

RISK MANAGEMENT

ComfortDelGro Corporation Limited'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 enhance shareholder value through growth that is sustainable and profitable, 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 one, 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, as well as communications through various forums on risk management 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 2021, we continued to keep our staff including frontline workers safe from COVID-19. Staff continued to mask-up, sanitise and disinfect workplaces and vehicles regularly. All our BUs continued to comply with safe management measures stipulated by the Government.

We also strongly encouraged our frontline workers to get vaccinated against COVID-19. Staff were given time-off to go for

their vaccination. The vaccination rate had been very encouraging, with our Singapore and China BUs achieving an impressive 99% vaccination rate amongst staff. Our Australia BUs continued to make progress in their vaccination efforts.

In Singapore, ComfortDelGro implemented weekly self-administered Antigen Rapid Tests (ART) for staff in September 2021. To-date, more than 65,000 ART kits have been purchased at a cost of nearly S\$500,000. Another 140,000 ART kits were also provided by the Government. Staff have also been receiving their booster doses since October 2021.

In China, our Bus Station in Guangzhou conducted daily temperature taking and checks of all staff and passengers entering the station. Staff also underwent testing every three days from May to August 2021.

In the United Kingdom (UK), window blocks were implemented on buses operated by Metroline Limited to prevent the windows from being fully closed, so as to increase air ventilation and reduce the risk of COVID-19. Plastic shields were also installed in the traffic office and training vehicles to prevent cross infection. This was in addition to the driver assault screens that had already been installed before COVID-19. About 58,000 free test kits were procured for staff as the Government encouraged twice weekly rapid testing to help prevent outbreaks.

In Australia, to increase the vaccination take-up rate, ComfortDelGro Australia Pty Ltd ran a national campaign of gifting a gift-card to workers who have been fully vaccinated. A 24/7 free COVID-19 hotline was also made available to address COVID-19 concerns and provide confidential medical advice by medical professionals to staff who had concerns.

RISK MANAGEMENT MODEL

The Group has adopted the "Four Lines of Defence" as our assurance framework in risk management. The Board has the ultimate responsibility for the governance of risk, and sets the tone and direction for the Group. It delegates the oversight of risk management and internal control to the Audit and Risk Committee

(ARC). The ARC helps the Board in ensuring that Management establishes and enforces a sound system of risk management and internal controls to safeguard the Group's assets and Shareholders' interests, and that a robust system and processes is in-place to identify and manage risks enterprise-wide.

HIGHEST OVERSIGHT



The Board is responsible for the oversight of the Group's risk management, internal controls, policies and systems. The Group's risk principles and risk appetites are integrated into discussions when making strategic decisions.

The Board consists of the Chairman, Executive Directors & Non-Executive Directors who hold their Board meeting quarterly.

3RD LINE



As an independent assurance, the internal and external audit is responsible for testing the effectiveness of the risk management, the internal controls and compliance set up by Management. All whistleblowing and investigated results will be reported to the ARC.

Internal Auditors report independently to the ARC. They adopt a risk-based approach when conducting their reviews.

2ND LINE



The Management is responsible for the risk management framework and strategy. They formulate the risk management strategy, implement control self-assessment and monitor regulatory compliance.

The Management comprises MD/Group CEO & Group Officers. Each Group Head is responsible for the risks for their functional areas.

1ST LINE



The BUs are responsible for setting up the policy management, identify risks, build a robust internal control environment and maintain a strong financial and operational governance.

