

# Sustainability

## Board statement

### The Board has overall responsibility for sustainability and considers environmental, social and governance (ESG) matters in the formulation of our strategy.

ESG matters that are material to value creation are integrated into our balanced scorecard which is used to set objectives, drive behaviours, measure performance and determine remuneration of our people. The scorecard is updated yearly and approved by the Board.

The Board delegates the execution of DBS' strategy to the CEO, who heads the Group Executive Committee and the Group Management Committee and is responsible for managing DBS' day-to-day operations. The DBS Sustainability Council, chaired by the Chief Sustainability Officer and comprising senior leaders across business and support units, reports to the CEO. It is responsible for developing DBS' overarching sustainability framework, setting key performance indicators (KPIs) and targets in consultation with the relevant stakeholders, and driving sustainability initiatives across the bank. The council also advises the CEO on material ESG matters which contributes to DBS' overall materiality assessment. This in turn informs the Board's strategic planning. The council meets monthly and provides periodic updates to the CEO, Group Management Committee and the Board.

## Overview

We seek to create long-term value for our stakeholders in a sustainable way. We believe in generating profits responsibly, balancing the needs for development with creating positive social and environmental impact. This aligns with our corporate value of being purpose-driven and our desire to make a difference beyond banking to touch real people, real businesses and real lives.

Our approach to sustainability is focused around four pillars:

### Responsible banking

We take a proactive stance to protect our customers' information from cyber attacks and illicit usage. We have zero tolerance for financial crime, including bribery and corruption. We seek to conduct our business in a fair and responsible manner by ensuring that we only offer products and services that are suitable for our customers (otherwise known as fair dealing). We are committed to advancing responsible financing and financial inclusion as part of our role in promoting sustainable development.

### Responsible corporate citizenship

As a good corporate citizen, we are conscious about managing our direct environmental footprint and seek to influence our supply chain towards sustainable practices. We are committed to making economic contributions to the communities in which we operate through paying our fair share of taxes.

### Creating social impact

We recognise that not all returns stem from financial gains. We seek to create social impact by championing social entrepreneurship in Asia and through our staff volunteerism movement "People of Purpose".

### Employer of choice

Continued investment in our people is a key priority for us. We are committed to providing an inclusive work environment where every employee can develop professionally and personally.

## Sustainable Development Goals








In September 2015, the United Nations announced a set of 17 Sustainable Development Goals (SDGs) to end poverty, protect the planet and ensure that all people enjoy peace and prosperity as part of the 2030 Agenda for Sustainable Development. Shortly after, the Paris Agreement on climate change was adopted by 195 countries, underscoring the need to limit the rise of global temperatures.



At DBS, we believe that we have a role to play in promoting sustainable development, including the transition to a low carbon economy. Building on our heritage as the former Development Bank of Singapore, and POSB's mission as the "People's Bank", we have chosen to focus on four SDGs where we believe we can make the most impactful contributions. This takes into account our sustainability pillars, the markets we operate in and our businesses.



## Targets and progress

To measure our contribution to sustainable development, we have set targets based on the 2030 targets and indicators of the four SDGs we have chosen to focus on.

| DBS sustainability pillars               | 2030 targets  | Related material matters                 | Related SDGs   | Initiatives in 2017  | Impact achieved in 2017  |
|--|---|--|--|--|--|
| <b>Responsible banking</b>               | Promote investment in clean energy technology   | Climate change                           |    | Continued financing the transition to clean energy   | Financed a wide spectrum of technologies from geothermal, hydro to waste-to-energy   |
|  | Influence our customers towards sustainable management and efficient use of natural resources   | Responsible financing                    |    | Rolled out Responsible Financing Standard and Sector Guides  | Enhanced transparency on our position to financing the palm oil and coal <sup>(1)</sup> sectors  |
|  | Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation and impact reduction | Climate change/<br>Responsible financing |    | Promoted green finance through issuance of USD 500 million inaugural green bond                                      | Achieved estimated energy savings of 8,394 MWh and water savings of 6,384 m <sup>3</sup> per annum from the allocation of proceeds to financing a green building |
|  | Encourage and expand access to banking, insurance and financial services  | Financial inclusion                      |  | Helped launch Women's Livelihood Bond, the world's first social sustainability bond to be listed on a stock exchange | Supported the creation of 385,000 jobs for women in Cambodia, the Philippines and Vietnam  |
| <b>Responsible corporate citizenship</b> | Substantially increase the share of renewable energy in our energy mix and drive improvement in energy efficiency                       | Climate change                           |  | Joined RE100 <sup>(2)</sup> with commitment to 100% renewable energy use in Singapore operations by 2030             | Completed installation of solar panels with peak capacity of 386 kW on the rooftop of DBS Asia Hub   |
|  | Substantially reduce our waste generation through prevention, reduction, recycling and reuse  | Climate change                           |  | Continued to drive paperless operations  | Achieved 3.47 million e-statement sign-ups as at 31 December 2017  |
|  | Improve institutional capacity on climate change mitigation, adaptation and impact reduction within our own operations                  | Climate change                           |  | Continued to broaden Green Mark certifications across our branch network   | Achieved more than 5,000 tonnes of CO <sub>2</sub> emissions reduction compared to 2014 baseline   |

| DBS sustainability pillars    | 2030 targets  | Related material matters        | Related SDGs   | Initiatives in 2017   | Impact achieved in 2017  |
|-------------------------------|---|---------------------------------|--|---|--|
| <b>Creating social impact</b> | Support productive activities, decent job creation, entrepreneurship, creativity and innovation   | Financial inclusion             |  | Continued to champion social entrepreneurship through DBS Foundation                                      | Engaged 4,800 social enterprises (SEs) engaged across our key markets<br><br>Awarded SGD 1.23 million to SEs |
| <b>Employer of choice</b>     | Achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value | Talent management and retention |  | Continued to build an inclusive work environment encompassing gender, cultural and generational diversity | Recognised in Bloomberg's Gender-Equality Index <sup>(3)</sup>   |

