

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

The ComfortDelGro Group's Risk Management Framework provides a systematic process for the Group and its Business Units (BUs) to identify and review the nature and complexity of the risks involved in their business operations and to prioritise resources to manage them. The Group is committed to enhancing shareholder value through sustainable and profitable growth, while taking measured and well-considered risks.

The Group's approach to risk management is underpinned by several key principles:

- Adopting Agile Approach - The risk management process is a continuous and iterative, as the Group's businesses and operating environments are dynamic. Risk identification, assessment and risk management practices are reviewed and updated regularly to manage risks proactively.
- We promote and inculcate risk awareness among all our employees by embedding risk management processes into day-to-day business operations and setting an appropriate tone at the top.
- Regular exercises, continuous education and training, and communications through various risk management forums are carried out to sustain a risk-informed and risk-aware culture in the Group.
- Ownership of and accountability for the risk management process is clearly defined and assigned to the BUs, departments and individuals. Managers at each level have intimate knowledge of their businesses and take ownership of risk management, with stewardship retained at Senior Management.

In 2022, the COVID-19 recovery and geopolitical shocks dominated 2022. Except for China which maintained its zero-COVID policy until late of the year, other countries in which ComfortDelGro Corporation Limited operates have

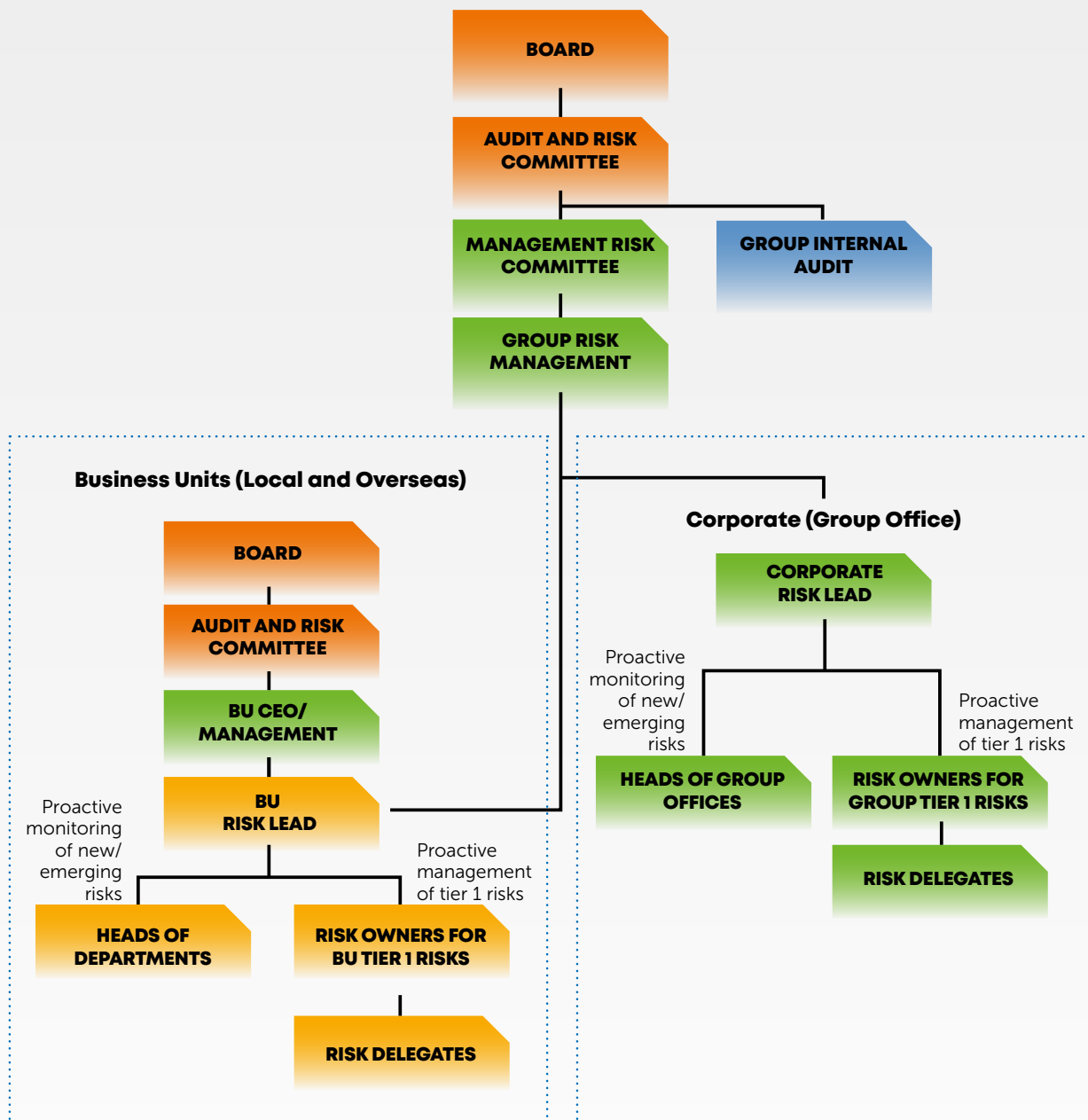
lifted most, if not all, of their COVID-19-related measures. The Russia-Ukraine conflict has had a significant impact on the global economy. Worldwide supply chain disruptions and increased labour costs have posed further challenges to our businesses. We manage our operations and business sustainability through rigorous monitoring and effective risk management.