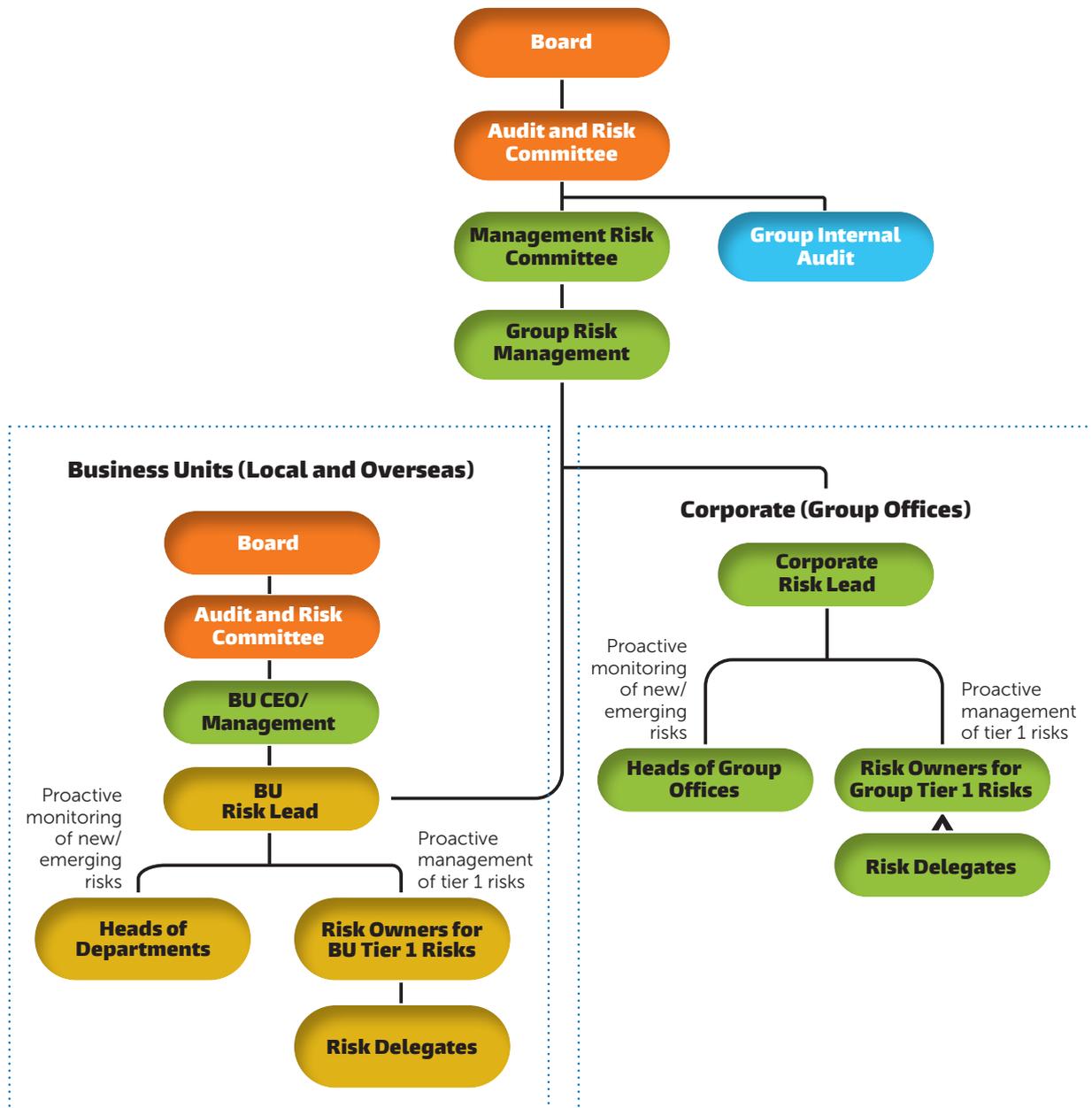
The BUs' Department Heads, Managers and Employees embed risk-mitigating controls when designing their operational process and procedures.

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COMFORTDELGRO RISK MANAGEMENT STRUCTURE

The Management Risk Committee (MRC) works closely with the BUs to ensure that risk management is taken seriously, and that the risk management framework is diligently implemented across the Group. The Managing Director/Group Chief Executive Officer (MD/Group CEO) chairs the MRC, and members comprise CEOs from major BUs and Group Officers. Key risks for the Group are identified and presented to the ARC and the Board annually.

The Group Risk Management (GRM) meetings serve as the platform where Group and BU-level risks are shared and discussed, including the progress of the respective risk treatment action plans and the key risk indicators. Different BUs will have different risk profiles but the risk assessment methodology, approach and processes are aligned with that of the Group, including the risk taxonomy. BUs are expected to continually refine and review their risk profiles and to detect and report any emerging risks promptly. This is to prevent unexpected risks and disruptions to our business operations and growth.