(1) Made publicly available in February 2018

(2) RE100 is a collaborative group of influential global businesses committed to 100% renewable energy

(3) Announced in January 2018

## Responsible banking

### Cyber security and data protection

Data protection and data governance are cornerstones of a customer's trust in the banking sector, and are also critical enabling factors for innovation in a digital economy. We endeavour to uphold customers' trust in us by protecting and using their personal data in a responsible manner.

We converge the management of physical, cyber and data-related risks into a central Chief Information Security Officer (CISO), who also oversees the financial crime risk mitigation programme. Metrics on data protection and cyber security are reported to the Group Operational Risk Committee and ultimately to the Board Risk Management Committee. Material cyber issues or incidents are independently reported to the Board Audit Committee.

We implement multi-layered defences, combined with employee education and industry collaboration. We keep abreast of techniques and threats as they evolve, in order to develop the appropriate counter-measures. In 2017, we rolled out a bank-wide DBS CYBRFIT programme – an online tool to build cyber security awareness and good practices among our employees, and to test their compliance with these practices. We also conducted periodic phishing/ social engineering exercises to translate theoretical knowledge into day-to-day application for our employees.

*Read more about our overall management approach on cyber security and data protection on page 70 and page 89.*

### Preventing financial crime (including bribery/ corruption)

As a bank, we do not want to be used as a channel for perpetrating financial crime or laundering its proceeds.

To mitigate against this risk, we have a clear set of policies supplemented by advisory capabilities, training, surveillance and testing. These include standards for managing fraud, bribery/ corruption, and preventing money laundering or terrorist financing, which are implemented by business units and support units in a manner commensurate with the degree of risk faced by the relevant unit.

### Communication and training in 2017

- All our employees complete training on anti-money laundering on an annual basis.
- All new joiners complete mandatory anti-bribery and corruption training.
- All employees read and acknowledge our Code of Conduct (see Page 62), which contains our stance on anti-corruption, on an annual basis.
- The Board attended a training session on "Anti-Money Laundering and Terrorism".

Overall accountability is the responsibility of the Group Head of Financial Crime and Security Services. The Group Operational Risk

Committee regularly receives and reviews reports on financial crime, and material issues are raised to the Risk Executive Committee, and if necessary, to the Board Risk Management Committee.

In 2017, we made improvements to processes and controls in dealing with financial crime risk and executed on our commitments to implement enhancements to front office controls, transaction monitoring and collaboration with regulators.

We are members of the Anti-Money Laundering/ Countering the Financing of Terrorism (AML/ CFT) Industry Partnership, a public/ private sector collaboration launched in 2017 to share financial crime risks and typologies, and mitigations.

*Read more about this on page 70 and page 89.*

### Fair dealing

We are committed to fair dealing outcomes for our clients. We believe in:

- Being responsive to our customers' needs and requests
- Selling products and services which are appropriate
- Ensuring our sales staff are trained to deal with customers fairly
- Communicating with our customers in a clear and transparent manner

Oversight of fair dealing is the responsibility of the group-level Fair Dealing Committee, which is chaired by the CEO. Fair dealing outcomes are reported to the Board Audit Committee on a quarterly basis.

Staff remuneration is based on a balanced scorecard approach, which ensures alignment between the interests of our staff and customers. A significant proportion of staff remuneration requires demonstration of adherence to proper sales process and embracing our cultural values.

All our employees receive annual training on compliance and fair dealing, in addition to training on our product suite. They also undergo product knowledge and skills tests regularly. We place great emphasis on the oversight of our sales staff and hold their supervisors accountable for their coaching, monitoring and supervision. In the interest of improving our products and services, we avail various channels for customers to provide valuable feedback.

In 2017, we made significant improvements in using data analytics to detect client vulnerabilities and predict the need for greater supervisory attention or action.

*Read more about this on page 70. See also page 39 for our customer satisfaction measures.*

### Responsible financing

Our financing plays a role in shaping the behaviours of our customers towards sustainable development. We expanded our Group Core Credit Risk Policy to incorporate the principles and approach for managing ESG issues in our lending practices and capital market activities. Supplementing the policy is the new Responsible Financing Standard, which provides structured guidance to assess potential ESG risks. Our relationship managers and credit risk officers across the region underwent ESG training in 2017 in conjunction with the roll-out of the standard.

Our risk assessment approach ensures that material ESG issues are considered for all new credit applications, capital markets transactions, and during periodic reviews. We have started collecting data to measure our progress in implementing the Responsible Financing Standard. For the last quarter of 2017, a total of 15 transactions received additional ESG due diligence, and we declined 3 transactions owing to ESG concerns.

Specific sector guides are established to provide further guidance on ESG risks pertinent to that industry. These are developed taking into consideration our strategy and level of exposure to a sector and presently cover seven sectors, namely agricultural commodities, palm oil, chemicals, oil and gas, mining and metals, power generation and infrastructure. We are guided by sectoral standards, and industry best practices such as the International

Finance Corporation Performance Standards and World Bank Environmental, Health and Safety Guidelines.

