

# Corporate governance

## Governance framework

Our governance framework is anchored on competent leadership, effective internal controls, a strong risk culture and accountability to shareholders. Our Board plays a key role in setting our governance standards to meet our stakeholders' expectations, and our leadership model ensures an appropriate balance of power, accountability and independence in decision-making across our various functional and geographic units.

Our corporate governance practices comply with the Banking (Corporate Governance) Regulations 2005 (Banking CG Regulations). We also comply, in all material aspects, with the following corporate governance best practice guidelines issued by the Monetary Authority of Singapore (MAS):

- (i) the Guidelines on Corporate Governance for Financial Holding Companies, Banks, Direct Insurers, Reinsurers and Captive Insurers issued on 3 April 2013, which comprises:
  - the Code of Corporate Governance 2012 (2012 Code); and
  - supplementary guidelines and policies added by MAS to cater to the diverse and complex risks undertaken by financial institutions (Supplementary Guidelines).
- (ii) the Code of Corporate Governance 2018 issued on 6 August 2018 (2018 Code).

## Enhancing corporate governance disclosures

The 2018 Code seeks to encourage listed companies in Singapore to provide thoughtful and meaningful explanations around their corporate governance practices. Rule 710 of the SGX Listing Manual requires Singapore listed companies to describe their corporate governance practices with specific reference to the 2018 Code in their annual reports for financial years commencing on or after 1 January 2019.

As part of our continuing efforts to enhance our corporate governance disclosures, the Board has elected to adopt Rule 710 of the SGX Listing Manual in advance. Accordingly, we have described our corporate governance practices for our financial year ended 31 December 2018 with specific reference to the 2018 Code and the Supplementary Guidelines, and will not be making references to the provisions of the 2012 Code.

We provide a summary disclosure of our compliance with the express disclosure requirements in the 2018 Code and the Supplementary Guidelines, on pages 98 to 100.

## Competent leadership

### Board highlights – 2018

#### Board renewal

Board renewal was a key focus for us in 2018. During the year, we appointed two new Directors (Dr Bonghan Cho and Mr Tham Sai Choy). In addition, one Director (Dr Bart Broadman) stepped down after having served on the Board for over nine years.

The Nominating Committee (NC) began the Board renewal process in 2017. It appointed a global search firm to recommend candidates, and also considered candidates recommended by Board members. Diversity was one of the key considerations in the board renewal process to ensure that the Board is appropriately balanced to support the long-term success of DBS. Another key consideration was to ensure that we appoint new Directors who can replace skillsets of long-serving Directors, and/ or who can supplement the collective skillsets of the Directors and bring different perspectives to the Board.

In line with our digital transformation journey, the NC searched for a director with the relevant technology expertise as well as banking knowledge. The global search firm recommended Dr Bonghan Cho, who has an in-depth knowledge of technology (particularly in the field of Artificial Intelligence and enterprise systems in numerous industries), as well as extensive banking and financial services industry experience. Dr Cho is recognised for his outstanding contributions in the advancement of the software industry and won the Republic of Korea President award in this field. Dr Cho was appointed as a Director of DBS Group Holdings Ltd (DBSH) and DBS Bank Ltd (DBS Bank) on 26 April 2018, and serves on the Audit Committee (AC) and the NC.

The NC was also cognisant that Mr Danny Teoh, the current AC Chairman, will cease to be independent on 1 October 2019 as he would have served on the Board for more than 9 years by then. Under the Banking CG Regulations, the AC Chairman has to be an independent director. Accordingly, the NC recommended the appointment of Mr Tham Sai Choy as a Director of DBSH and DBS Bank. Mr Tham is a chartered accountant

## Contents

### 42 Governance framework

- Competent leadership
- Effective controls
- Strong culture
- Accountability to shareholders

### 57 Remuneration report

with 36 years of practice experience. Until his retirement in 2017, Mr Tham was the Chairman of KPMG in Asia Pacific and was a member of KPMG's global board. Mr Tham was appointed as a Director of DBSH and DBS Bank on 3 September 2018 and serves on the AC and Board Risk Management Committee (BRMC).

#### Changes to composition of Board Committees

We believe that it is crucial to have a good balance between continuity and fresh perspectives on the Board. In addition to the focus on Board renewal, the NC regularly reviewed the size and composition of the Board committees in 2018 to ensure that all independence requirements continue to be met, and that the Board committees are of an appropriate size and comprise the appropriate balance of skills, knowledge and experience, as well as diversity of nationality, age and gender.

With effect from 16 November 2018, our Board Chairman, Mr Peter Seah, was re-designated as a non-independent and non-executive Director under the Banking CG Regulations as he has served as a Director for more than 9 years. The Board, upon the recommendation of the NC, approved the following changes to the composition of the Board committees with effect from 16 November 2018:

- Mr Seah stepped down as Chairman (but remained as member) of the NC and the Compensation and Management Development Committee (CMDC);
- Ms Euleen Goh stepped down as a member of the Board Executive Committee (EXCO) and NC;
- Mr Ho Tian Yee was appointed as the NC Chairman;
- Mr Andre Sekulic was appointed as the CMDC Chairman;
- Mr Olivier Lim was appointed as a member of the EXCO; and
- Mr Nihal Kaviratne stepped down from the AC and was appointed as a member of CMDC.

#### Lead independent Director

The Board also appointed Mr Ho Tian Yee as the Lead Independent Director on 16 November 2018 with written terms of reference. Mr Ho's responsibilities include leading meetings of independent directors when necessary and/ or appropriate and providing feedback to the Chairman after such meetings, and facilitating communication between the Board and shareholders.

“It is an honour to be recognised for our all-round leadership in corporate governance. DBS has an active board that is conscious of the diverse needs of our stakeholders and has put in place robust mechanisms to ensure that corporate governance principles are embedded in our corporate culture. As we celebrate our golden jubilee this year, this award inspires us to continue to reimagine banking and do even better for our customers, employees and stakeholders.”