GROUP RISK PROFILE

The key risks faced by the Group, the relevant mitigating factors and how they are managed are set out in the paragraphs below. The risks are categorised along Strategic, Operational, Financial, Compliance and Information Technology risks.

STRATEGIC RISKS

BUSINESS STRATEGY RISK

The Group continually reviews its business strategy to ensure that we remain a relevant and significant player in the land mobility market. To strengthen our foothold in existing markets, we participate in competitive public transportation tenders and actively look for investment opportunities. We evaluate each new investment proposal to ensure that it is in line with the Group's strategy and investment objectives. In addition, the Group actively explores opportunities in new markets and businesses. Beyond the domain of land mobility, we seek to build resilience through diversification into adjacent or new businesses. In 2021, as part of the Group's electrification strategy, the Group formed a joint venture with ENGIE South East Asia to enter into the electric vehicle charging point and solar energy business.

COMPETITION RISK

Competition remains keen in the land mobility sector, as evidenced by the public bus tender exercises that the Group participated in Singapore, Australia and the UK in 2021. Despite the COVID-19 pandemic, there was no reprieve in the competitive Point-to-Point market. Beyond established and traditional mobility operators, there are new entrants and technology start-ups emerging as competitors in the various markets. To remain relevant, the Group and its BUs had to improve our offerings and services, and also enhance efficiency through digitalisation.

In 2021, we strived to leverage on partnerships and collaborations to enhance our value propositions. Together with our joint venture partners, ComfortDelGro successfully won the contract to operate the rail service in Auckland.

TECHNOLOGY EXPLOITATION RISK

The advent of technology in the mobility sector has brought about disruptions and industry transformation. To stay ahead of the technology curve, the Group actively explores and experiments with innovative technologies and new business models. We keep a close watch and selectively invest in digitalisation, electrification and autonomous technologies that will impact and shape the future of the mobility industry.

In 2021, the Group Digital Office continued to review its digital roadmap and has implemented several projects. The Group will also continue to invest in strengthening its technology team in the areas of data analytics and mobility technologies. Training had been given to the staff across the Group to further develop the employees' digital knowledge, glean data insights and enable innovative solutioning.

OPERATIONAL RISKS

HEALTH & SAFETY RISK

The safety and security of our customers, employees and the general public has always been our top priority within our businesses. To achieve assurance, we regularly update and revisit our Health & Safety policies and procedures. We apply zero tolerance to non-compliance on these policies. Our employees go through yearly health and safety training with reputable service providers to equip them with the right first aid skill set. We perform regular servicing to our public vehicles, inspect high-risk premises and conduct fire drills as part of our prevention measurements.

The COVID-19 pandemic necessitates that the Group and its BUs introduce and enforce safe management measures, including the enhanced cleaning of our vehicles, facilities and workplaces. Apart from our frontline staff, the Group actively enables other staff to work from home. Given the resurgent waves of infection in various parts of the world, the Group will continue to monitor the situation, adhere strictly to the stipulated safe management measures, and ensure that we do not fall prey to COVID-19 fatigue.

OPERATIONAL PERFORMANCE RISK

The Group and its BUs have established the requisite frameworks, standard operating procedures and business continuity plans to ensure operational effectiveness and enable compliance and control of our various business operations and services. We understand the stringent demands of public transport services, as any breakdown or disruption can affect thousands of commuters. The Group is thus committed to ensure high standards in reliability, safety and security – both in operations and in maintenance. As part of the process improvement and risk mitigation, we seek to adopt the best practices in industry, harmonise and streamline our processes, and embrace ISO certifications in areas of operational excellence, safety, and asset management. Ensuring high standards and operational excellence will enable us to deliver the desired outcomes and mitigate the risk of operating licences being revoked.

PEOPLE RISK

The Group's ability to develop and grow the business depends on the quality of its people, and it is committed to invest in developing its talent pool. We believe in developing a strong workforce by putting in place various programmes and processes. These include talent management, building management bench strength, succession planning, performance management, compensation and benefits, training and development, as well as employee conduct and supervision. We ensure that our employees are selected and promoted based on merit, and that they understand their responsibilities and are given access to the necessary training. At all times, a positive, constructive and productive working climate based on strong tripartite relations is fostered. We work with the Authorities and the Unions to ensure that our people are fairly recognised, remunerated and taken care of. Over the COVID-19 period, the Group made the

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decision to provide accommodation for stranded foreign staff in Singapore when neighbouring borders were closed. This ensured the continuity of critical services and also the livelihoods of these staff.