In 2017, we reviewed the ESG commitments of the seven sector guides, cognisant of the fact that societal expectations and new scientific findings evolve. We published our approach to the palm oil and coal sectors. We will continue to make public our position on the remaining sectors in the coming year.

The ESG risk assessment enables us to develop an overall understanding of the customer's approach to managing ESG issues (including commitment, capacity and track record). Where we identify significant issues, additional due diligence would be required. This may entail site visits, independent reviews or certification requirements. Escalation to relevant industry and sustainability specialists, and approvals may be required.

Read more about our approach to the palm oil and coal sectors at [go.dbs.com/responsible-financing](http://go.dbs.com/responsible-financing).



If any customer is suspected to be involved in undesirable ESG practices, we will promptly engage the customer. If the customer is not willing to take steps to adequately manage and mitigate the identified ESG risks, we are prepared to turn down the transaction or reassess the banking relationship.

### Sustainable finance

As society continues to increase its expectations for businesses to deliver solutions sustainable for our planet, we see opportunities to offer banking solutions that can help meet those expectations.

We are committed to promoting sustainable development and are continuously exploring opportunities that will help us contribute to the SDGs, particularly in the areas of financial inclusion and green financing.

In July 2017, we issued our inaugural Green Bond under the DBS Green Bond Framework. The net proceeds from the issuance were allocated towards DBS' financing of Marina Bay Financial Centre Tower 3, a commercial property in Singapore that was certified Green Mark Platinum by the Building and Construction Authority (BCA) as at the date of issuance. The energy-efficient air conditioning system and lighting of the property contribute to estimated energy savings of 8,394 MWh per annum, while recycling of condensate water from the air conditioning system for use in fountains, irrigation and cleaning contribute to estimated water savings of 6,384 m<sup>3</sup> per annum.

We participate in the BCA Building Retrofit Energy Efficiency Financing Scheme as well as the Economic Development Board of Singapore's Energy Efficiency Financing Pilot Programme to help SMEs offset the high upfront costs associated with energy efficiency improvement works. As at 31 December 2017, our outstanding loans under these schemes amounted to SGD 3.67 million, supporting retrofits that resulted in reduction of over 6,000 MWh energy consumption and two buildings certified as BCA Green Mark.

In addition, we also participate in a range of Government-Assisted Schemes to support SMEs in the growth and expansion of their businesses. These include collateral-free working capital loans for SMEs, micro loans for start-ups to fund their business expansions and the International Finance Scheme to help fund companies' overseas expansion. As at 31 December 2017, our outstanding loans to such schemes amounted to SGD 1,049 million.

DBS played an active role in bringing the USD 8 million Women's Livelihood Bond to fruition. This is the world's first social sustainability bond which is listed on a stock exchange, and positively impacts the livelihoods of over 385,000 women in Cambodia, the Philippines and Vietnam.

## Spotlight on renewable energy financing

DBS has participated in financing a wide spectrum of renewable energy technologies across our key markets.

In Indonesia, we were the underwriter and mandated lead arranger (MLA) for Star Energy's Wayang Windu geothermal energy project with total generation capacity of 220 MW. We were also the structuring bank and international bank coordinator for Star Energy's consortium for the acquisition of geothermal assets from Chevron – Salak with a generating capacity of 377 MW, and Darajat II with a total capacity of 271 MW. Salak is one of the largest geothermal operations in the world.

In Australia, we were MLA for the 200 MW Silverton Wind Farm, which can produce approximately 780,000 MWh of renewable energy annually. The renewable energy produced from the wind farm's 58 turbines will reduce CO<sub>2</sub> emissions by 655,000 tonnes annually. We were also MLA for the 453 MW Coopers Gap Wind Farm. The renewable energy produced would reduce CO<sub>2</sub> emissions by approximately 1,180,000 tonnes annually, equivalent to taking more than 340,000 cars off the road.

In China, we were sole financier for the refinancing of a waste-to-energy project (with 2,050 tonnes per day processing capacity and 36 MW power generation capacity) in Wuhu, Anhui province. The project is ultimately owned by SGX-listed China Jinjiang Environment Holding Company, one of the largest waste-to-energy companies in China.

We also extended RMB 1 billion in bilateral financing to CPI Leasing. CPI Leasing is involved in renewable energy (close to three-quarters of its leasing exposure). CPI Leasing is part of the State Power Investment Corporation group, which owns one of the largest solar independent power producer portfolios in the world.

## Financial inclusion – being the People's Bank

In Singapore, living our heritage as the "People's Bank", we continue to bring affordable banking services to the heartlands.

We provide subsidised banking services to a large segment of customers. Fees are waived for many, including the young, seniors, national servicemen and people under public assistance schemes. We also waive fees for ex-offenders to help with their reintegration into society. DBS is also the key bank for migrant workers in Singapore.

We further seek to leverage technology to improve access to financial services to all of our customers, including those with special needs. We believe in empowering the community to make sound financial decisions to improve their lives by enhancing their financial literacy.

*Read more about our POSB initiatives on page 46.*

## Responsible corporate citizenship

### Managing our environmental footprint

Our most direct and significant environmental impact stems from the carbon emissions from our office buildings and branches through the consumption of purchased electricity. We benchmark ourselves against external environmental certifications to ensure that we incorporate sustainable designs and practices into our offices and branches.