CEO, Piyush Gupta, on winning the “Special Recognition Award” at the Singapore Corporate Awards 2018.

## Awards won in 2018

We received several accolades for our corporate governance, investor relations and disclosure:

- At the Singapore Corporate Awards (SCA), we were given the Special Recognition Award for being the first company to have ever clinched the top award in all five categories (Best Managed Board, Best Investor Relations, Best Annual Report, Best CEO and Best CFO) of the SCA over a five-year period. DBS won the top award in each of the five categories from 2013 to 2017. According to the SCA, this pinnacle award was conferred to DBS for its “all round excellence in corporate governance”.
- A poll by Institutional Investor of more than 4,500 portfolio managers and analysts globally placed us among the top two banks in Asia for the CEO, CFO, investor relations, corporate governance, and ESG metrics categories.
- We won three awards at the second ASEAN Corporate Governance Awards for being in ASEAN’s Top 5 and Top 50 Public Listed Companies, as well as Singapore’s Top 3 Public Listed Companies.
- In the Singapore Governance and Transparency Index, we were second, up a rank from the previous year.
- We were runner-up in the Securities Investors Association (Singapore) Investors’ Choice Awards for corporate governance in the large-cap companies’ category.

## Proactive reviews by the Board in 2018

- **Prudential inquiry on Commonwealth Bank of Australia (CBA):** Following the issuance of the prudential inquiry report on CBA (the Report) by the Australian Prudential Regulation Authority (APRA) in April 2018, the Board invited representatives from a global management consultancy firm to give a detailed briefing to the Directors and senior management on the findings and recommendations in the Report. The prudential inquiry was initiated by APRA to examine the governance, accountability and culture within the CBA group, after a number of incidents in recent years which had damaged the reputation and standing of CBA. The BRMC was also given an update on the outcome of our internal assessment to review if any of the findings from the Report may exist within DBS, and the action plans adopted to enhance our existing governance and controls.
- **SingHealth cyber attack:** The Board was briefed on the SingHealth cyber-attack (which resulted in the personal particulars of 1.5 million patients being stolen), the controls which we have in place to mitigate similar attacks as well as the additional measures which we are looking to implement to prevent hackers from gaining unauthorised access to DBS’ equipment and data.

## Our board

We have 11 Board members (including two female directors) with a broad range of experience and deep industry expertise. The make-up of our Board reflects diversity of gender, nationality, age, skills and knowledge. A majority of the Directors are Non-Executive and Independent Directors, and there are no alternate Directors on our Board.

Our Chairman, Mr Peter Seah, sits on all Board committees and he also chairs the EXCO. Mr Seah performs a key role as an ambassador for DBS in our dealings with various stakeholders as well as in ensuring effective communication with our shareholders. He guides the Board through its decision-making process and ensures that the Board operates effectively as a team.

There is a very positive and constructive working relationship between our Chairman and CEO, Mr Piyush Gupta. Mr Gupta oversees the execution of DBS’ strategy and is responsible for managing the day-to-day operations. Other than the CEO, none of the other Directors is a former or current employee of DBSH or its subsidiaries.

## Board’s key areas of focus

- Sets the strategic direction and long-term goals of DBS.
- Monitors the responsibilities delegated to the Board committees to ensure proper and effective oversight and control of DBS’ activities.
- Establishes a framework for risks to be assessed and managed.
- Reviews management performance.
- Determines DBS’ values and standards (including ethical standards) and ensures that obligations to its stakeholders are understood and met.
- Develops succession plans for the Board and CEO.
- Considers sustainability issues (including environmental and social factors) as part of DBS’ strategy.

## Role of the Board

- Directs DBS in the conduct of its affairs
  - Ensures that corporate responsibility and ethical standards underpin the conduct of DBS’ business
- Provides sound leadership to CEO and management
  - Sets the strategic vision, direction and long-term goals of DBS
  - Ensures that adequate resources are available to meet these objectives
- Bears ultimate responsibility for DBS
  - Governance
  - Strategy
  - Risk management
  - Financial performance
  - Sustainability

## Key Information on our Directors

The table below sets out key information on our Directors (including those who retired or who were appointed during the year), the number of meetings which our Directors attended during 2018 as well as the remuneration for each Director for 2018. The remuneration of Non-Executive Directors (including the Chairman) does not include any variable component.

