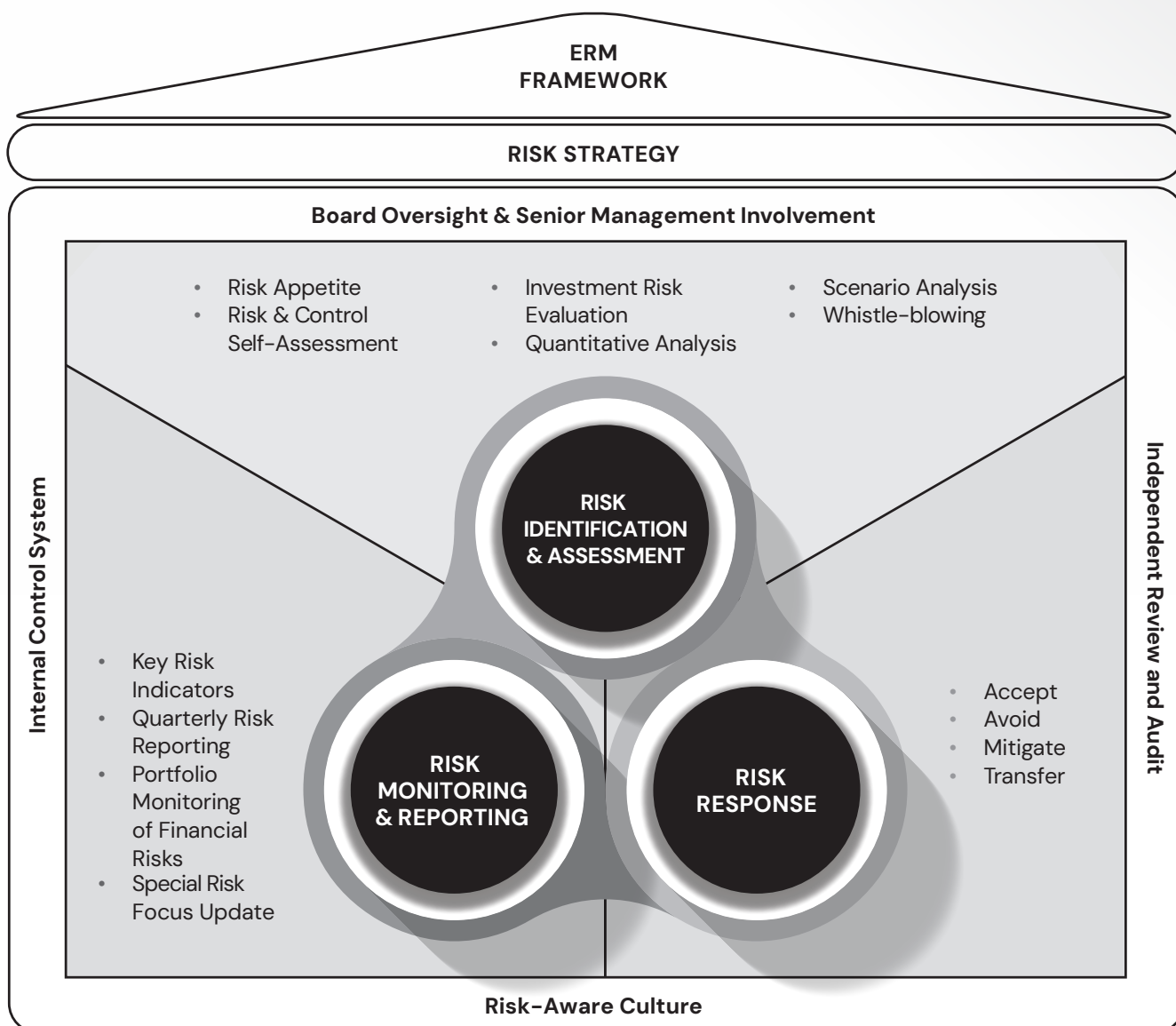


Risk Management

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.

