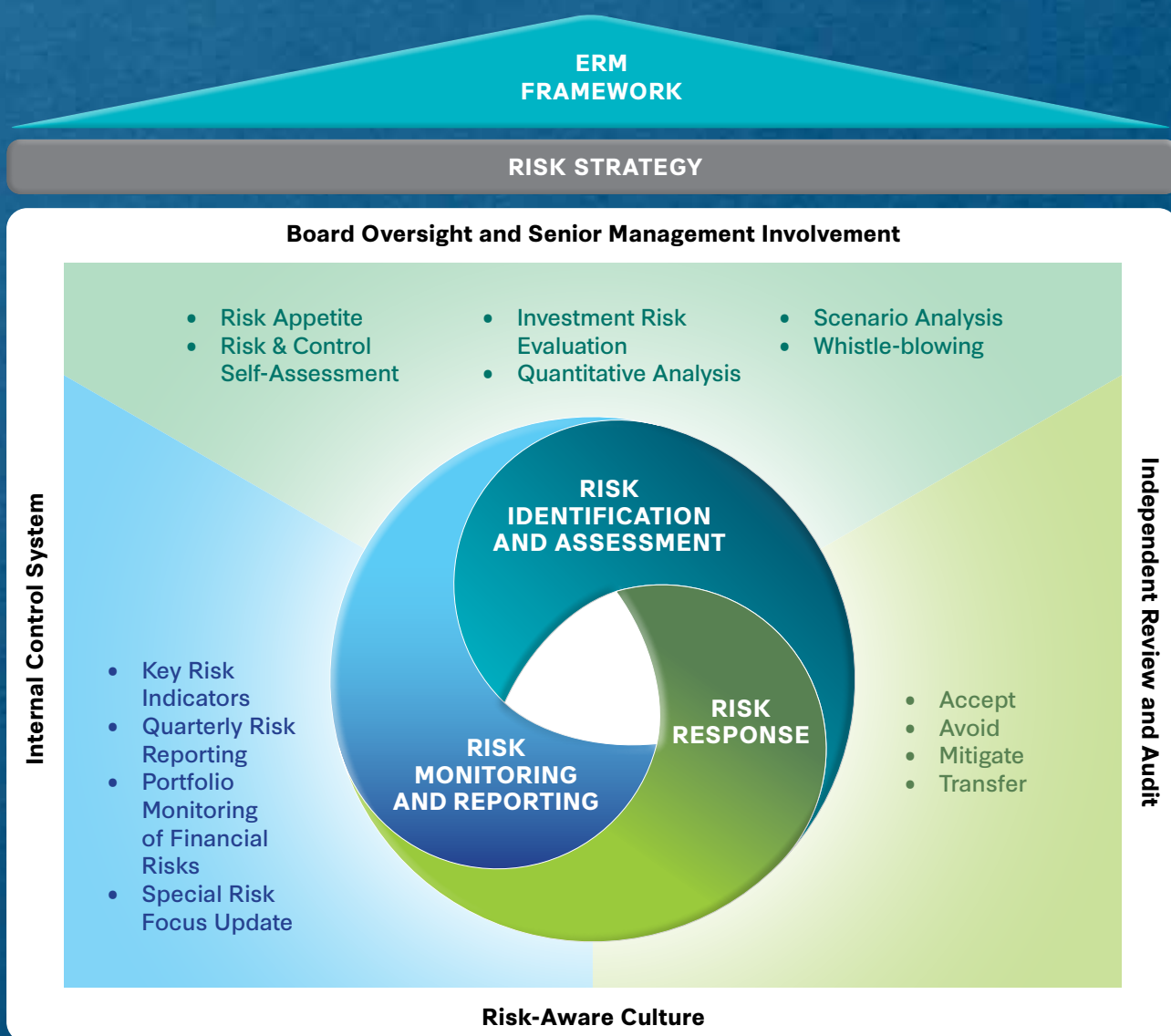


RISK MANAGEMENT

CapitaLand Investment (CLI) maintains a robust risk management framework that enables proactive identification, assessment and response to material risks. This supports CLI's objective as a global real asset manager to generate sustainable returns and create long-term value for our stakeholders. Our risk strategy focuses on optimising opportunities within approved risk appetite levels, positioning CLI to deliver sustainable long-term results.