Director independence status	Meetings attendance record (1 January to 31 December 2018)								Total Directors' remuneration for 2018 (SGD)		
	BOD <sup>(1)</sup>	NC <sup>(2)</sup>	EXCO <sup>(3)</sup>	AC <sup>(4)</sup>	BRMC <sup>(5)</sup>	CMDC <sup>(6)</sup>	AGM	Offsite <sup>(7)</sup>	Directors' fees <sup>(a)</sup> (SGD)	Share-based remuneration <sup>(b)</sup> (SGD)	Others <sup>(c)</sup> (SGD)
	No. of meetings held in 2018										
	5	4	11	4	5	4	1	1			
<b>Mr Peter Seah, 72</b> Non-Executive and Non-Independent Chairman <ul style="list-style-type: none"> <li>Chairman since 1 May 10</li> <li>Board member since 16 Nov 09</li> <li>Last re-elected on 25 Apr 18</li> </ul>	5	4	11	4	5	4	1	1	Total: 1,997,632		
									1,363,130	584,199	50,303
<b>Dr Bart Broadman, 57</b> <ul style="list-style-type: none"> <li>Stepped down as a Non-Executive and Non-Independent Director on 25 Apr 18</li> </ul>	1	-	-	-	2	1	1	-	Total: 76,438 <sup>(d)</sup>		
									76,438	-	-
<b>Ms Euleen Goh, 63</b> Non-Executive and Non-Independent Director <ul style="list-style-type: none"> <li>Board member since 1 Dec 08</li> <li>Last re-elected on 28 Apr 16</li> </ul>	4*	4	9 <sup>(e)</sup>	-	5	4	1	1	Total: 394,935		
									272,410	116,747	5,778
<b>Mr Ho Tian Yee, 66</b> Non-Executive and Lead Independent Director <ul style="list-style-type: none"> <li>Board member since 29 Apr 11</li> <li>Last re-elected on 27 Apr 17</li> <li>Lead Independent Director since 16 Nov 18</li> </ul>	5	4	11	-	5	-	1	1	Total: 354,842		
									248,389	106,453	-
<b>Mr Nihal Kaviratne, 74</b> Non-Executive and Independent Director <ul style="list-style-type: none"> <li>Board member since 29 Apr 11</li> <li>Last re-elected on 28 Apr 16</li> </ul>	5	-	-	4	5	1 <sup>(f)</sup>	1	1	Total: 292,349		
									204,644	87,705	-
<b>Mr Olivier Lim, 54</b> Non-Executive and Independent Director <ul style="list-style-type: none"> <li>Board member since 7 Nov 17</li> <li>Last re-elected on 25 Apr 18</li> </ul>	5	-	2 <sup>(g)</sup>	-	5	4	1	1	Total: 270,562		
									189,393	81,169	-
<b>Mr Andre Sekulic, 68</b> Non-Executive and Independent Director <ul style="list-style-type: none"> <li>Board member since 26 Apr 12</li> <li>Last re-elected on 25 Apr 18</li> </ul>	5	-	-	4	-	4	1	1	Total: 306,781		
									214,747	92,034	-
<b>Mr Danny Teoh, 63</b> Non-Executive and Independent Director <ul style="list-style-type: none"> <li>Board member since 1 Oct 10</li> <li>Last re-elected on 28 Apr 16</li> </ul>	5	4	-	4	5	-	1	1	Total: 350,500		
									245,350	105,150	-
<b>Mrs Ow Foong Pheng, 55</b> Non-Executive and Non-Independent Director <ul style="list-style-type: none"> <li>Board member since 26 Apr 12</li> <li>Last re-elected on 27 Apr 17</li> </ul>	5	4	-	4	-	-	1	1	Total: 253,000 <sup>(h)</sup>		
									253,000	-	-

Director independence status	Meetings attendance record (1 January to 31 December 2018)								Total Directors' remuneration for 2018 (SGD)		
	BOD <sup>(1)</sup>	NC <sup>(2)</sup>	EXCO <sup>(3)</sup>	AC <sup>(4)</sup>	BRMC <sup>(5)</sup>	CMDC <sup>(6)</sup>	AGM	Offsite <sup>(7)</sup>	Directors' fees <sup>(a)</sup> (SGD)	Share-based remuneration <sup>(b)</sup> (SGD)	Others <sup>(c)</sup> (SGD)
	No. of meetings held in 2018										
	5	4	11	4	5	4	1	1			
<b>Dr Bonghan Cho, 54</b> Non-Executive and Independent Director • Board member since 26 Apr 18	4	3 <sup>(i)</sup>	–	3 <sup>(i)</sup>	–	–	1 <sup>(i)</sup>	1	Total: 175,137		
									122,596	52,541	–
<b>Mr Tham Sai Choy, 59</b> Non-Executive and Independent Director • Board member since 3 Sept 18	2	–	–	1	2	–	–	1	Total: 107,829		
									75,480	32,349	–
<b>Mr Piyush Gupta, 59</b> Executive Director/ CEO • Board member since 9 Nov 09 • Last re-elected on 25 Apr 18	5	4 <sup>#</sup>	11 <sup>#</sup>	4 <sup>#</sup>	5 <sup>#</sup>	4 <sup>#</sup>	1	1	Please refer to the Remuneration Report on page 61 for details on the CEO's compensation		

• **Appointment Dates**

# Mr Gupta attended these meetings at the invitation of the respective committees.

\* Ms Goh was absent from one Board meeting in 2018 as she was on medical leave.

(1) Board of Directors (BOD)

(2) Nominating Committee (NC)

(3) Board Executive Committee (EXCO)

(4) Audit Committee (AC)

(5) Board Risk Management Committee (BRMC)

(6) Compensation and Management Development Committee (CMDC)

(7) This is our annual 4-day board strategy offsite

(a) Fees payable in cash, in 2019, for being a Director in 2018. This is 70% of each Director's total remuneration and is subject to shareholder approval at the 2019 AGM.

(b) This is 30% of each Director's total remuneration and shall be granted in the form of DBSH's ordinary shares. The actual number of DBSH's ordinary shares to be awarded will be rounded down to the nearest share, and any residual balance will be paid in cash. This is subject to shareholders' approval at the 2019 AGM.

(c) Represents non-cash component and comprises (i) for Mr Peter Seah: car and driver, and (ii) for Ms Euleen Goh: season carpark fees.

(d) Dr Broadman, who stepped down as a Non-Executive Director on 25 April 2018, will receive all of his Director's remuneration in cash.

(e) Ms Goh stepped down as member of EXCO and NC on 16 November 2018.

(f) Mr Kaviratne stepped down as member of AC and was appointed as member of CMDC on 16 November 2018.

(g) Mr Lim was appointed as member of EXCO on 16 November 2018.

(h) Director's remuneration payable to Mrs Ow Foong Pheng will be paid fully in cash to a government agency, the Directorship and Consultancy Appointments Council.

(i) Dr Bonghan Cho attended the NC and AC meetings held on 23 April 2018 and the AGM held on 25 April 2018 as an invitee.

(Note: Directors are also paid attendance fees for Board and Board committee meetings, as well as for attending the AGM and the annual Board offsite.)

## Board meetings and activities

There are five scheduled Board meetings each year. Ad-hoc meetings are also held when necessary. There was no ad-hoc Board meeting held in 2018.