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 Governance

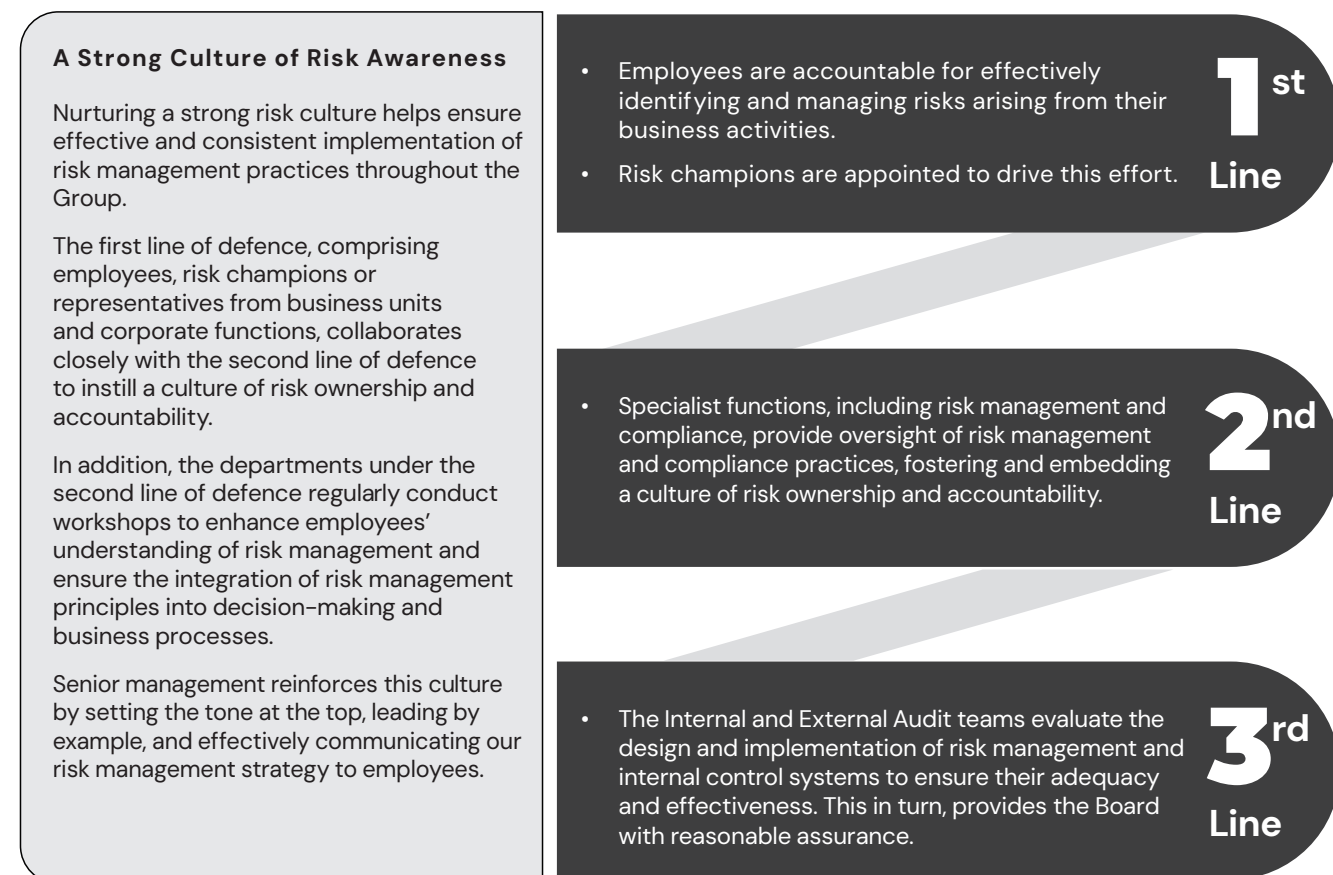
The CLI Board (the Board) oversees risk governance and ensures that senior management maintains robust risk management and internal control systems to safeguard the interests of the Group and its stakeholders. The Board, with support from the Risk Committee, approves the Group's risk appetite (risk tolerance) which 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 Control System

CLI's ERM Framework operates within a risk governance structure comprising three lines of defence to foster a strong culture of risk awareness.



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 2024 RCSA exercise.

MATERIAL RISKS	KEY MITIGATING ACTIONS
<p>Climate-related</p> <ul style="list-style-type: none"> Physical risks such as rising sea levels, violent storms, long intense heat waves, flash floods and freshwater depletion. Transition risks such as increasingly stringent regulations and expectations from stakeholders. 	<ul style="list-style-type: none"> Conduct a detailed assessment of physical risks and health and safety related risks in the evaluation of any new acquisitions. Incorporate shadow internal carbon price in the evaluation of new investment/capital expenditure decisions. Regularly review the Group's mitigation and adaptation efforts, which include future-proofing our portfolio, enhancing the operational efficiency of our properties and establishing targets for carbon emissions reduction, and water, energy and waste efficiency. Implement measures to drive decarbonisation across the Group's value chain. 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 Environmental, Health and Safety Management System which is externally certified to ISO 14001 and ISO 45001 in 19 countries. For more information, please refer to CLI's Global Sustainability Report (GSR) 2024, to be published by 31 May 2025.
<p>Safety, Health and Well-being</p> <ul style="list-style-type: none"> Increased expectations from stakeholders for our properties to provide a safe and healthy environment that contributes to their well-being. 	
<p>Competition</p> <ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Maintain a 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 and proven track record in growing funds under management to source for opportunities in local markets and stay on top of market trends.
<p>Cybersecurity and Information Technology</p> <ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> 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, including enhanced protection controls for systems that hold personal data. Conduct regular mandatory staff IT Security Awareness Training to mitigate human intervention in the information security chain. Conduct the IT Security Incident Management Procedure test, 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. Board oversight with regular updates to the Risk Committee on the state of Cyber Security risk activities and key control improvements, with periodic review and updates of the Group-wide IT Security Policy.
<p>Economic</p> <ul style="list-style-type: none"> Economic instability or changes in macroeconomic factors such as inflation or unemployment, which result in challenging business conditions. 	<ul style="list-style-type: none"> 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.