In Singapore, we were awarded the Green Mark certification by BCA for all four office buildings, with two of them achieving the highest Platinum award. The certification is awarded based on the environmental performance of our interior fittings, assessed against energy efficiency, water efficiency, sustainable management and operation, indoor environmental quality and other green features.

For our retail branches, DBS is among the first in the banking sector to achieve the BCA Green Mark for Retail certification for our efforts to achieve a sustainable built environment by incorporating best practices in environmental design and construction, and the adoption of green building technologies. In 2017, we "greened" 21 more retail branches, bringing the total of BCA Green Mark for Retail certifications to 41. We are on track to receiving the Green Mark certification for 33 more branches in 2018.

Looking forward, we target to maintain the highest Green Mark accolade for our offices and achieve Green Mark certification for all our retail branches by 2020.

In Hong Kong, we were awarded the EPD Wastewi\$e Label for achieving environmental excellence for all three of our office buildings. In Taiwan, DBS was the first foreign bank to achieve the ISO 50001 certification in 2015, and has maintained this certification through upholding an energy management system (EnMS) for its building.

Our efforts to green our premises have resulted in significant savings – both in terms of carbon emissions and costs. Our disposal of PWC Building during the year and consolidation of branches in China and Indonesia also contributed to significant reductions in our carbon footprint. Notwithstanding a new premise in Hyderabad, in 2017, we reduced CO<sub>2</sub> emissions by 4,118 tonnes (or 5,703 tonnes compared to 2014 baseline) and achieved cost savings of SGD 3.8 million compared to 2016.

In 2017, DBS became the first Asian bank and Singapore company to join the global renewable energy initiative, RE100, a collaborative group of influential global businesses committed to 100% renewable energy. This signals our dedication to support the transition to a low carbon economy powered by renewable energy, benefitting not just ourselves but the world we live in.

We have set a target to power 100% of our operations in Singapore using renewable energy by 2030, with an eventual goal to extend this to 100% of our global operations. We completed the installation of solar panels at our office building in Changi Business Park in December 2017 with a peak capacity of 386 kW. We plan to procure Renewable Energy Certificates from solar energy companies in Singapore in the future as part of the commitment.

## Environmental data by geography

|  | Singapore  |            | Hong Kong  |            | Rest of Greater China <sup>(1)</sup> |           | South and Southeast Asia <sup>(2)</sup> |          | Total      |            |
|--|------------|------------|------------|------------|--------------------------------------|-----------|---|----------|------------|------------|
|  | 2017       | 2016       | 2017       | 2016       | 2017                                 | 2016      | 2017                                    | 2016     | 2017       | 2016       |
| <b>Energy consumption</b>  |            |            |            |            |                                      |           |   |          |            |            |
| Electricity consumption (MWh)  | 36,363     | 45,965     | 11,470     | 11,278     | 12,160                               | 13,252    | 8,013                                   | 7,117    | 68,006     | 77,612     |
| Cooling consumption (MWh) <sup>(3)</sup>   | 21,339     | -          | -          | -          | -                                    | -         | -                                       | -        | 21,339     | -          |
| Scope 2 emissions from purchased electricity (tCO <sub>2</sub> e) <sup>(4),(5)</sup> | 15,432     | 19,912     | 9,022      | 8,871      | 8,412                                | 9,550     | 8,323                                   | 6,974    | 41,189     | 45,307     |
| Scope 2 emissions intensity (tCO <sub>2</sub> e/ sqf)                                | 0.009      | 0.010      | 0.016      | 0.015      | 0.010                                | 0.012     | 0.010                                   | 0.012    | 0.011      | 0.011      |
| <b>Water consumption<sup>(6)</sup></b>   |            |            |            |            |                                      |           |   |          |            |            |
| Water consumption (m <sup>3</sup> )  | 90,708     | -          | 2,170      | -          | 42,064                               | -         | 16,976                                  | -        | 151,918    | -          |
| <b>Employee commuting<sup>(7),(8)</sup></b>  |            |            |            |            |                                      |           |   |          |            |            |
| Distance travelled – Air (million passenger-km)                                      | 48         | 37         | 10         | 10         | -                                    | -         | -                                       | -        | 58         | 47         |
| Scope 3 emissions from air travel (tCO <sub>2</sub> e)                               | 5,404      | 4,139      | 1,058      | 1,100      | -                                    | -         | -                                       | -        | 6,462      | 5,239      |
| Distance travelled – Shuttle buses (km)  | 383,657    | 383,657    | 28,803     | 17,690     | -                                    | -         | 2,015,320                               | 158,520  | 2,427,780  | 559,867    |
| Scope 3 emissions from shuttle buses (tCO <sub>2</sub> e)                            | 86         | 86         | 6          | 4          | -                                    | -         | 452                                     | 36       | 544        | 126        |
| <b>Waste disposal (tonnes)<sup>(9)</sup></b>   |            |            |            |            |                                      |           |   |          |            |            |
| Weight of paper recycled   | 231        | 239        | 179        | 171        | 39                                   | 40        | 9                                       | 6        | 458        | 456        |
| Weight of aluminum cans recycled   | 11         | 7          | -          | -          | 1                                    | 1         | -                                       | -        | 12         | 8          |
| Weight of plastic recycled   | 4          | 3          | -          | -          | 2                                    | 2         | -                                       | -        | 6          | 5          |
| Weight of coffee ground recycled   | 10         | 8          | -          | -          | -                                    | -         | -                                       | -        | 10         | 8          |
| <b>Total waste recycled</b>  | <b>256</b> | <b>257</b> | <b>179</b> | <b>171</b> | <b>42</b>                            | <b>43</b> | <b>9</b>                                | <b>6</b> | <b>486</b> | <b>477</b> |