ENSURING BEST-IN-CLASS RISK MANAGEMENT, CORPORATE GOVERNANCE AND COMPLIANCE TO BUILD A SUSTAINABLE BUSINESS

CLI's Enterprise Risk Management (ERM) Framework is adapted from the International Organisation for Standardisation 31000 International Risk Management Standards, and is benchmarked against other recognised best practices and guidelines. The Framework is reviewed annually and updated as appropriate. It sets out the required environmental and organisational components to enable integrated, systematic and consistent identification, assessment, response, monitoring and reporting of material risks, as illustrated below.



RISK MANAGEMENT

RISK GOVERNANCE

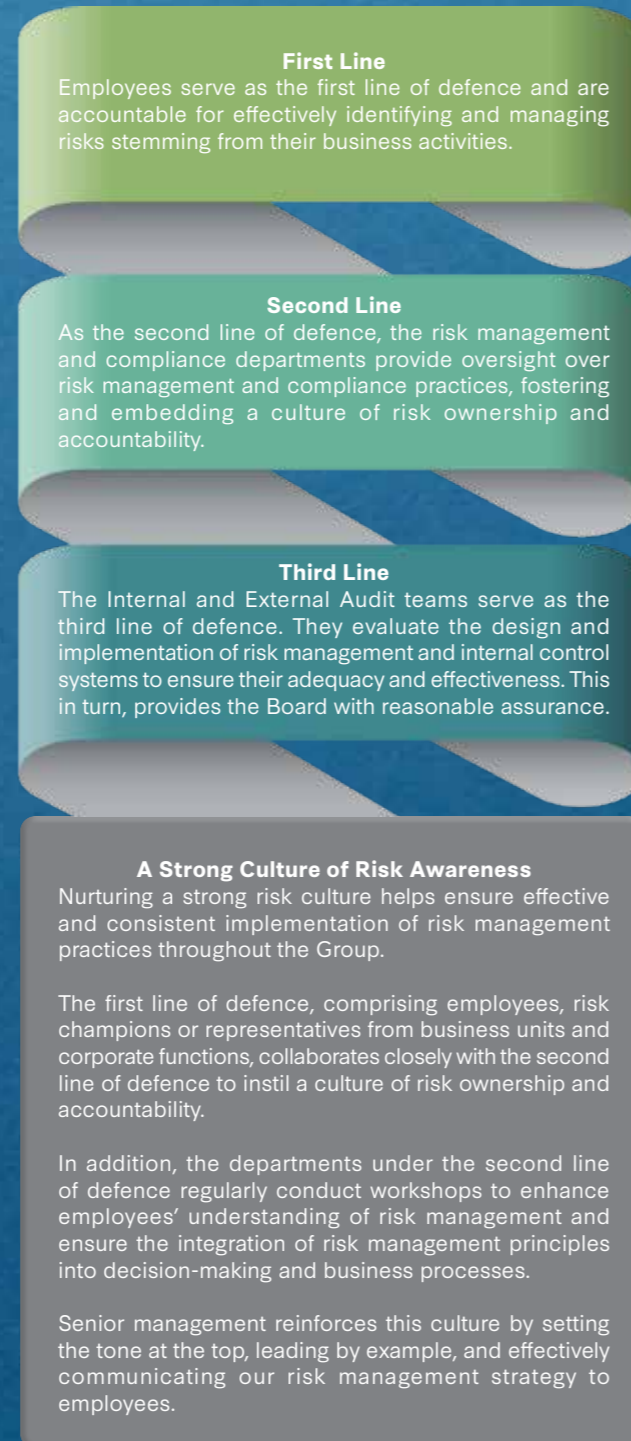
The CLI Board (the Board) oversees risk governance and ensures that senior management maintains robust risk management and internal control systems to safeguard the interests of the Group and its stakeholders. The Board, with support from the Risk Committee, approves the Group's risk appetite (risk tolerance) that determines the nature and extent of material risks the Group is willing to take to achieve strategic objectives. The Board also regularly reviews the Group's risk profile, material risks and mitigation strategies, and ensures the adequacy and effectiveness of the risk management framework and policies.

