is responsible for overseeing the effectiveness of the formal procedures to raise such matters and is required to review any reports made under those procedures referred to by the internal audit function. In addition, the Group has a speak-up service managed by an independent third-party service provider to supplement existing channels in the business units to assist in reporting of suspected illegal or unethical behaviour and is intended to help foster an inclusive, safe and caring workplace. The service, which is available 24 hours in multiple local languages, and is accessible through phone hotline or online. 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. Once a report is lodged, it is sent to certain authorised persons at the relevant business units. These include senior representatives from legal, compliance and Human Resource 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 protection is provided to anyone who reports a case.

Diversity and Inclusion

The Group will continue to foster a culture of inclusivity and empowerment, where colleagues with different backgrounds feel comfortable in being themselves, in voicing their ideas and have equal opportunities to thrive. 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.

As a multinational Group with a broad range of businesses operating across Asia, the Group believes in promoting equal opportunities in recruiting, developing and all employees, regardless of ethnicity, gender, age, sexual orientation, disability, background or religion, should be treated fairly and with dignity, and be valued for the contributions they make in their role. The scale and breadth of the Group's businesses necessitate that they seek the best people from the communities in which they operate most suited to their needs.

All staff are encouraged and supported to develop their full potential and contribute to the sustainable growth of the Group. Employees views and ideas are essential, and they are encouraged to express them respectfully with colleagues at all levels within the organisation.

To build an inclusive workplace, we incorporate the Diversity and Inclusion principles by modelling the Jardine Matheson group's Diversity and Inclusion Policy. This includes:

- Ongoing collaboration with Jardine Matheson group to ensure a set of inclusive working arrangements and policies to support Diversity and Inclusion.

- 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.

- 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.

Remuneration Report

Message from the Board/Remuneration Committee

The Board is pleased to present shareholders with the 2022 Remuneration Report. This report sets out the Group's approach to remuneration for its executives and Directors, particularly the link between the Group's values, strategy and its remuneration framework, the link between performance and reward, and remuneration outcomes for senior executives.

The Group's Remuneration philosophy and framework for rewarding staff

The remuneration outcomes in 2022 reflect the intended operation of the remuneration framework.

At the heart of the Group's remuneration framework is our commitment to deliver competitive remuneration for excellent performance to attract the best and motivate and retain talented individuals, while aligning the interests of executives and shareholders. The Company aims to ensure all remuneration is delivered in a manner that is aligned with the values of the Company.

It does this through:

- Incentives based on financial measures and strategic objectives that reflect key goals critical to sustained organisational success;
- Consideration of business and operational risk, as well as sustainability development goals through the design of performance objectives;
- Incentives and policies which align the interests of executives to those of shareholders;
- Ensuring remuneration outcomes are reasonable, taking into account community and stakeholder expectations; and
- Target remuneration levels and outcomes appropriately reflect the challenge and complexity of being a multinational Asian-based retail group with diverse retail businesses.

The Company's policy is to offer competitive remuneration packages to its senior executives. The Company relies on a reward framework that provides varying levels of remuneration and benefits depending on employee level. It is recognised that, 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 the remuneration packages is designed to reflect this. This structure of remuneration varies from senior executive to more junior level employees, but the link of remuneration to strategic goals is consistent throughout all levels of the organisation. The nature of goals used for remuneration does varies depending on employee level, but the Company ensures goals are relevant and measurable while aligned with company values. Executive Directors joining from outside the Group may be offered an initial fixed-term service contract to reflect any requirement to relocate.