(1) Rest of Greater China includes Mainland China and Taiwan

(2) South and Southeast Asia includes India and Indonesia

(3) We commenced tracking energy consumption from District Cooling Systems at our office buildings at Marina Bay Financial Centre Tower 3 and Changi Business Park with effect from 2017

(4) Based on relevant grid emission factor conversion for each location

(5) Scope 2 emissions (tCO<sub>2</sub>e) in baseline year 2014 when we started tracking our carbon emissions: Singapore 19,509; Hong Kong 9,422; Rest of Greater China 11,247; South and Southeast Asia 6,714; Total 46,892

(6) We commenced tracking water consumption from public utilities at our premises across key markets except Indonesia with effect from 2017

(7) Air travel data is only available for Singapore and Hong Kong

(8) We provide shuttle buses for employee commute in Singapore, Hong Kong and India only

(9) Based on weight of waste measured at recycling points

Across Singapore and Hong Kong, air travel and corresponding CO<sub>2</sub> emissions increased 23% due to the growth in regional activities during the year such as the ANZ integration. We will continue our efforts to reduce business travel and encourage alternatives to face-to-face business meetings such as video conferencing and online collaboration tools.

In Singapore, Hong Kong and India, we provide complimentary shuttle bus services for employees to commute between office premises as well as to and from selected transportation hubs in the respective markets. In 2017, we added significantly more routes to ferry our employees in India and our new office in Hyderabad. This not only helps our employees save time on their commute and brings about greater convenience, but is also more sustainable for the environment as compared to each individual employee driving or taking car hire.

On waste management, we collected a total of 486 tonnes of recyclable waste from properties across the six markets. This reflects our continual efforts, particularly in Singapore, to reduce paper consumption and encourage responsible waste disposal. Initiatives include placement of eye-catching Pokemon-themed recycling bins at branches and more strategic placement of paper recycling bins across floors at offices.

Information technology (IT) waste management remains a priority as we continue with our digital transformation. As part of our strategic cost management programme, we sold more than 2,000 decommissioned desktops and notebooks to a recycling vendor at the end of their four or five-year replacement cycle. We continued to recycle corporate mobile phones with vendors who either resell, salvage reusable parts or otherwise dispose of them through a recycling company.

### Sustainable sourcing

DBS procures products and services from more than 6,000 suppliers, predominantly in Singapore and Hong Kong. Approximately 80% of our expenditure is for professional, real estate, sales and marketing, IT outsourcing and corporate services.

We seek to influence our supply chain towards sustainable practices through the DBS Sustainable Sourcing framework. Central to the framework are DBS Sustainable Sourcing Principles (SSP), which outline our expectations of all suppliers, regardless of value or volume of purchase, in four key areas – human rights, health and safety, environment sustainability, business integrity and ethics.

Due diligence is done at the new supplier registration stage, as well as at regular intervals as part of our ongoing supplier management process. In 2017, we rolled out the process across our six key markets. In total, 696 or 97% of new suppliers signed on to the SSP during the year.

In addition to the SSP, we conduct sustainability risk materiality assessment to identify spend categories with high ESG risks. The assessment takes into account the supplier's manufacturing process, service delivery, business volume and industry-specific guidelines, and is reviewed every two years to ensure relevance. For competitive tenders in high-risk categories, up to 10% of the supplier selection criteria are attributed to sustainability considerations. This reflects our position that, all else being equal, we will always award our business to more sustainable products and services.

DBS will continue to work with our suppliers and stakeholders to fine-tune the DBS Sustainable Sourcing framework and drive improvement in our supply chain.

### Responsible tax management

DBS is committed to paying our fair share of taxes across the countries in which we operate, and to comply with applicable tax laws and regulations.

Our dealings with tax authorities are regular and based on mutual respect and trust. We aim to be transparent in our tax filings, and will provide tax authorities with sufficient information such that robust conclusions regarding the tax treatment of our activities can be made. We participate in the Enhanced Taxpayer Relationship Programme introduced by the Inland Revenue Authority of Singapore to facilitate timely resolution of our tax matters.

The Board has overall responsibility for sustainability at DBS, and takes into account responsible tax management as part of its consideration of ESG matters in the development of our strategy. The CFO, supported by the Head of Group Tax, oversees the tax function which is responsible for ongoing tax compliance and robust management of tax risks and exposures.

DBS has a low tolerance for tax risk and adopts a clearly-defined tax risk management framework that promotes transparency, fairness and accountability. This is implemented through our Group Tax Policy, which is approved by the CFO. The policy is further supplemented by standards and procedures to ensure continued adherence with the framework.

DBS' tax risk management framework is based on the following principles:

- We only undertake transactions which are underpinned by strong commercial motivations that we are prepared to fully disclose.
- We carefully consider the potential tax sensitivity of transactions and are guided by a set of established escalation and approval procedures.
- We have sufficient skilled staff in tax matters within each major location and we will seek independent advice on transactions with significant tax uncertainty.
- We take our tax compliance responsibilities very seriously. Senior management and independent tax consultants review our returns and submissions prior to finalisation.

Read more about our approach to base erosion and profit shifting at

[go.dbs.com/BEPS](https://go.dbs.com/BEPS).