The senior management team supports the Board and Risk Committee to ensure effective risk governance and oversight. They are responsible for directing and monitoring the implementation of risk management practices throughout the Group, which includes tracking risk exposure using key risk indicators.



INTERNAL CONTROLS SYSTEM

CLI's ERM Framework operates within a risk governance structure based on three lines of defence.



CLI'S MATERIAL RISKS AND KEY MITIGATING ACTIONS

CLI conducts an annual Group-wide Risk and Control Self-Assessment (RCSA) exercise that requires all business units and corporate functions to identify, assess and document key material risks, including new and emerging risks that CLI faces as well as the respective mitigating measures and any opportunities that we can leverage to achieve our strategic objectives. The following measures are taken to mitigate the identified material risks based on the 2023 RCSA exercise.

Material Risks	Key Mitigating Actions
<p>CLIMATE-RELATED</p> <p>Physical risks such as rising sea levels, violent storms, long intense heat waves, flash floods and freshwater depletion.</p> <p>Transition risks including potentially more stringent regulations and increased expectations from stakeholders.</p>	<ul style="list-style-type: none"> Conduct a detailed assessment of the physical risks in the evaluation of any new acquisitions. Incorporate shadow internal carbon price in the evaluation of new investment/capital expenditure decisions. This helps to price in climate-related costs and opportunities, support low-carbon investments, prepare for stringent climate legislation, and avoid stranded assets. Regularly review the Group's mitigation and adaptation efforts, which include: <ul style="list-style-type: none"> Ensuring our portfolio is designed to withstand evolving climatic conditions from the outset, Enhancing the operational efficiency of our properties and Establishing targets for carbon emissions reduction as well as water, energy and waste efficiency. Maintain CLI's Environmental Management System that is externally certified to ISO 14001 in 19 countries. Implement measures to drive decarbonisation across the Group's value chain, including actively engaging with suppliers and tenants on enhancing their sustainability performance. For more information, please refer to CLI's Global Sustainability Report (GSR) 2023, to be published by 31 May 2024.
<p>Any forms of fraud, bribery and corruption that could be perpetuated by employees, third parties or collusion between employees and third parties.</p>	<ul style="list-style-type: none"> Foster a culture of ethics and integrity in the Group. Adopt a zero-tolerance stance against fraud, bribery and corruption (FBC) across our businesses. Communicate our commitment to integrity from the top through policies and practices, such as the FBC Risk Management Policy, Whistle-blowing Policy, Ethics and Code of Business Conduct Policies and Anti-Money Laundering and Countering the Financing of Terrorism Policy. Implement e-learning modules to enhance awareness among employees and provide training on avoiding or preventing non-compliant behaviour.
<p>Increased expectations from stakeholders for our properties to provide a safe and healthy environment that contributes to their well-being.</p>	<ul style="list-style-type: none"> Conduct a detailed assessment of the health and safety-related risks in the evaluation of any new acquisitions. Entrench a sustainable safety culture through deep safety capabilities, disciplined safety practices, and a progressive and pervasive safety mindset that drives key safety performance targets for both CLI and our supply chain. Maintain CLI's Occupational, Health and Safety Management system that is externally certified to ISO 45001 in 19 countries. For more information, please refer to CLI's GSR 2023, to be published by 31 May 2024.
<p>SAFETY, HEALTH AND WELL-BEING</p>	

Material Risks	Key Mitigating Actions
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COMPETITION

Keen industry competition from established real asset managers who are able to attract and manage more capital by meeting investors' expectations or reacting aptly to market trends.

- Dedicated focus on driving growth and sustainable returns through four fee income-related verticals of Listed Funds Management, Private Funds Management, Lodging Management and Commercial Management.
- Ensure proactive capital management, focusing on capital recycling, capital efficiency and fundraising to optimise CLI's capacity to capture opportunities.
- Leverage CLI's strong network of investment and asset management professionals with deep knowledge in multi-sector assets to source for opportunities in local markets.
- Rely on deep experience in multi-sector asset classes and portfolios, best-in-class operating platforms and proven track record in growing funds under management.
- Leverage an in-house team of industry analysts to keep the Group on top of the latest market trends.