Before each Board meeting, the Chairman oversees the setting of the agenda of Board meetings, in consultation with the CEO, to ensure that there is sufficient information and time to address all agenda items. The agenda also allows for flexibility when needed. Directors are provided with complete information related to agenda items in a timely manner. All materials for Board and Board committee meetings are uploaded onto a secure portal which can be accessed on tablet devices provided to the Directors.

During every quarterly Board meeting:

- the Chairperson of each Board committee provides an update on significant matters discussed at the Board committee meetings which are typically scheduled before the quarterly Board meeting;
- the CFO presents the financial performance for that quarter and significant financial highlights;
- the CEO gives an update on certain aspects of the Group's business and operations and/ or a macro perspective on industry trends and developments; and
- the Board holds a private session for Directors.

In addition to the quarterly Board meetings, a Board meeting is typically scheduled in December each year where the CEO gives the Board an update on DBS' performance against the balanced scorecard for that financial year. In addition, the CEO and CFO will present the Group Budget and balanced scorecard for the next financial year to the Board for approval.

The Chairman promotes open and frank debates by all Directors at every Board meeting. If there is a conflict of interest, the Director in question will recuse himself or herself from the discussions and abstain from participating in any Board decision. When exigencies prevent a Director from attending a Board or Board committee meeting in person, that Director can participate by telephone or video-conference.



Directors have the discretion to engage external advisers. External professionals or in-house subject matter experts may also be invited to present key topics to the Board as well as updates on corporate governance, risk management, capital, tax, accounting, listing and other regulations, which may have an impact on DBS' affairs.

Directors have independent access to the Group Secretary. The Group Secretary attends all Board meetings and minutes are prepared to record key deliberations and decisions taken during the meetings. The Group Secretary facilitates communication between the Board, its committees and management, and generally assists Directors in the discharge of their duties. The Group Secretary helps with the induction of new Directors. The appointment and removal of the Group Secretary require the approval of the Board.

### Frequent and effective engagement with the Board

Directors have ongoing interactions across various levels, functions and countries within DBS. In addition, some Directors also sit on the boards of our overseas subsidiaries; this arrangement gives the Board access to first hand insight on the activities of these subsidiaries. The CFO provides the Board with detailed financial performance reports monthly.

Throughout the year, the Directors have various opportunities to interact with members of the Group Management Committee (GMC) (for instance, at quarterly Board hosted dinners and during the annual board strategy offsite).

### Annual Board strategy offsite

Each year, the Board and our senior executives attend a four-day strategy offsite held in one of our markets, which allows them to:

- focus on DBS' long-term strategy apart from the regular agenda at the quarterly Board meetings;
- engage in dynamic and in-depth strategic discussion to promote deeper understanding of our business environment and our operations, and refine our strategy; and
- engage with our stakeholders in the host country (such as regulators, media, customers including CEOs and CFOs of our corporate clients and staff in the local franchise).

All our Directors attended the 2018 Board strategy offsite (held during the first week of October), where they had in-depth discussions with senior executives on the strategies for our (i) China and India businesses; (ii) our digital transformation journey in certain overseas markets; (iii) ecosystems partnership agenda; and (iv) our journey towards a culture of being a data-driven organisation.

### Delegation by the Board to the Board committees

The Board has delegated authority to various Board committees to enable them to oversee certain specific responsibilities based

## Matters discussed by the Board and Board Committees in 2018



Note: Further details of the activities of the Board and Board committees in 2018 can be found on pages 45 to 52.

on their terms of reference. The terms of reference of each Board committee set out the responsibilities of the Board committee, conduct of meetings including quorum, voting requirements and qualifications for Board committee membership. All our Board committees comprise Non-Executive Directors only. Any change to the terms of reference for any Board committee requires Board approval. The minutes of Board Committee meetings, which records the key deliberations and decisions taken during these meetings, are circulated to all Board members for their information.

### Nominating Committee (NC)

#### Key responsibilities of the NC

- Regularly reviews the composition of the Board and Board committees, and independence of Directors;
- Identifies, reviews and recommends Board appointments for approval by the Board, taking into account the experience, expertise, knowledge, age and skills of the candidate and the needs of the Board;
- Conducts an annual evaluation of the performance of the Board, the Board committees and the Directors;
- Implements the Board Diversity Policy and reviews its effectiveness;

- Exercises oversight of the induction programme and continuous development programme for Directors, and ensures that first-time directors with no prior experience as a director of a listed company in Singapore undergo relevant training;
- Reviews and recommends to the Board the re-appointment of each Director having regard to his/ her performance, commitment and ability to contribute to the Board as well as his/ her age and skillset;
- Assesses annually whether each Director has sufficient time to discharge his/ her responsibilities; and
- Reviews the Board's succession plans for Directors.

### Highlights of NC's activities in 2018

#### Board renewal process

Please refer to the Board Highlights - 2018 section on page 42.

#### Selection criteria and nomination process for Directors

Before a new Director is appointed, suitable candidates are identified from various sources including an external search firm. The NC looks for candidates who meet regulatory requirements and possess the qualities