FINANCIAL RISKS

FINANCIAL MANAGEMENT RISK

The Group recognises that effective management of financial risks is essential in the creation of shareholder value. The main areas of financial risks faced by the Group are foreign exchange/currency risk, interest rate risk, credit/counterparty risk, liquidity risk and fuel and electricity price risk. It is the Group's policy not to participate in financial derivative instruments, except for use as hedging instruments, where appropriate. Over the COVID-19 pandemic, the Group Finance Office conducted regular sensitivity analysis and reviews of the Group's exposure to financial risks under the evolving crisis. With prudent cost management, the Group is able to remain relatively unscathed over this pandemic.

The Group upholds the highest integrity in financial statement disclosure. Financial Authority Limits are put in place for capital expenditure, operating expenses, treasury matters, direct investments, revenue tender participation, and disposal and write-off of assets. These authority limits are delegated based on the organisational hierarchy from the Board down to the MD/Group CEO and the Heads of BUs/Departments, with the Board retaining the ultimate authority.

FRAUD RISK

The Group recognises that fraud risk not only negatively impact our financial results, but also our reputation. We frequently conduct external and internal audit reviews to identify potential gaps within our organisation. The Group Risk Office also ensures a robust internal control environment, with both prevention and detection control embedded into our finance and business processes, including check and balance and no single approval for all transactions. Beyond controls, the Group also promotes an ethical culture and educates our staff to identify and report possible fraudulent act committed both internally and externally.

COMPLIANCE RISKS

COMPLIANCE & REGULATORY RISK

The Group is committed to ensure that all its BUs 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. Any changes are disseminated and updated in the respective compliance registers. We proactively engaged the regulatory authorities in the various countries for any updated policies. Our in-house legal and compliance teams provide advisories on the proposed updates and potential impacts to business operations. As and where necessary, our BUs will

also provide feedback on proposed regulatory changes during industry or public consultation exercises.

INFORMATION TECHNOLOGY RISKS

CYBERSECURITY RISK

Cybersecurity remains a key risk for the Group, given the trend of increasing cyber-attacks globally, and that our digital footprint has grown with increased digitalisation. The COVID-19 pandemic added a new dimension to cybersecurity as more employees are now working from home. Coupled with an ever-evolving digital terrain, it is pertinent that the Group put in place a comprehensive and robust security framework, with regular reviews to ensure continuing relevance in the face of changing threats.

The Group's information technology security management framework complies with the latest industry standards. We have put in place various controls and data recovery measures to mitigate the risks, including the use of intrusion prevention systems, multi-level firewalls, server protection, software code hardening and data loss prevention controls to manage Internet security and cyber threats. Penetration tests are carried out regularly to test the systems, identify potential vulnerabilities and to strengthen the security hardening of our websites. Information security policies and procedures, including education and training for all staff, are reviewed and enhanced regularly.

DATA CONFIDENTIALITY RISK

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 bi-annually. Data Protection Officers and other organisational representatives involved in the management of personal data are also sent for training to ensure that they are equipped with the required competencies.

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 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 ARC 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 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 and the last review was conducted in 2017 by PricewaterhouseCoopers.

RISK CULTURE

The Group believes in setting a robust risk management culture by ensuring good awareness, attitudes and behaviour towards risk management. We aim for continuous improvements by aligning ourselves with best practices and lessons learnt. In 2020, we had engaged External Consultants to assist in the implementation of the refreshed risk management framework to the UK and Australia. Six risk training sessions were also conducted across the Group, including for our UK, Australia and China entities. This is to provide the CEOs and the Risk Leads the requisite risk management knowledge and awareness, and to integrate the risk processes and procedures into their business operations. In 2021, the Consultants assisted in preparing the Risk Control Self-Assessment for the Risk Owners to further improve the risk culture within the Group.

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 favours, 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.

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 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.