## Creating social impact

### Championing social entrepreneurship

Entrenched in the culture of DBS is a deep sense of purpose to do things bigger than the day-to-day business interest of the bank. In so doing, we shape a better future for the communities we operate in. Being a strong advocate for both entrepreneurship and innovation, it is natural for DBS to leverage our strengths to support SEs in delivering innovative solutions to build a better and more sustainable future for the region. DBS Foundation (DBSF) was launched in February 2014 with a SGD 50 million fund to champion social entrepreneurship and make an even greater impact in addressing Asia's evolving social needs.

We are committed to developing SEs across Asia in the following ways.

#### Promoting the development of the SE sector

SEs lack recognition and public awareness of their work and the social impact they create. We strive to generate awareness and advocacy for SEs in our key markets through digital outreach and signature events.



#### 2017 highlights

- More than 4,800 SEs reached through local forums and workshops
- More than 1,300 entries received for DBS-NUS Social Venture Challenge and DBS Foundation Grant Programme

#### Nurturing innovative and impactful SEs through funding, mentorship and volunteerism

Across our six key markets, DBSF identifies innovative and high potential SEs and supports them on their growth journey. Our SE Grant programme provides much needed capital to support SEs. The grants enable SEs in various stages of growth to test prototypes built around their innovative ideas, improve existing processes, add critical capabilities or scale their existing business.

We also provide capacity building programmes and access to holistic support customised to SEs' needs – such as executive mentoring and skilled staff volunteerism.



#### 2017 highlights

- 99 SEs nurtured through senior management mentoring, skills-based volunteering and capacity building programmes
- More than 300 SEs attended DBS Foundation's SE Summit held in Jakarta focusing on the theme "Innovate to Impact"
- More than 6,800 hours of skilled volunteerism
- Awarded SGD 1.23 million to 22 SEs under the DBS-NUS Social Venture Challenge and SE Grant programme to encourage them to deploy social innovations in areas such as agriculture, work integration/ inclusion and environmental sustainability

#### Embedding SEs in DBS' culture and operations

We demonstrate commitment to SEs by providing customised banking solutions and engaging them as DBS procurement vendors.

First launched in Singapore in 2008, the SE Banking Package allows SEs to open corporate accounts with no minimum deposit or monthly balance requirements, and offers waivers of transaction fees for banking services such as telegraphic transfers and IDEAL. The package also offers unsecured business loans below the commercial rate.



#### 2017 highlights

- 490 customers under the SE Banking Package and SGD 2.6 million of committed unsecured SE business loans as at 31 December 2017

### People of Purpose

"People of Purpose" is an in-house volunteerism movement to rally employees to use their skills and time for the good of the community. In 2017, employees from Singapore, Hong Kong, China, Taiwan, India and Indonesia invested more than 53,000 hours in programmes that focused on active ageing, education, and the environment.

In Singapore, our employees participated in a nation-wide programme co-designed with Khoo Teck Puat Hospital and our community partners, focusing on dementia prevention, nutritional intervention, and physical and mental well-being for the elderly. In addition, our volunteers provided digital literacy training to the elderly in support of Singapore's Smart Nation drive and developed programmes aimed at sharpening financial literacy among children.

In Hong Kong, our volunteers made regular home visits and organised activities on aromatherapy, eco-touring and physical fitness for the elderly. In China, we expanded our volunteer activities beyond Shanghai and Beijing to Guangzhou, Shenzhen, Hangzhou, Qingdao, Xi'an, Nanning, and Suzhou. In Taiwan, DBS volunteers used innovative channels such as Skype to roll out a weekly reading programme for disadvantaged children, in addition to face-to-face activities. In India, volunteer projects tackled urban challenges while in Indonesia, champions of social good were nurtured and unique volunteer projects were executed. In one of the projects, DBS Indonesia volunteers transformed an entire neighbourhood in Jakarta's suburbs by creating murals on houses and walls.



## Employer of choice

The ability to attract, retain and develop talent continues to be key to our continued success. Our employee value proposition is to provide our workforce with opportunities to grow, develop and make a difference.

Refer to page 40 for more information on our employee KPIs.

## Hiring and employee engagement

We continued to grow our headcount to acquire skills to support our digitalisation agenda. To attract the right talent, we deployed innovative recruitment strategies such as holding hackathons in Singapore and our offshore tech hub in Hyderabad to identify staff with niche technology skills.

We also held “MAckathons” – hackathons designed for Management Associates (MA) recruitment. Candidates spend a 12-hour day at DBS to be trained in our human-centred design methodology, and thereafter apply their newly-acquired knowledge to “hack” their way to solving real-life business

challenges which are then pitched to senior management. Through analysing their behavioural traits in this process, we are able to pick our pool of future leaders by assessing their alignment with our values.

The new hire rate across the age groups reflects voluntary attrition as well as the changing nature of entry level jobs due to digitalisation. The overall voluntary attrition rate remained relatively stable in 2017, with turnover in Singapore and India being best-in-class in the industry. We experimented with data analytics and piloted a human capital analytics model to help in the retention of our employees in Singapore. Initial results indicated that it helped to improve retention through different interventions by our managers.

We onboarded more than 5,500 new hires via our new digital platform during the year, as part of our initiative to create a seamless and joyful experience for positive engagement right from the start of their career in DBS.

Our engagement results based on the 2017 My Voice, an employee engagement survey conducted by Aon Hewitt, remained top of the class among peers with a high score of 82%. We were recognised by Aon Hewitt as Asia Pacific Regional Best Employer in 2017, among other accolades we received for our human capital strategies.