RISK OVERSIGHT & GOVERNANCE STRUCTURE

ComfortDelGro's Board assumes the overall risk governance responsibility and sets the tone for the Group. The Audit and Risk Committee ("ARC") assist the Board in maintaining risk management and internal controls oversight. Internal Audit provides independent assurance on the adequacy and effectiveness of the Risk Management Framework and Internal Controls. The Management Risk Committee ("MRC") establishes and enforces the risk management and internal control system and ensures robust systems and processes are in place to identify and manage risks enterprise-wide. The Managing Director/ Group Chief Executive Officer ("MD/Group CEO") chairs the MRC, and members comprise the CEOs from major BUs and the Corporate Group Chief Division Officers. The Group's key risks are identified and presented to the ARC and Board every half-yearly, or as necessary, by the ARC.

However, the Board also notes that no system of internal controls and risk management can provide absolute assurance against poor judgement in decision-making, human errors, losses, fraud and other irregularities.

GOVERNANCE STRUCTURE



RISK MANAGEMENT

SHARING RISK MANAGEMENT RESPONSIBILITIES THROUGH THE “FOUR LINES OF DEFENCE” (LOD)

THE BOARD

- Responsible for the oversight of the Group’s risk management, internal controls, policies and systems
- Integrate risk management culture and appetite into strategic decision-making process
- Comprises Chairman, Executive Directors and Non-Executive Directors



INDEPENDENT ASSURANCE

- Internal Audit report independently to the ARC, responsible for testing the adequacy and effectiveness of the risk management, internal controls and compliance set up by the Management
- All Whistleblowing and investigation outcomes will be reported to ARC
- External assurance providers to complement internal sources of assurance



MANAGEMENT ASSURANCE

- Responsible for developing and enforcing the risk management framework and strategy, implementing control self-assessment and monitoring compliance
- Comprises MD/Group CEO and Group Chief Division Officers, where each Group Head is responsible for the risks in their functional areas