Accordingly, 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 Group's Remuneration philosophy and framework for rewarding staff continued

Directors' Remuneration

Directors' fees, which are payable to all Directors other than the Group Chief Executive and the Chief Financial Officer, are decided upon by shareholders in general meetings 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 total amount provided to all Directors (including the Managing Director but exclusive of salaried Executive Directors of the Company who are not entitled to such fees) must not exceed the sum agreed by shareholders at a general meeting. The maximum aggregate remuneration of US$1.0 million per annum was approved by shareholders at the 2022 AGM. Executive Directors (excluding the Managing Director, who is also the Jardine Mathseon Managing Director) are paid a basic fixed salary as well as discretionary annual incentive bonuses by and receive certain employee benefits from the Group. 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:

USD (per annum)

Chairman / Managing Director fee:	110,000
Base Director fee:	100,000
Audit Committee fee:	35,000
Nominations Committee fee:	15,000

	Director	Director Fee US$	Audit Committee Fee US$	Nominations Committee Fee US$	Total Fees US$
1	Ben Keswick (Chairman)	110,000	–	15,000	125,000*
2	John Witt (Managing Director)	110,000	–	15,000	125,000*
3	Ian McLeod	–	–	–	–
4	Clem Constantine	–	–	–	–
5	Dave Cheesewright	100,000	–	–	100,000
6	Weiwei Chen	100,000	35,000	–	135,000
7	Adam Keswick	100,000	–	15,000	115,000*
8	Anthony Nightingale	100,000	35,000	–	135,000
9	Christian Nothhaft	100,000	–	–	100,000
	TOTAL	**720,000**	**70,000**	**45,000**	**835,000**

* Fees surrendered to Jardine Matheson.

The Group's Remuneration philosophy and framework for rewarding staff continued

Remuneration Committee

The Board has overall responsibility for setting remuneration across the Group, ensuring it is appropriate and supports the Group's strategy, creating value for stakeholders. The Remuneration Committee has been established to assist the Board in these remuneration matters.

The Board had established a Remuneration Committee (the 'Remuneration Committee') at the Company level in November 2021. The key responsibilities of the Remuneration Committee are to:

- Oversee the formulation of a Group-wide reward strategy and ensure the business implements the reward strategy in alignment with its industry-specific needs;
- Review and approve the compensation of the Group Chief Executive and leadership team of the business;
- Review the terms of and design of performance-related incentives (both short- and long-term), including the review and approval of any changes to plan design, targets and metrics;
- Review and approve the overall compensation costs, including salary and bonus budgets, of the business; and
- Remain abreast of trends and developments in executive compensation and corporate governance related to the Group's industry and countries of operation.

The Remuneration Committee consists of a minimum of three members, selected by the Chairman of the Board.

The Chairman of the Board is the chairman of the Remuneration Committee. The current members of the Remuneration Committee are Ben Keswick, John Witt and Graham Baker. In addition, the Group Chief Executive, the Group Human Resources Director and Jardine Matheson group head of human resources will generally attend meetings of the Remuneration Committee. The Remuneration Committee meets as circumstances require, or by the circulation of Committee circulars and recommendations to the Board for approval as it deems appropriate.

How Remuneration framework is linked to the business strategy

The Group's remuneration strategy is designed to support and reinforce its business and sustainability strategies.

The at-risk components of remuneration are tied to measures that reflect the successful execution of these strategies in both the short and long term. Our strategic drivers of 'Grow in China, Maintain Strength in Hong Kong, Revitalising Southeast Asia, Building Capability, Driving Digital Innovation, and Own Brand Development' are reflected in bonus performance measures. So, the Group's actual performance directly affects what executives are paid.

Remuneration Outcomes in 2022

For the year ended 31st December 2022, the Directors received from the Group US$8.2 million *(2021: US$8.2 million)* in Directors' fees and employee benefits, being:

- US$0.8 million *(2021: US$0.6 million)* in Directors' fees; and
- US$6.7 million *(2021: US$6.8 million)* in short-term employee benefits, including salary, bonuses, accommodation and deemed benefits in kind;
- US$0.1 million *(2021: US$0.1 million)* in post-employment benefits; and
- US$0.6 million *(2021: US$0.7 million)* in share-based payments.

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

Share Schemes

Share-based long-term incentive plans have also been established to provide incentives for Executive Directors and senior managers. The scheme trustee grants share options after consultation between the Chairman and the Group Chief Executive and other Directors as they consider appropriate. Share options are not granted to Non-Executive Directors. In addition, in December 2018, a cash-based long-term incentive plan was implemented for senior management to align their remuneration with shareholders' interests by rewarding the delivery of strong EPS growth over the next five years. Pay-outs under the plan will also be dependent on the achievement of appropriate targets linked to the health of the business and the sustainability of earnings growth.