MATERIAL RISKS	KEY MITIGATING ACTIONS
<p>Financial</p> <ul style="list-style-type: none"> Exposure to financial risks involving liquidity, foreign currency and interest rates and their volatility. 	<ul style="list-style-type: none"> Measure and evaluate financial risks using multiple risk management models, including conducting 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 170.
<p>Fraud, Bribery and Corruption</p> <ul style="list-style-type: none"> Any form of fraud, bribery and corruption that could be perpetrated by employees, third parties or collusion between employees and third parties. 	<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>Geopolitical</p> <ul style="list-style-type: none"> Instability or political changes in a country, changes in international policies or relations between countries that could lead to sudden changes in regulations and sentiment in major economies and key markets where CLI operates. 	<ul style="list-style-type: none"> Actively monitor the geopolitical environment, government policies and regulatory changes to anticipate shifts in trade, growth and innovation in our key markets. Establish good working relationships with local authorities to keep abreast of regulatory and policy changes, and lobby or engage with local authorities.
<p>Human Capital</p> <ul style="list-style-type: none"> Inability to attract and retain talent and/or build organisational capabilities to support the achievement of CLI's objectives. 	<ul style="list-style-type: none"> Leverage learning and development programmes, along with internal and external talent pools to enhance the skills of our workforce and address capability gaps. Conduct regular Employee Engagement Surveys to improve communication and the work environment, fostering a more positive and engaged workforce. The CLI Talent Council oversees talent nominations, leadership development plans and performance evaluations to ensure a robust pipeline of leaders for current and future needs.
<p>Investments and Divestments</p> <ul style="list-style-type: none"> Deployment of capital into loss-making or below-target return investments due to wrong underwriting assumptions or poor execution. Inadequate planning to identify suitable divestment opportunities. 	<ul style="list-style-type: none"> Conduct 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. Maintain a robust investment approval process including comprehensive due diligence supported by an inter-disciplinary internal team, and/or local independent consultants to advise on legal, tax, building design, quality, environmental, health & safety, security, and compliance with local laws and regulations.
<p>Regulatory and Compliance</p> <ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> 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 the 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.

Emerging Risk Management

As we navigate an increasingly complex global environment, identifying and understanding emerging risks is crucial to strengthening our competitiveness and resilience. CLI adopts a systematic approach to proactively identify and manage future risks and opportunities, which is regularly reviewed to ensure effectiveness and relevance.

EMERGING RISKS	KEY MITIGATING ACTIONS
<p>Generative AI</p> <ul style="list-style-type: none"> Unintended consequences arising from the adoption of Generative AI to enhance customer experience and improve employee productivity, such as AI-enhanced malicious attacks and AI-assisted misinformation. 	<ul style="list-style-type: none"> Maintain Group-wide Guidelines on Use of AI Systems that provide guidance for the responsible and ethical use of AI. Adopt a zero-tolerance stance against the use of any harmful, biased or discriminatory content. Actively monitor and adapt to changes in AI-related regulations, guidelines and industry standards to ensure compliance and best practices. Implement training programs to strengthen AI literacy, fostering a culture of AI ethics, responsibility and informed decision-making. Ensure robust governance of AI systems and tools through dedicated oversight from the CapitalLand AI Governance Board.
<p>Climate-related: Transition</p> <ul style="list-style-type: none"> Acceleration in the global transition to a low-carbon economy, and investments in renewable energy infrastructure could lead to biodiversity-related risks, increased capital and operational expenditure, and costs of regulatory compliance. 	<ul style="list-style-type: none"> Board oversight on management and monitoring of material ESG factors, including regular updates on CLI's 2030 Sustainability Master Plan (SMP), green capital expenditure plan and environmental incidents. Maintain CLI's Environmental, Health and Safety Management System (EHSMS), which is audited externally to ISO 14001 and 45001 standards, which serves to monitor transition risks relating to climate regulations across 19 countries. Conduct portfolio review on the required capex for CLI's global portfolio to meet CLI's 2030 SMP environmental targets for carbon emissions, on-site renewable energy, energy efficiency, water efficiency and green certification.
<p>Operational Disruptions</p> <ul style="list-style-type: none"> Convergence of geopolitical instability, economic uncertainty, divergent demographics and climate change creates a volatile and unpredictable environment, which could affect global markets, supply chains and investment opportunities. 	<ul style="list-style-type: none"> Conduct ongoing monitoring of global geopolitical tensions, economic policies, trade relationships and emerging risks, to understand how these are interconnected and assess their potential impact on CLI. Engage in active dialogue with regulators, policymakers and industry leaders to stay ahead of regulatory changes and contribute to policies that address systemic risks. Leverage data analytics and AI to identify early-warning signals to better anticipate and respond to emerging crises. Increase diversification across asset classes, sectors and geographies, while adopting a thematic-driven investment strategy that capitalises on megatrends. Prioritise resilience through the incorporation of ESG factors into investment and strategic decision-making processes. Review and update CLI's Business Continuity Management Framework and conduct regular testing of crisis management plans to ensure a swift and effective response to unforeseen disruptions.