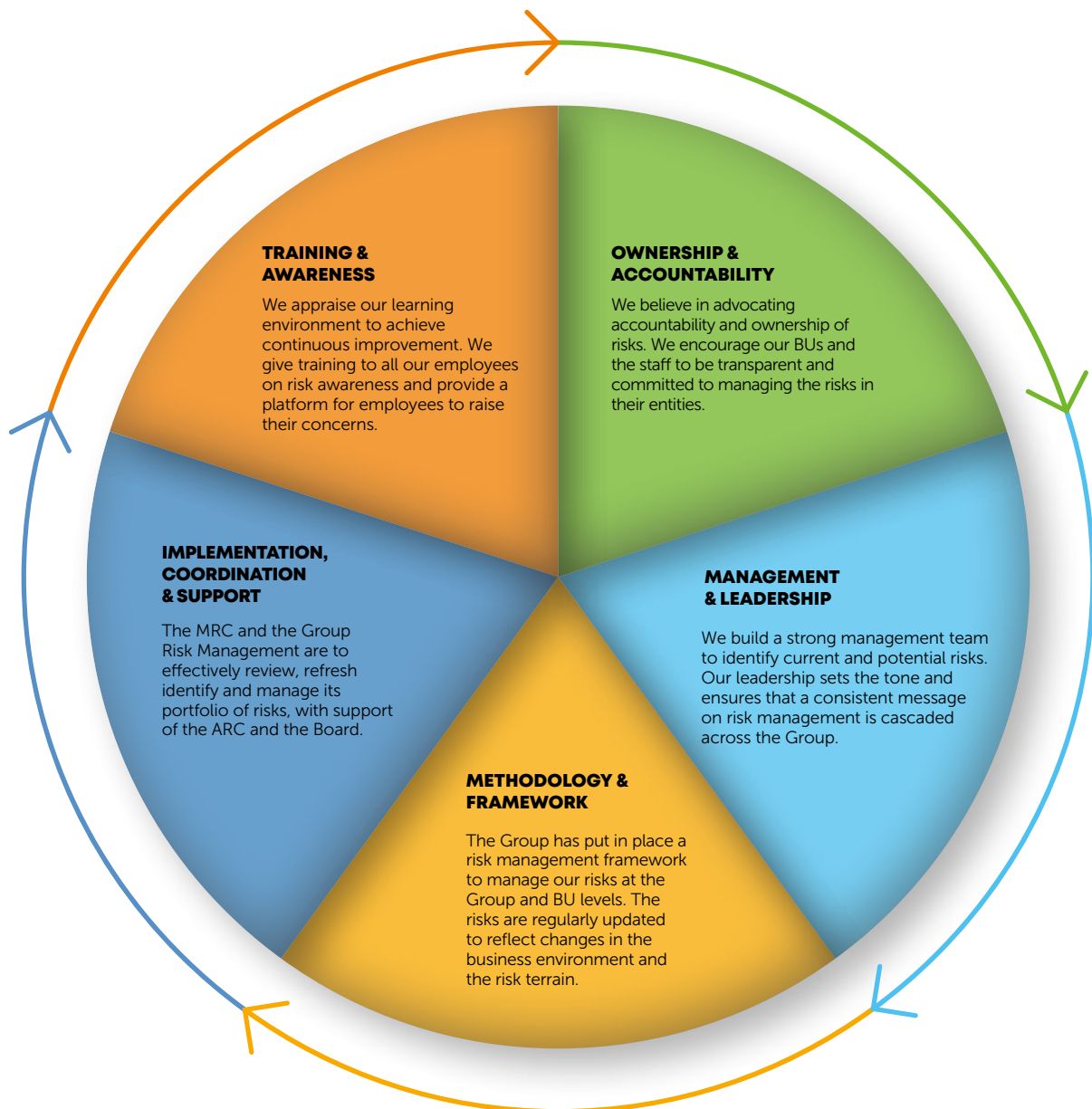


BUSINESS GOVERNANCE

- Responsible for setting up policy management, identify, assess and manage risks, build a robust internal control environment and maintain strong financial and operational governance
- Department Heads, Managers and Employees are to embed risk-mitigating controls when designing their operational process and procedures

RISK CULTURE

The Group believes in setting a robust risk management culture by ensuring good awareness, attitudes and behaviour toward risk management. We aim for continuous improvements by aligning ourselves with best practices and lessons learned. In 2020 and 2021, we leveraged our external consultants' expertise to implement a refreshed risk management framework and assist in preparing the Risk Control Self-Assessment for the Risk Owners. In 2022, we continued to improve our risk culture within the Group and regularly exchanged risk knowledge with our CEOs and risk leads. We have refreshed our risk universe and conducted Risk Prioritisation Workshop to ensure key risks are in accordance with our changing risk environment landscape.