Directors' Share Interests

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

Ian McLeod	597,514
Clem Constantine	100,000
Anthony Nightingale	34,183

* Within the meaning of MAR

In addition, Clem Constantine held deferred share awards regarding 247,149 ordinary shares issued pursuant to the Company's share-based long-term incentive plans.

Audit Committee Report

Audit Committee

The Board had established an Audit Committee (the 'Audit Committee') at the Company level in November 2021. The Audit Committee consists of a minimum of three members, the current members of which are Graham Baker (Financial Expert), Weiwei Chen (Independent Non-Executive Director) and Anthony Nightingale (Chairman of the Audit Committee). None of them is directly involved in operational management.

The Company considers that the Audit Committee has a majority of independent members. Graham Baker is also a member of the Audit Committee with recent financial experience and expertise, as well as a deep understanding of risk management.

The Managing Director, Group Chief Executive and Chief Financial Officer, and representatives of the internal and external auditors, also attend the Audit Committee meetings by invitation. In addition, other individuals may attend part of a meeting for specific agenda items as appropriate. The Audit Committee meets 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 Audit Committee's remit includes:

- Independent oversight and assessment of financial reporting processes including related internal controls;
- Independent oversight of risk management and compliance;
- Monitoring and reviewing the effectiveness of the internal and external audit functions;
- Considering the independence and objectivity of the external auditors; and
- Reviewing and approving the level and nature of non-audit work performed by the external auditors.

Audit Committee continued

Before completion and announcement of the half-year and year-end results, a review of the Company's financial information and of any issues raised in connection with the preparation of the results, including the adoption of 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 to the entire Board when necessary, in addition to the Group Chief Executive, Chief Financial Officer and other senior executives.

The matters considered by the Audit Committee during 2022 included:

- Reviewing the 2021 annual financial statements and 2022 half-year financial statements, with particular focus on the impact of COVID-19, provisioning and impairment assessments, assumptions that underpinned key valuation models and effectiveness of financial controls;
- 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;
- Receiving reports from risk management and legal functions on key legal matters and compliance and code of conduct issues, and the actions taken in addressing those issues and strengthening controls;
- Reviewing the annual internal audit plan and status updates;
- Reviewing the Group's governance approach to cybersecurity management, data security and privacy management across its businesses;
- Reviewing the biennial assessment of the effectiveness of PwC;
- Reviewing the independence, audit scope and fees of PwC, and recommending their re-appointment as the external auditor at general meeting; 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:

Members of the Audit Committee	Meetings eligible to attend	Attendance
Anthony Nightingale (Chairman)	2/2	100%
Weiwei Chen	2/2	100%
Director of DFIRGMS		
Graham Baker	2/2	100%

Auditor Independence and effectiveness

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

- Limiting 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 Audit Committee and providing an opportunity for the external auditor to have in-camera sessions with the Audit 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 Audit 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 PwC performed their duties effectively. The Board found the level of professional scepticism, the number and regularity of meetings with the Audit Committee, 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 risk management systems and internal control. The Board has delegated to the Audit Committee responsibility 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 internal control systems (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 Jardine Matheson Group Audit and Risk Management ('JM GARM') is appointed to assist the Audit Committee in fulfilling its assurance and reporting roles. JM GARM adheres to international standards for the professional practice of internal audit. To safeguard its independence and objectivity, JM 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.