Board committee members	Composition requirements	Other key requirements
<b>Nominating Committee (NC)</b> <ul style="list-style-type: none"> <li>Mr Ho Tian Yee (<i>Chairperson and lead independent director</i>)</li> <li>Mr Peter Seah</li> <li>Dr Bonghan Cho</li> <li>Mr Danny Teoh</li> <li>Mrs Ow Foong Pheng</li> </ul>	In accordance with the requirements of the Banking CG Regulations, a majority (three out of five members of the NC including the NC Chairperson) are Non-Executive and Independent Directors (INED). The lead independent director is a member of the NC.	All NC members are required to be re-appointed by the Board annually. Under the Banking CG Regulations, every NC member shall hold office until the next annual general meeting following that member's appointment, and shall be eligible for re-appointment. The appointment and re-appointment of NC members require the prior approval of MAS.
<b>Board Executive Committee (EXCO)</b> <ul style="list-style-type: none"> <li>Mr Peter Seah (<i>Chairperson</i>)</li> <li>Mr Ho Tian Yee</li> <li>Mr Olivier Lim</li> </ul>	In accordance with the requirements of the Banking CG Regulations, a majority (two out of three members of the EXCO including the EXCO Chairperson) are INEDs.	
<b>Audit Committee (AC)</b> <ul style="list-style-type: none"> <li>Mr Danny Teoh (<i>Chairperson</i>)</li> <li>Mr Peter Seah</li> <li>Dr Bonghan Cho</li> <li>Mrs Ow Foong Pheng</li> <li>Mr Andre Sekulic</li> <li>Mr Tham Sai Choy</li> </ul>	In accordance with the requirements of the Banking CG Regulations, a majority (four out of the six members of the AC including the AC Chairperson) are INEDs.	Mr Teoh possesses an accounting qualification and was formerly the managing partner of KPMG, Singapore. All members of the AC are Non-Executive Directors, and have recent and relevant accounting or related financial management expertise or experience.
<b>Board Risk Management Committee (BRMC)</b> <ul style="list-style-type: none"> <li>Ms Euleen Goh (<i>Chairperson</i>)</li> <li>Mr Peter Seah</li> <li>Mr Ho Tian Yee</li> <li>Mr Nihal Kaviratne</li> <li>Mr Olivier Lim</li> <li>Mr Danny Teoh</li> <li>Mr Tham Sai Choy</li> </ul>	All BRMC members are non-executive Directors, which exceeds the requirements of the Banking CG Regulations.	All BRMC members are appropriately qualified to discharge their responsibilities, and have the relevant technical financial expertise in risk disciplines or businesses.
<b>Compensation and Management Development Committee (CMDC)</b> <ul style="list-style-type: none"> <li>Mr Andre Sekulic (<i>Chairperson</i>)</li> <li>Mr Peter Seah</li> <li>Ms Euleen Goh</li> <li>Mr Olivier Lim</li> <li>Mr Nihal Kaviratne</li> </ul>	In accordance with the requirements of the Banking CG Regulations, a majority (three out of the five members of the CMDC including the CMDC Chairperson) are INEDs.	The CMDC has direct access to senior management and works closely with the BRMC and the AC when performing its role.  Ms Euleen Goh, Mr Olivier Lim, Mr Peter Seah and Mr Nihal Kaviratne are also members of the BRMC while Mr Peter Seah and Mr Andre Sekulic are members of the AC. As a result of their membership in other Board committees, the members of the CMDC are able to make strategic remuneration decisions in an informed and holistic manner.

required of a DBS Director. A skills matrix is used to assess if the skills and experience of a candidate complement those of the existing Board members. The NC also considers (i) whether a candidate would fit in with our Board culture and chemistry; (ii) the independence status of the candidate; and (iii) whether the candidate would be able to commit sufficient time to fulfil the duties of a Director.

The NC then makes its recommendations to the Board. Potential candidates are also informed of the level of contribution and commitment expected of a DBS Director. All Board appointments are based on merit, taking into account the contributions the candidates can bring to the Board to enhance its effectiveness. Upon the appointment of a new Director, the NC will recommend to the Board his or her appointment to the appropriate Board committee(s) after matching the Director's skillset to the needs of each Board committee.

### Induction and Training for new Directors

The NC oversees the onboarding of new Directors. All new Directors go through our induction programme, which covers the duties and obligations of a Director and the responsibilities of and work carried out by the Board committees. We provide a Director's pack, which acts as an aide memoire for the information covered by the induction programme. We have briefing sessions for Directors given by members of senior management on the various businesses of DBS and its supporting functions. The NC is also responsible for ensuring that new Directors with no prior experience as a director of a listed company undergo training in the roles and responsibilities of a director of a listed company in Singapore.

In 2018, the two new Directors (Dr Bonghan Cho and Mr Tham Sai Choy) attended our four-day induction programme around the time they were appointed as Directors. As part

of the induction programme, they had one-on-one meetings with members of the Group Management Committee.

In addition, as this is Dr Cho's first listed company directorship, he attended training sessions conducted by the Singapore Institute of Directors (SID) on the roles and responsibilities of a listed company director.

Although this is Mr Tham's first listed company directorship, the NC reviewed his working experience and current directorships (which includes the SID and Accounting and Corporate Regulatory Authority), and assessed that it is not necessary for him to undergo further training on the roles and responsibilities of a director of a listed company in Singapore. Mr Tham sits on the executive committee of SID that oversees the development of the director training syllabus offered by SID and is called upon to provide the training from time to time. In addition, he is a member of the Corporate Governance Council that

recommended amendments to the Code of Corporate Governance and SGX Listing Manual in 2018, and also participated in the development of the Guidebook for Audit Committees in Singapore in 2008 and the Board Risk Committee Guide published by SID in 2017.

### **Continuous development programme for all Directors**

The NC monitors the frequency and quality of the Board training sessions, which are conducted either by external professionals or management. The NC selects topics which are relevant to the Group's activities. Board members also contribute by highlighting areas of interests and possible topics.

In 2018, there were training sessions on (i) Blockchain and crypto currency; (ii) Pillar 3 Disclosures; (iii) Expected Credit Loss; (iv) Valuation reserves; and (v) Changes to the Code of Corporate Governance.

### **Board performance and evaluation**

The NC makes an assessment at least once a year to determine whether the Board and Board committees are performing effectively and identify steps for improvement. We believe that it is important to obtain an independent perspective on the Board's performance once every three to four years, and to gain insights on the Board's performance against peer boards and best practices. An external evaluator was last engaged to conduct the Board performance evaluation for the financial year ended 2014.

In 2018, the NC engaged Egon Zehnder (EZ), an independent external evaluator, to conduct the Board evaluation for 2018. EZ is not connected with DBS or any of the Directors.