GROUP RISK PROFILE

STRATEGIC RISKS

BUSINESS STRATEGY

The Group is committed to delivering ComfortDelGro's strategic objectives whilst enhancing shareholder value through sustainable and profitable growth. As we strengthen and grow our core business in existing countries, we are also expanding to adjacent transport and vehicle-related segments. We are building our rail business in new countries, being active in merger and acquisition opportunities, and investing in new mobility technologies and startups to expand into new mobility segments. These allow ComfortDelGro to build resilience and diversify into adjacent or new businesses in local and overseas markets.

We ensure that risk assessments are factored into all strategic business decisions and undertaken by experienced employees and, where necessary, by external professionals for specialised services. In 2021, the Group entered into a joint venture with ENGIE to enter into electric vehicle (EV) charging point and solar energy business. The Group then successfully grew its rail business by winning the tender in New Zealand in 2022. We will ensure each new investment proposal is in line with the Group's strategy and investment objectives.

COMPETITION

With competition from new entrants and technology start-ups emerging in the various markets, the Group recognises that competition risk remains evident in the land mobility space. Competition risk is even more prominent as the market preference shifts, necessitating beyond efficiency. This includes operating on sustainable and environmentally friendly energy.

In order to stay ahead of the competition, the Group continued to leverage partnerships and collaborations to strengthen our foothold being a relevant and significant player in the land mobility market.

Despite the keen competition, we managed to maintain our taxi fleet size while growing our private-hire vehicle

fleet. This has enabled ComfortDelGro to remain a significant player in the point-to-point mobility market. In Australia, we successfully retained our contracts in the Northern Territory and Sydney metropolitan regions, and further expanded winning an additional bus contract region from a competitor.

TECHNOLOGY EXPLOITATION

The COVID-19 pandemic has sped up the digital transformation and technologies landscape, reshaping how ComfortDelGro encourages innovation and technological adoption in its business operations, offerings and services. Digitalisation, electrification and autonomous technologies remain essential for ComfortDelGro to ensure business growth and enhance commuters' experiences.

In 2021, the Group Digital Office reviewed its digital roadmap and implemented several projects. Moving into 2022, we built and strengthened our capabilities by establishing our Autonomous Vehicle Centre of Excellence. We relaunched our taxi booking app as CDG Zig, supporting its technology team in data analytics, artificial intelligence and mobility technologies.

CLIMATE-RELATED

The Group recognises the importance of managing climate-related risk. As a responsible transport service provider, we understand our role in lowering carbon emissions, minimising our ecological footprint and protecting the natural environment. We are committed to doing our part in reducing our carbon emissions and protecting our people and assets from the impacts of extreme weather.

We align our sustainability framework to global standards, including adopting recommendations from the Task Force on Climate-related Financial Disclosures and Global Reporting Initiative. We constantly leverage technologies and digital solutions to monitor our sustainability performance across our business operations in the Group and work closely with our Partners, Suppliers and Contractors throughout the supply chain. We will continue to invest and demonstrate our commitment to being a responsible transport service provider.

ECONOMIC RECESSION/ SLOWDOWN

Rising inflation, tightening financial conditions, the Ukraine-Russia conflict and the lingering COVID-19 pandemic have weighed heavily on the global economies in 2022. The global financial stability risk is expected to spill over to 2023 before beginning to improve in 2024. As Governments impose stricter monetary policies to restore price stability, including raising interest rates, the compounding effects of the Russia-Ukraine conflict will continue to weigh on economic activity.

Amidst the uncertainties, our portfolios remain resilient as we explore opportunities beyond our existing business and geographical landscape whilst defending our existing businesses. We will continue to manage the risk by ensuring efficiency in our business operations, monitoring the market environment for any unfavourable developments and opportunities, and implementing strategic initiatives and sustainable investments, including diversification of our portfolio globally.