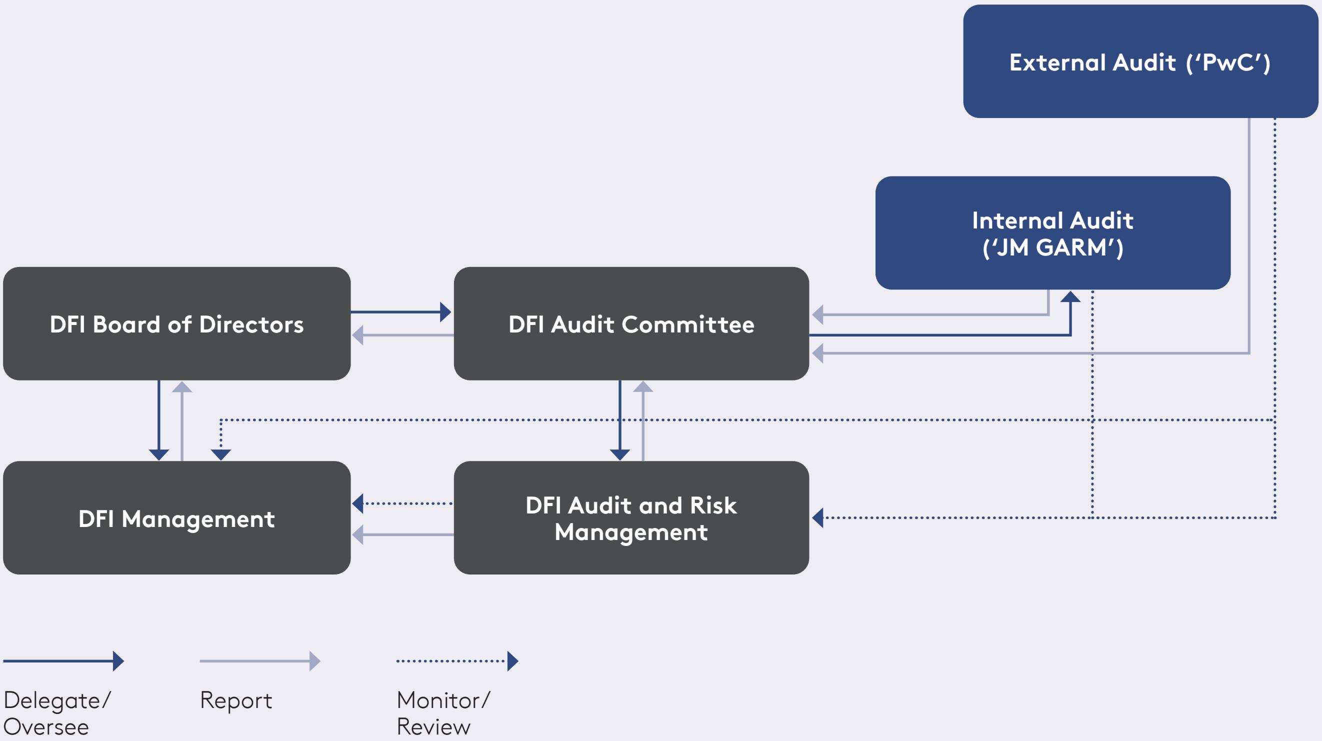
Executive management is responsible for the implementation of the systems of internal control throughout the Group, and a series of audit committees at an operational level and the internal audit function monitors the effectiveness of the systems.

The Group has an established risk management process reviewed regularly and 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. These are reviewed regularly.

The internal audit function also monitors the approach taken by the business units to risk. The internal audit function is independent of the operating businesses and reports its findings and recommendations for any corrective action required to the Audit Committee.

The Company's principal risks and uncertainties are set out on pages 161 to 166.

Risk Governance Structure



The Group's Management 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;
- Reporting periodically to DFI Board of Directors via Audit Committee on identifying principal risks and uncertainties and measures taken to, mitigate such risks; and
- Working with external and internal auditors to monitor and improve its control environment.

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:

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

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 were 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; and
	  • 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 JM GARM.

Principal Risks and Uncertainties

The following are the principal risks and uncertainties facing the Company as required to be disclosed pursuant to the DTRs issued by the FCA and are in addition to the matters referred to in the Chairman's Statement, Group Chief Executive's Review and other parts of this Annual Report.