At the start of the Board evaluation process, the NC reviewed the scope of the assessment and considered key areas to focus on. For more effective tracking of results, the Board evaluation questionnaire used by EZ is substantially the same format as that used for the past few years. The Board evaluation questionnaire was circulated to the Directors and the completed questionnaires were returned to EZ. Thereafter, EZ conducted one-on-one interviews with each Director to get more in-depth feedback and perspectives on the performance of the Board. EZ also interviewed four members of the Group Executive Committee to find out what they see as the value of the Board, and how else the Board can add value to DBS.

EZ presented the results of the Board evaluation to the Board Chairman and NC Chairman. EZ was also invited to present the results of the Board evaluation at a private session for Directors during the Board meeting held in February 2019. All Board members were present at the session and deliberated on the key findings. The outcomes and key action steps taken to enhance the effectiveness

of the Board and the Board committees were documented.

### **Annual review of Directors' independence**

The NC reviews and determines annually whether each Director is independent in accordance with the stringent standards required of financial institutions prescribed under the Banking CG Regulations. Under the Banking CG Regulations, an "independent director" is defined to mean a Director who is:

- independent from any management and business relationship with DBS;
- independent from any substantial shareholder of DBS; and
- has not served on the board of DBS for a continuous period of 9 years or longer.

The NC assessed and concluded that (i) all Directors are considered to be independent from business relationships with DBS; (ii) with the exception of Mr Piyush Gupta, all Directors are considered to be independent from management relationships with DBS; (iii) with the exception of Mrs Ow Foong Pheng, all Directors are considered to be independent from DBSH's substantial shareholder, Temasek Holdings (Private) Limited (Temasek). Mrs Ow, who is the Permanent Secretary for the Ministry of National Development, Singapore, is considered not independent of Temasek as the Singapore government is its ultimate owner; and (iv) Mr Peter Seah and Ms Euleen Goh are non-independent directors as they have served on the Board for more than 9 years.

Based on the NC's assessment, the Independent Directors are Mr Ho Tian Yee, Mr Nihal Kaviratne, Mr Olivier Lim, Mr Andre Sekulic, Mr Danny Teoh, Dr Bonghan Cho and Mr Tham Sai Choy.

Although Ms Goh, Mr Ho, Mr Kaviratne, Mr Lim, Mr Seah and Mr Teoh are on the boards of companies that have a banking relationship with DBS, and are also directors of companies in which Temasek has investments (Temasek portfolio companies), the NC considers these Directors (i) independent of business relationships as the revenues arising from such relationships are not material; and (ii) independent of Temasek as their appointments on the boards of Temasek portfolio companies are non-executive in nature and they are not involved in the day-to-day conduct of the businesses of the Temasek portfolio companies. In addition, none of these Directors sit on any of the boards of the Temasek portfolio companies as a representative of Temasek and they do not take instructions from Temasek in acting as Directors.

### **Directors' tenure**

The NC believes that it is in the interest of DBS for the Board to comprise of Directors with longer tenures who have a deep understanding of the banking industry, as well as Directors with shorter tenures who can bring fresh ideas and perspectives.

Under the Banking CG Regulations, Directors may be appointed or re-appointed for a term

not exceeding three years each. When a Director is first appointed to the Board, he/ she is appointed for an initial three-year term which will expire at the third AGM after he/ she is appointed. Prior to the end of the initial three-year term and subject to that Director being re-elected by shareholders at any earlier AGM where he/ she is required to retire and stand for re-election, the NC will review and recommend to the Board whether to re-appoint that Director for an additional three-year term. After a Director has completed his/ her third three-year term, the NC reviews annually whether it would be in the interest of DBS for that Director to continue serving on the Board. If so, the NC will recommend the re-appointment of that Director for additional one-year term(s).

There is also a separate requirement under the Constitution of DBSH where one-third of Directors who are longest-serving are required to retire from office and, if eligible, stand for re-election every year at the AGM. Based on this rotation process, each Director is required to submit himself or herself for re-election by shareholders at least once every three years. In addition, new Directors (who are appointed in between AGMs) are required under the DBSH Constitution to stand for re-election at the first AGM after their appointment. The NC reviews and recommends to the Board the rotation and re-election of Directors at the AGM.

Prior to each AGM, Group Secretariat informs the NC which Directors are required to retire at that AGM, and which Directors are due to be re-appointed for an additional term. The NC will then review the composition of the Board and decide whether to recommend to the Board the re-election and/ or re-appointment (as the case may be) of these Directors, after taking into account factors such as their attendance, participation, contribution, expertise and competing time commitments.

At the 2019 AGM, Ms Euleen Goh, Mr Danny Teoh and Mr Nihal Kaviratne will be retiring by rotation, while Dr Bonghan Cho and Mr Tham Sai Choy are required to stand for re-election as this is the first AGM after their appointment. At the recommendation of the NC and as approved by the Board, they will be seeking re-election as Directors at the 2019 AGM.

In addition, the current terms of appointment of Ms Goh and Mr Teoh will be expiring at the 2019 AGM. The NC invited Ms Goh and Mr Teoh to stand for re-election at the 2019 AGM, and recommended that they be re-appointed for another one-year term until the 2020 AGM. The NC agreed that it is in DBS' interest for Ms Goh to continue serving as the Chairperson of BRMC due to her extensive knowledge and experience in the risk environment for banks. In view of the increasingly complex and challenging risk landscape, the NC members believed that more time is required for the smooth transition of the chairmanship of BRMC. The NC also recommended the re-appointment of Mr Teoh for an additional one-year term to allow more time for the smooth transition of the chairmanship of the AC to Mr Tham.