FINANCIAL RISK

FUEL AND ELECTRICITY

The Ukraine-Russia conflict and post-pandemic recovery had contributed to greater volatility of oil prices during 2022. Oil price fluctuation remains a concern, with increased prices leading to lower profit margins due to higher operating costs.

Our public transport contracts have fuel indexation mechanisms to mitigate price volatility, while we also closely monitor oil price movements and enter into forward contracts where appropriate. We continued with our efforts to reduce energy usage by conducting energy audits on high-consumption facilities, monitoring of driving behavior to encourage better energy efficiency and installing solar panels on some of our premises.

FRAUD

The Group recognises that fraud risk not only negatively impacts our financial results but also our reputation. We frequently conduct external and internal audit reviews to

identify potential gaps within our organisation. The Group also ensures a robust internal control environment, with both prevention and detection control embedded into our finance and business processes, including checks and balances and no single approval for all transactions. Beyond internal controls, the Group also promotes an ethical culture and educates our staff to identify and report possible fraudulent acts committed internally and externally.

TECHNOLOGY RISKS

CYBERSECURITY

As the Group embraces and adopts digitalisation and technological advancement, cybersecurity remains a key risk for the Group. Cybersecurity risk is even more evident as the market industry shifts towards cloud services. ComfortDelGro remains committed to protecting our networks, infrastructure, and data and information entrusted to the Group.

The Group's IT Security team actively strengthens our physical and cyber security, benchmarking against international standards and best practices. We ensure compliance with our internal information technology and security policies and procedures by conducting regular cyber security awareness education for all employees. The Group also negotiated and renewed our cybersecurity insurance coverage to further enhance our risk treatment.

DATA CONFIDENTIALITY

As a data custodian for our employees' and customers' personal data, the Group has implemented various policies, practices and controls to protect the confidentiality of these data. We regularly review our means of collecting, managing, safekeeping, sharing and disposal of such data to ensure compliance to the personal data protection regulations of the various jurisdictions that we operate in. The Group and its BUs also evaluate and update our data inventory map periodically. Data Protection Officers and other organisational representatives involved in the management of personal data are trained to ensure that they are equipped with the required competencies.

RISK MANAGEMENT

COMPLIANCE RISK

COMPLIANCE & REGULATORY

The Group is committed to ensure that all its business units comply with the laws and regulations in the country they operate in. These regulations include pricing, service standards, licences to operate and transport policies. As part of the risk management process, we maintain a compliance framework to monitor closely for any changes in the laws and regulations.

We proactively engage with the authorities in the various countries we operate in to allow mutual understanding of our businesses and the implications of the changing regulations. Where appropriate, the business units would also participate in public consultation exercises to provide feedback to the authorities and understand the applicability of the new laws to the business environment. The in-house legal teams also provide advisories and updates on recent legal and regulatory developments and case laws to help BUs to appreciate the legal landscape they operate in.

OPERATIONAL RISKS

MANPOWER SHORTAGE

As a leading provider of transport services, drivers, technicians and other frontline service personnel are critical resources of the Group. Across the transport industry globally, the shortage of bus drivers and skilled technicians remains a challenge, especially in countries where we operate, including Singapore, the United Kingdom, and Australia.

As such, the Group has implemented several initiatives, including more comprehensive and quicker sourcing of bus drivers and training programmes and initiatives for our bus drivers to equip and reinforce safe driving skills. We also provide our technicians with opportunities to develop and upskill their technical skills and competencies continuously.

The Group actively build and maintains strong and close tripartite relationships with local Authorities and the Unions, ensuring that our employees are recognised for their

contributions, are fairly remunerated, and their welfare is taken care of. Through these programmes and initiatives, we hope to build a skilled and future-ready workforce at ComfortDelGro to reinforce the Group's commitment towards a sustainable future.

TALENT ATTRACTION AND RETENTION

The Group values its people and talents to develop, manage and grow the businesses. The Group believes in building, attracting and retaining its talents through various efforts such as talent management and development as well as building and developing its management bench strength for succession planning. Additionally, the Group is committed to providing career development opportunities to our staff through targeted training and upgrading, experiential learning and sharing of best practices and experiences.