Economic Risk

Description

Most of the Group's businesses are exposed to the risk of negative 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, the cost of raw materials or finished products. Such developments might increase operating costs, reduce revenues, lower asset values or result in some or all of the Group's businesses being unable to meet their strategic objectives.

Mitigation Measures

- Monitor the volatile macroeconomic environment and consider economic factors in strategic and financial planning processes.
- Make agile adjustments to existing business plans and explore new business streams and new markets.
- Review pricing strategies and keep conservative assumptions.
- Insurance programme covering property damage and business interruption.

Principal Risks and Uncertainties continued

Commercial Risk	
	Description Risks are an integral part of normal commercial activities and where practicable steps are taken to mitigate them. Risks can be more pronounced when businesses are operating in volatile markets. While the Group's regional diversification does help to mitigate some risks, a significant portion of the Group revenues and profits continue to be derived from our operations in Hong Kong. A number of the Group's businesses make significant investment decisions regarding developments or projects, which are subject to market risks. This is especially the case where projects are longer-term in nature and take more time to deliver returns. The Group's businesses operate in areas that are highly competitive and failure to compete effectively, whether in terms of price, product specification, technology, property site or levels of service, failure to manage change in a timely manner or to adapt to changing consumer behaviours, including new shopping channels and formats, can have an adverse effect on earnings. Significant competitive pressure may also lead to reduced margins. It is essential for the products and services provided by the Group's businesses to meet appropriate quality and safety standards, and there is an associated risk if they do not, including the risk of damage to brand equity or reputation, which might adversely impact the ability to achieve acceptable revenues and profit margins. While social media presents significant opportunities for the Group's businesses to connect with customers and the public, it also creates a whole new set of potential risks for companies to monitor, including damage to brand equity or reputation, affecting the Group's profitability.
	Mitigation Measures • Utilise market intelligence and deploy digital strategies for business-to-consumer businesses. • Establish customer relationship management programme and digital commerce capabilities. • Engage in longer-term contracts and proactively approach suppliers for contract renewals. • Re-engineer existing business processes.

Financial and Treasury Risk

Description

The Group's activities expose it to a variety of financial risks, 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.

Mitigation Measures

- Limiting foreign exchange and interest rate risks to provide a degree of certainty about costs.
- Management of the investment of the Group's cash resources so as to minimise risk, while seeking to enhance yield.
- Adopting appropriate credit guidelines to manage counterparty risk.
- When economically sensible to do so, taking borrowings in local currency to hedge foreign exchange exposures on investments.
- A portion of borrowings is denominated in fixed rates. Adequate headroom in committed facilities is maintained to facilitate the Group's capacity to pursue new investment opportunities and to provide some protection against market uncertainties.
- The Group's funding arrangements are designed to keep an appropriate balance between equity and debt from banks and capital markets, both short and long term in tenor, to give flexibility to develop the business. The Company also maintains sufficient cash and marketable securities, and ensures the 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 40 to 44 and Note 40 to the financial statements on pages 116 to 124.

Principal Risks and Uncertainties continued

Risk	Description and Mitigation Measures
Concessions, Franchises and Key Contracts Risk	**Description** A number of the Group's businesses and projects rely on concessions, franchises, management or other key contracts. Accordingly, cancellation, expiry or termination, or the renegotiation of any such concessions, franchises, management or other key contracts could adversely affect the financial condition and results of operations of certain subsidiaries, associates, and joint ventures of the Group. **Mitigation Measures** • Sustaining and strengthening relationships with franchisors. • Monitor sales performance and compliance with franchise terms. • Regular communication with franchisees and concessionaires, including performance management.
Regulatory and Political Risk	**Description** The Group's businesses are subject to several regulatory regimes in the territories they operate. Changes in such regimes, in relation to matters such as foreign ownership of assets and businesses, exchange controls, licensing, imports, planning controls, emission regulations, tax rules and employment legislation, could have the potential to impact the operations and profitability of the Group's businesses. Changes in the political environment, including political or social unrest, in the territories where the Group operates, could adversely affect the Group's businesses. **Mitigation Measures** • Stay connected and informed of relevant new and draft regulations. • Engage external consultants and legal experts where necessary. • Assessing impact on the business and taking appropriate measures. • Raise awareness with regular updates on new regulations that may have been implemented in other markets.
Pandemic and Natural Disasters Risk	**Description** The Group's businesses could be impacted by a global or regional pandemic which seriously affects economic activity or the ability of businesses to operate smoothly. In addition, many of the territories in which the Group operates can experience natural disasters such as earthquakes, floods, and typhoons from time to time. **Mitigation Measures** • Business Continuity Teams are in place to deal with incidents as they arise. • Business Continuity plans are in place, tested and updated regularly. • Insurance programmes that provide robust cover for natural disasters. • Engage external consultants for climate risk, to assess the risk to the business and implement solutions accordingly.