As Mr Peter Seah and Mr Piyush Gupta have also served on the Board for more than nine years, the NC recommended that they be re-appointed as Directors for another one-year term for the following reasons:

- (i) it is important for Mr Seah to continue serving as the Board Chairman to provide leadership and continuity. The next few years will be critical for us as we execute on our digital transformation and growth strategies across the region. Mr Seah is a veteran banker who has been instrumental in the growth and transformation of DBS. Under his chairmanship over the past nine years, DBS has grown to be a leading financial services group in Asia which is recognised for its global leadership and strong corporate governance practices; and
- (ii) as Group CEO, Mr Gupta should remain as a Director to provide the Board with insights into the business.

The Board approved the re-appointment of Mr Seah, Ms Goh, Mr Teoh and Mr Gupta for an additional one-year term until the 2020 AGM.

### Directors' time commitment

The meeting attendance records of all Directors as well as a list of their directorships are fully disclosed in our Annual Report. The NC assesses each Director's ability to commit time to DBS' affairs in accordance with internal guidelines which take into account the number of other board and committee memberships a Director holds, as well as the size and complexity of the companies in which he/ she is a board member. Additionally, each Director is required to complete a self-assessment of his/ her time commitments on an annual basis. While the Board has not set a maximum number of listed company board representations a Director may hold, all Directors appreciate the high level of commitment required of a Director. All Directors have met the requirements under the NC's guidelines. The Board is satisfied that each Director has diligently discharged his or her duties as a Director of DBS and has contributed meaningfully to DBS.

### Board diversity

We recognise that diversity is not merely limited to gender or any other personal attributes. We adopted a Board Diversity Policy which recognises the importance of having an effective and diverse Board, and states that the NC is responsible for setting the relevant objectives to promote and achieve diversity on the Board. In discharging its duties, the NC shall give due regard to the benefits of all aspects of diversity and strive to ensure that the Board is appropriately balanced to support the long-term success of DBS. The main objective of the Board Diversity Policy is to continue to maintain the appropriate balance of perspectives, skills and experience on the Board to support the long-term success of DBS. The Board Diversity Policy also requires female representation.

In October 2018, the NC assessed the effectiveness of the Board Diversity Policy. Since the Board Diversity Policy was adopted, we have appointed three new Directors (namely, Mr Olivier Lim, Dr Bonghan Cho and Mr Tham Sai Choy). Each new Director has different skillset, perspectives and experience necessary to ensure the progressive renewal of the Board which will, in turn, support the long-term interests of DBS. We also have two female Directors on the Board. Therefore, the NC was satisfied that the objectives of the Board Diversity Policy continue to be met.

## Board Executive Committee (EXCO)

### Key responsibilities of the EXCO

- Approves large exposures in excess of management authority limits;
- Reviews and provides recommendations on matters that will require Board approval, including acquisitions and divestments exceeding certain material limits;
- Reviews weak credit cases on a quarterly basis; and
- Approves certain matters specifically delegated by the Board such as acquisitions and divestments up to a certain material limit, credit transactions, investments, capital expenditure and expenses that exceed the limits that can be authorised by the CEO.

### Highlights of EXCO's activities in 2018

The EXCO assists the Board to enhance the business strategies and strengthen core competencies of DBS. The EXCO meets frequently (11 meetings in 2018) and is able to offer greater responsiveness in the decision-making process of DBS. In addition to its quarterly review of weak credit cases, the EXCO reviewed matters related to capital planning (including reviewing the Group's dividend policy following the finalisation of the Basel capital reforms) and credit transactions (such as the renewal of our Singapore and Hong Kong credit programmes for SMEs). The EXCO also reviewed acquisition and investment opportunities.

## Audit Committee (AC)

### Key responsibilities of the AC

#### Financial reporting

- Monitors the financial reporting process, significant financial reporting issues and judgements to ensure the integrity of the Group's consolidated financial statements; and
- Reviews the Group's consolidated financial statements, and any announcements relating to the Group's financial performance prior to submission to the Board.

#### Internal controls

- Reviews the adequacy and effectiveness of internal controls, such as financial, operational, compliance and information technology controls, as well as accounting policies and systems;

- Reviews quarterly reports from Group Legal and Compliance, and monitors key risks concerning legal and compliance matters and Financial Crime and Security Services (FCSS) initiatives and developments;
- Reviews the arrangements by which DBS staff and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters and ensures that arrangements are also in place for such concerns to be raised and independently investigated and for appropriate follow-up action to be taken; and
- Reviews quarterly reports from the Fair Dealing and Conduct Committee on key matters reported to or discussed by this committee for the preceding quarter.

### Internal audit

- Reviews the independence, adequacy and effectiveness of the Group's internal audit function (Group Audit) and processes, as well as ensures that Group Audit is adequately resourced and set up to carry out its functions;
- Reviews Group Audit's audit plans and the scope and results of audits; and
- Approves the hiring, removal, resignation, evaluation and compensation of Head of Group Audit.

### External auditor

- Determines the criteria for selecting, monitoring and assessing the external auditor, and makes recommendations to the Board on the appointment, re-appointment and removal of the external auditor;
- Approves the remuneration and terms of engagement of the external auditor;
- Reviews the scope and results of the external audits and the independence and objectivity of the external auditor;
- Ensures that the external auditor promptly communicates to the AC, any information regarding internal control weaknesses or deficiencies, and that significant findings and observations regarding weaknesses are promptly rectified; and
- Reviews the assistance given by management to the external auditor.

### Related party transactions

- Reviews all material related party transactions (including interested person transactions) and keeps the Board informed of such transactions, and the findings and conclusions from its review.

### Highlights of AC's activities in 2018

#### Oversight of financial reporting and internal controls

The AC reviewed quarterly consolidated financial statements and made recommendations to the Board for approval. The CEO and CFO provided the AC with a letter of representation attesting to the integrity of the quarterly financial statements. The AC reviewed the Group's audited consolidated financial statements and discussed with management and the



external auditor the significant matters which involved management judgement. The AC also reviewed significant accounting matters, which included the review of the implementation of new accounting standards.