CYBERSECURITY AND INFORMATION TECHNOLOGY

Ongoing business digitalisation exposes the business to IT-related threats, which may result in compromising the confidentiality, integrity and availability of the Group's information assets and/or systems.

- Execute CLI's Cyber Security Strategy by continuously reviewing against existing or evolving threat landscapes, and institute measures to minimise vulnerability exposure and manage threat vectors.
- Conduct regular mandatory staff IT Security Awareness Training to mitigate human intervention in the information security chain.
- Periodically review and update Group-wide IT Security Policy and Data Protection Framework to ensure relevance.
- Maintain and test IT Security Incident Management Procedure to ensure prompt response and timely remediation of cyber security incidents.
- Conduct third-party vulnerability test and annual Disaster Recovery Plan exercise to assure IT infrastructure/management system security and ensure timely recoverability of business-critical IT systems.
- Put in place enhanced protection controls for systems that hold personal data.
- Board oversight with regular updates to Risk Committee on the state of cybersecurity risk activities and key control improvements.

ECONOMIC

Economic instability or changes in macro-economic factors such as inflation or unemployment, which result in challenging business conditions.

- Diversify our portfolio across asset classes and geographies in accordance with Board-approved country limits.
- Focus on CLI's core markets in Asia where the Group has operational scale and where underlying economic fundamentals are more robust.
- Actively monitor macroeconomic trends, policies and regulatory changes in CLI's key markets.

FINANCIAL

Exposure to financial risks involving liquidity, foreign currency and interest rates and their volatility.

- Measure and evaluate financial risks using multiple risk management models, including the conducting of stress testing.
- Hedge and limit certain financial risk exposures using various forms of financial instruments. For more details, please refer to the Financial Risk Management section on page 238.

Material Risks	Key Mitigating Actions
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INVESTMENTS AND DIVESTMENTS

Deployment of capital into loss-making or below-target return investments due to wrong underwriting assumptions or poor execution.

- The risk management department conducts a comprehensive independent risk evaluation for all projects above a stipulated investment value threshold.
- Review hurdle rates and weighted average cost of capital annually based on relevant risk-adjusted input parameters that serve as investment benchmarks and make necessary adjustments accordingly.
- All investment proposals are subjected to a robust investment approval process and undergo comprehensive due diligence by engaging the support of an inter-disciplinary internal team, and/or local independent consultants to advise on legal, tax, building design, quality, environmental, health and safety, security, and compliance with local laws and regulations.

Inadequate planning to identify suitable divestment opportunities.

GEOPOLITICAL

Instability or political changes in a country, changes in international policies or relations between countries that could lead to sudden changes in real estate related regulations and sentiment in major economies and key markets where CLI operates.

- Actively monitor the geopolitical environment, government policies and regulatory changes to anticipate shifts in trade, growth and innovation in our key markets.
- Local management teams establish good working relationships with local authorities to keep abreast of regulatory and policy changes, and lobby or engage with local authorities.

REGULATORY AND COMPLIANCE

Non-compliance with applicable laws, regulations and rules, relating to fund management, tax, data protection and privacy, financial crimes and sanctions in the major economies and key markets where CLI operates.

- Maintain a framework that proactively identifies the applicable laws, regulations and rules, assesses the regulatory and compliance risks, and embeds compliance risk mitigation measures into day-to-day operations.
- Leverage in-house specialised teams such as legal, compliance and tax, and external consultants to provide advisory services and updates on changes to laws, regulations and rules.
- Maintain Group-wide policies and procedures to address the requirements of the applicable laws, regulations and rules such as Personal Data Protection Policy, Anti-Money Laundering and Countering the Financing of Terrorism Policy, Global Sanctions Compliance Policy and Tax Strategy.
- Adopt e-learning modules to raise awareness and train employees on ways to avoid or prevent non-compliant behaviour.