We believe engagement is also about bringing people together. Across our core markets, we rolled out DBS Power Up, a 24/7 one-stop app for employees to access information, work, and connect on the go. We also implemented a group-wide peer-to-peer recognition programme – I Thank You – to encourage our employees to show appreciation for one another. Within the first six months, more than 120,000 recognitions were given, which reinforces our culture of being relationship-led.

## Total number and rates of new employee hires and voluntary attrition by age group, gender and geography<sup>(1)</sup>

|   | 2017                      |               |                                 |                              |                            |   | 2016                      |               |                                 |                              |                            |   |
|---|---------------------------|---------------|---------------------------------|------------------------------|----------------------------|---|---------------------------|---------------|---------------------------------|------------------------------|----------------------------|---|
|   | Head-count <sup>(2)</sup> | Workforce Mix | No. of New Hires <sup>(2)</sup> | New Hire Rate <sup>(3)</sup> | No. of Voluntary Attrition | Voluntary Attrition Rate <sup>(4)</sup> | Head-count <sup>(2)</sup> | Workforce Mix | No. of New Hires <sup>(2)</sup> | New Hire Rate <sup>(3)</sup> | No. of Voluntary Attrition | Voluntary Attrition Rate <sup>(4)</sup> |
| <b>By age group</b>                     |                           |               |                                 |                              |                            |   |                           |               |                                 |                              |                            |   |
| <=30                                    | 6,162                     | 26%           | 2,635                           | 43%                          | 1,319                      | 27%                                     | 5,931                     | 27%           | 2,023                           | 34%                          | 1,000                      | 23%                                     |
| >30 and <=50                            | 15,545                    | 64%           | 3,199                           | 21%                          | 1,482                      | 10%                                     | 14,048                    | 63%           | 1,909                           | 14%                          | 1,460                      | 9%                                      |
| >50                                     | 2,467                     | 10%           | 208                             | 8%                           | 89                         | 3%                                      | 2,215                     | 10%           | 91                              | 4%                           | 87                         | 4%                                      |
| <b>By gender</b>                        |                           |               |                                 |                              |                            |   |                           |               |                                 |                              |                            |   |
| Female                                  | 13,283                    | 55%           | 3,001                           | 23%                          | 1,505                      | 12%                                     | 12,349                    | 56%           | 1,823                           | 15%                          | 1,308                      | 11%                                     |
| Male                                    | 10,891                    | 45%           | 3,041                           | 28%                          | 1,385                      | 14%                                     | 9,845                     | 44%           | 2,200                           | 22%                          | 1,239                      | 13%                                     |
| <b>By geography</b>                     |                           |               |                                 |                              |                            |   |                           |               |                                 |                              |                            |   |
| Singapore                               | 10,962                    | 45%           | 2,072                           | 19%                          | 1,187                      | 11%                                     | 10,381                    | 47%           | 1,438                           | 14%                          | 1,000                      | 10%                                     |
| Hong Kong                               | 4,537                     | 19%           | 1,163                           | 26%                          | 721                        | 17%                                     | 4,350                     | 20%           | 783                             | 18%                          | 617                        | 14%                                     |
| Rest of Greater China <sup>(5)</sup>    | 4,231                     | 18%           | 1,619                           | 38%                          | 580                        | 16%                                     | 3,609                     | 16%           | 738                             | 20%                          | 575                        | 16%                                     |
| South and Southeast Asia <sup>(6)</sup> | 4,162                     | 17%           | 1,135                           | 27%                          | 381                        | 10%                                     | 3,587                     | 16%           | 1,027                           | 29%                          | 342                        | 11%                                     |
| Rest of the World <sup>(7)</sup>        | 282                       | 1%            | 53                              | 19%                          | 21                         | 8%                                      | 267                       | 1%            | 37                              | 14%                          | 13                         | 5%                                      |
| <b>Total</b>                            | <b>24,174</b>             | <b>100%</b>   | <b>6,042</b>                    | <b>25%</b>                   | <b>2,890</b>               | <b>13%</b>                              | <b>22,194</b>             | <b>100%</b>   | <b>4,023</b>                    | <b>18%</b>                   | <b>2,547</b>               | <b>12%</b>                              |

(1) The table excludes involuntary termination as well as contract, temporary and agency staff attrition

(2) Headcount and new hires include permanent, contract and temporary staff, and exclude agency staff

(3) New hire rate is computed based on number of new hires divided by headcount at the end of the year

(4) Voluntary attrition rate is computed based on number of voluntary attrition divided by monthly average headcount for permanent employees only

(5) Rest of Greater China includes Mainland China and Taiwan

(6) South and Southeast Asia includes India, Indonesia, Malaysia, Vietnam, Thailand, Myanmar and the Philippines

(7) Rest of the World includes Australia, South Korea, Japan, Dubai, United States of America and United Kingdom

## Developing a future-ready workforce and talent pipeline

Beyond delivering exceptional employee experiences, we seek to prepare our workforce to be ready for future roles and opportunities. We continue to focus on our talent development initiatives built upon the “triple-E” framework: experience, exposure and education.

We committed to investing SGD 20 million over five years in a broad-based programme to skill our employees in digital banking and emerging technologies, enabling them to thrive in the digital economy and adapt to the future of work.

In 2017, we introduced a new learning platform, Horizon, to allow employees to have access to learning 24/7, including 30 digital learning modules we have put in place. With Horizon, employees can reach out to different communities to experiment and learn, as well as to acquire, create and transfer knowledge. We also launched the DigiFY curriculum to future proof our people to become digital bankers, through the introduction of seven key skills to develop in the digital economy.