We periodically conduct Compensation and Benefits benchmarking assessments as part of our commitment to ensuring we keep pace with market practices and trends. To align our corporate culture and better staff communication, key drivers for retention, we have included training and conversations on our Code of Conduct and the Diversity, Equity and Inclusion policy in our Group Orientation programmes for new employees.

ENVIRONMENT, HEALTH AND SAFETY

The safety and security of our employees and commuters have always been our utmost priority as a safe and reliable transport provider. We strive for operational excellence across the organisation through a proactive risk management approach and adopt zero tolerance for non-compliance with our Health and Safety ("H&S") policies and procedures. We perform regular servicing of our public vehicles, inspect high-risk premises and conduct fire drills as part of our prevention measures.

All our Directors, Management and BU Heads attended a briefing on the newly launched Singapore's Code of Practice on Chief Executives and Board of Directors Workplace Safety and Health Duties.

ADVERSE EVENT (NATURAL)

As a trusted transport service provider, our business operations involve interacting with commuters and the general public. The COVID-19 pandemic has highlighted the implication of infectious disease outbreaks and/or natural disasters to our business operations.

The Group remains vigilant to watch out for a future pandemic event and our preparedness to respond to natural disasters. The Group has prepared business continuity and crisis management plans and purchased various relevant insurances with third parties to transfer the risk impacts. We will continue to keep abreast of risk drivers of adverse event (natural) risk and ensure adequate controls are in place.

INTERNAL CONTROL

The Group Risk Office has revised and updated our risk-based Minimum Acceptable Controls (MACs) to further strengthen our internal control framework. All our business units will review and assess the compliance to our MACs every half-yearly to ensure a robust internal control environment. All CEOs of our BUs will provide annual written assurance to the MD/GCEO through the Group Risk Office. After which, the Group Risk Office will review and assess all submission responses to maintain oversight and ensure compliance to the MACs.

AUDIT PROCESS

The Internal and External Auditors conduct reviews in accordance with their audit plans to assess the adequacy of the internal controls that are in place. A risk-based approach has been adopted in developing the annual internal audit plan, and in identifying the auditable areas of each entity. In the course of their audits, the Internal and External Auditors will highlight to the Management and the Audit and Risk Committee the areas where there are material deficiencies, non-compliance, weaknesses or where there are occurrences or potential occurrence of significant risk events. The auditors will also propose

mitigating measures and treatment plans. The audit recommendations are followed up as part of the Group's continuous review of its system of internal controls, and the implementation status is reported to the ARC.

The Group Internal Audit is independent of the activities it audits, and has unfettered access to the ARC, the Board and the Management. In line with best practices, Group Internal Audit has a Quality Assurance Programme that covers all aspects of its audit activities and conforms to international standards of auditing. External quality assessment reviews are carried out at least once every five years.

CODE OF BUSINESS CONDUCT

The Group has adopted a Code of Business Conduct which sets out the principles and policies upon which businesses are conducted. The Code of Business Conduct includes the anti-corruption and anti-bribery policies that stress on zero tolerance on fraud, improper use of monetary favors, gifts or entertainment. In addition, employees should not put themselves in a position of conflict of interest with the Group. If there is a potential conflict of interest, employees should declare to their immediate supervisors and recuse themselves from the decision process. The Group also enhanced the mandatory Conflict of Interest declaration on our intranet site for a seamless process and reporting.

WHISTLE BLOWING POLICY

The Whistle Blowing Policy is to provide a mechanism for employees to raise concerns, through well-defined and accessible confidential disclosure channels about possible improprieties in financial reporting or other improper business conduct. Employees are given a Company Handbook detailing how they can go about raising their concerns. Incidents can also be reported via our company website and a direct Intranet link to the Chairperson of the ARC and/or the Group Chief Internal Audit Officer. All cases are investigated and dealt with promptly and thoroughly.