Cybersecurity and Technology Risk

Description

The Group faces increasing numbers of cyberattacks from groups targeting 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 or our suppliers' IT systems or the unauthorised or inadvertent release of information, resulting in brand damage, impaired competitiveness or regulatory action. Cyberattacks may also adversely affect our ability to manage our business operations or operate information technology and business systems, resulting in business interruption, lost revenues, repair or other costs.

The Group is heavily reliant on its IT infrastructure and systems for the daily operation of its business. Any major disruption to the Group's IT systems could significantly impact operations. The ability to anticipate and adapt to technology advancements or threats is an additional risk that may also impact the business.

Mitigation Measures

- Continued investment in upgrading of technology and IT infrastructure.
- Defined cybersecurity programme and centralised function to provide oversight, manage cybersecurity matters, and strengthen cyber defences and security measures.
- Perform regular vulnerability assessment and/or penetration testing by third parties to identify weaknesses.
- Arrange regular security awareness training and phishing testing to raise users' cybersecurity awareness.
- Maintain disaster recovery plans and backup for data restoration.
- Regular external and internal audit reviews.

Talent Risk

Description

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

Mitigation Measures

- Competitive pay and benefits commensurate with market benchmarks.
- Proactive manpower planning and succession planning are in place.
- Enhanced employer branding, training for team members and talent development plans.
- Promote diversity and inclusion across the Group.

Principal Risks and Uncertainties continued

Environmental and Climate Risk	Description
	Environmental disasters such as earthquakes, floods and typhoons can damage the Group's assets and disrupt operations. Global warming-induced climate change has increased the frequency and intensity of storms, leading to higher insurance premiums or reduced coverage for such natural disasters. With governments also taking a more proactive approach towards carbon taxes, renewable energies and electric vehicles, additional investments and efforts to address physical and transition risks of climate change are anticipated from businesses. With interest in sustainability surging in recent years from investors, governments and the general public, expectations by regulators and other stakeholders for accurate corporate sustainability reporting and commitments towards carbon neutrality to address climate change are also growing. This brings increasing challenges to the Group and its businesses to meet key stakeholders' expectations. There is potential for negative publicity and operational disruption arising from conflict between activists and the Group's businesses that are perceived to be engaged in trade and activities that are environmentally unfriendly.
	Mitigation Measures • Sustainability Leadership Council established to mobilise and coordinate sustainability efforts across the Group. • A sustainability strategy framework, including a climate action pillar, drives the Group's sustainability agenda. • 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. • Assess emerging Environmental, Social and Governance (ESG) reporting standards and requirements, to align Group disclosures to best market practice. • Conduct climate risk assessments and adaptation action plans based on recommendations of Task Force on Climate-Related Financial Disclosures (TCFD), including implementing measures to address physical risks posed by climate change and identifying opportunities in global transition to a low carbon economy. • Formulate the appropriate risk response strategy (particularly on the Group's key assets and supply chain), and integrate Physical and Transitional Climate Risk into the Group's existing risk management approach.

Effectiveness Review 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. The internal audit function also monitors the approach taken by the business units to manage risk. The findings of the internal audit function and recommendations for any corrective actions required are reported to the Audit Committee and if appropriate, to Jardine Matheson Audit Committee.