We introduced Key Success Factors (KSFs) to our key roles to ensure that our succession planning is more robust, so that we can create focus around developing our leaders to these KSFs.

For our senior leaders, we partnered NUS Business School to launch our inaugural Business Leaders Programme. It is a flagship programme aimed at building the pipeline of future and existing business leaders.

Strengthening our focus on our talents and MAs, we extended our STARS and MA Overseas programmes, where selected younger talents go on a two-year overseas attachment to stretch them in various skills and knowledge.

Our focus on talent development paid off. In 2017, we achieved an internal mobility rate of 45% with a low turnover of less than 5% for our talent cohort.

### Average hours of training<sup>(1)</sup> per year per employee by gender, and by employee category<sup>(2)</sup>

|                                 | 2017        | 2016 |
|---------------------------------|-------------|------|
| <b>Per permanent employee</b>   | <b>31.5</b> | 36.4 |
| <b>By gender</b>                |             |      |
| <b>Female</b>                   | <b>30.1</b> | 35.7 |
| <b>Male</b>                     | <b>32.9</b> | 38.5 |
| <b>By employee category</b>     |             |      |
| <b>SVP to MD</b>                | <b>24.5</b> | 28.0 |
| <b>Analyst to VP</b>            | <b>33.6</b> | 39.2 |
| <b>Senior Officer and below</b> | <b>26.6</b> | 30.8 |

(1) Excludes informal learning methods such as community-based learning; and exposure opportunities such as immersion programmes including customer and employee journeys

(2) Employee categories refer to Senior Vice President (SVP) to Managing Director (MD), Analyst to Vice President (VP), and Senior Officer and below

## Diversity and equal opportunity

We recognise the diversity of our people as a source of strength. In accordance with our Human Resource Management Policy, we hire based on merit, competencies and organisational cultural fit (based on PRIDE! values), without prejudice to any attributes such as, but not limited to, gender, race, religion or physical traits.

We seek to create an environment that allows all our employees to thrive, because the diversity of experiences, knowledge and

approaches that they bring is necessary to drive performance and innovation. We have an inclusive work environment encompassing gender diversity as well as a multi-cultural and multi-generational workforce.

Our workforce mix by age group and gender remains stable. More than 60% are within the ages of 30 to 50 and 55% are female. In addition, more than one-third of senior management positions (SVP to MD) are held by women. The overall gender pay gap across our six key markets, adjusted for

ranks and locations, is insignificant at only 1%. This reflects our philosophy of hiring and remunerating based on merit without prejudice to gender.

In January 2018, we were one of six Asian (ex-Japan) and among over 100 companies from ten sectors headquartered in 24 countries and regions to be recognised in the inaugural sector-neutral 2018 Bloomberg Gender-Equality Index.

**Breakdown of employees by employee category<sup>(1)</sup> according to gender and age group**

|                               | 2017         |               |                          |               | 2016      |               |                          |        |
|-------------------------------|--------------|---------------|--------------------------|---------------|-----------|---------------|--------------------------|--------|
|                               | SVP to MD    | Analyst to VP | Senior Officer and below | Total         | SVP to MD | Analyst to VP | Senior Officer and below | Total  |
| <b>Headcount</b>              | <b>1,800</b> | <b>16,807</b> | <b>5,567</b>             | <b>24,174</b> | 1,607     | 15,095        | 5,492                    | 22,194 |
| <b>Breakdown by gender</b>    |              |               |                          |               |           |               |                          |        |
| <b>Female</b>                 | <b>38%</b>   | <b>52%</b>    | <b>69%</b>               | <b>55%</b>    | 38%       | 53%           | 69%                      | 56%    |
| <b>Male</b>                   | <b>62%</b>   | <b>48%</b>    | <b>31%</b>               | <b>45%</b>    | 62%       | 47%           | 31%                      | 44%    |
| <b>Breakdown by age group</b> |              |               |                          |               |           |               |                          |        |
| <b>&lt;=30</b>                | <b>0%</b>    | <b>23%</b>    | <b>40%</b>               | <b>26%</b>    | 0%        | 24%           | 43%                      | 27%    |
| <b>&gt;30 and &lt;=50</b>     | <b>74%</b>   | <b>68%</b>    | <b>50%</b>               | <b>64%</b>    | 74%       | 68%           | 48%                      | 63%    |
| <b>&gt;50</b>                 | <b>26%</b>   | <b>9%</b>     | <b>10%</b>               | <b>10%</b>    | 26%       | 8%            | 9%                       | 10%    |

(1) Employee categories refer to Senior Vice President (SVP) to Managing Director (MD), Analyst to Vice President (VP), Senior Officer and below

**Workplace well-being**

DBS is committed to providing a supportive environment for employees to make healthier choices to enhance their well-being. The iHealth@DBS programme was enhanced in 2017 to focus on four important areas to help maximise employee well-being; "Live well", "Eat well", "Stay well" and "Save well". We provided free onsite basic health screening for all our employees to help in the early detection of harmful diseases so that timely treatment can be rendered. In 2017, 3,500 employees participated in the health screenings.

Employees across locations were also introduced to Joyspace, an activity-based working arrangement. It involves the re-organisation of the workplace to enable staff to work in human-centred spaces based on their working needs throughout the work day, and spark collaboration through shared workspaces in the office.