*Please refer to the table below for further information on these significant matters. These matters are also discussed in the independent auditor's report on pages 190 to 192.*

The AC is of the view that the Group's consolidated financial statements for 2018 are fairly presented in conformity with the relevant Singapore Financial Reporting Standards (International) (SFRS(I)) in all material aspects. The Board has been notified that the Group's external auditor, PricewaterhouseCoopers LLP (PwC), has read and considered the other information (i.e. other than the financial statements and auditor's report thereon) in the annual report, whether financial or non-financial, in accordance with the Singapore Standard of Auditing 720. For the financial year ended 31 December 2018: (i) no material inconsistencies between the other information, the financial statements and PwC's knowledge obtained in the audit; and (ii) no material misstatements of the other information, have been reported.

The AC members were kept updated on changes to accounting standards and issues related to financial reporting through quarterly meetings with Group Finance, Group Audit, and internal audit bulletins. The AC has the authority to investigate any matter within its terms of reference, and has full access to and cooperation by management.

The AC reviewed quarterly reports from Group Legal and Compliance, as well as the Fair Dealing and Conduct Committee. Key risks concerning legal or compliance matters, and actions taken (including policy and training), were tabled to the AC, which updated the Board as necessary. As part of the quarterly

reports from Group Legal and Compliance, the AC received in-depth updates on various Financial Crime and Security Services initiatives and developments. For example, in 2018, the quarterly Compliance reports to the AC included updates on the work done to build a sustainable model for transaction surveillance and the approach to the Financial Crime transformation program. As part of the quarterly reports from the Fair Dealing and Conduct Committee, the AC received updates on the delivery of fair dealing outcomes, conduct and culture metrics (including whistle-blowing incidents) as well as initiatives that serve to influence conduct and culture standards across the Group.

### Oversight of Group Audit

The AC has direct oversight of Group Audit and receives quarterly reports from Group Audit. Please refer to pages 53 and 54 for details on Group Audit's key responsibilities and processes.

The AC assessed the adequacy, effectiveness and independence of Group Audit, and is of the view that Group Audit is independent, effective and adequately resourced. Group Audit understands the risks that the Group faces and has aligned its work to review these risks.

There is at least one scheduled private session annually for the Head of Group Audit to meet the AC. The Chair of the AC meets the Head of Group Audit regularly to discuss the audit plans, current work, key findings and other significant matters.

### Reviewing performance, objectivity and independence of the external auditor

The AC has unfettered access to the external auditor. Separate sessions were held at each AC meeting in 2018 for the AC to meet with the external auditor without the presence of

management to discuss matters that might have to be raised privately.

The AC monitors the performance, objectivity and independence of the external auditor. For this purpose, the AC takes into account the Audit Quality Indicators Disclosure Framework issued by the Accounting and Corporate Regulatory Authority (ACRA); the guidance provided in section 6 of the Guidebook for Audit Committees in Singapore issued by ACRA, MAS and the Singapore Exchange (SGX); as well as the principles outlined by the Basel Committee on Banking Supervision in its document "The External Audits of Banks".

The total fees due to PwC, for the financial year ended 31 December 2018 and the breakdown of the fees for audit and non-audit services are set out in the table below. The AC reviewed the non-audit services provided by the external auditor during the financial year and the associated fees. The AC is satisfied that the independence and objectivity of the external auditor has not been impaired by the provision of those services.

Fees relating to PwC services for 2018	SGD (million)
For audit and audit-related services	9.1
For non-audit services	2.1
<b>Total</b>	<b>11.2</b>

The AC considered the following matters in its review of the external auditor's performance and when formulating its recommendation on the re-appointment of the external auditor:

- the performance of the external auditor against industry and regulatory standards;
- the scope of the audit plan and areas of audit focus as agreed with the external auditor;

### AC commentary on key audit matters

Significant matters	How the AC reviewed these matters
<b>Allowances for loans and advances</b>	The AC reviewed the significant non-performing credit exposures periodically and considered management's judgments, assumptions and methodologies used in the determination of the level of specific allowances required. The AC noted that major weak credits would have been reviewed by the EXCO as part of a quarterly process. The AC was also apprised of PwC's credit review sampling across performing loans, watch-list and non-performing portfolios to assess appropriateness of ratings and adequacy of specific allowances.
<b>SFRS(I) 9 Financial Instruments</b>	The AC reviewed the governance arrangements as well as the key drivers of the quarterly movements in Expected Credit Loss (ECL), including changes in portfolio asset quality, adjustments made to reflect prevailing economic conditions, thematic overlays and model refinements. The AC was also apprised of PwC's observations from their audit of the ECL methodology, processes and controls, as well as the regulatory allowance that has been set aside as part of the revised MAS Notice 612 and the overall portfolio allowance coverage.
<b>Goodwill impairment assessment</b>	The AC reviewed the methodology and key assumptions, including the macroeconomic outlook and other key drivers of cash flow projections, used in the determination of the value-in-use of cash generating units. It assessed the sensitivities of the forecasts to possible changes in the valuation parameters. The AC was also apprised of PwC's view and analysis on management's annual goodwill impairment assessment, including the assumptions underpinning management's value-in-use calculations.
<b>Valuation matters</b>	The AC reviewed the fair value hierarchy of financial instruments held at fair value and the quarterly movements in valuation reserves. It considered the appropriateness of the Group's valuation methodology in light of industry developments. The AC was also apprised of PwC's work in this area, including their review of key controls over valuation and the adequacy of valuation reserves, as well as independent rate sourcing and revaluation.

- the quality of audit services rendered, and reports and findings presented by, the external auditor during the year;
- feedback received from various functions/ geographical locations, through an annual structured internal survey, on the adequacy and quality of the audit team's resources, the level of independence and scepticism exercised in carrying out its work, and its overall efficiency and effectiveness;
- the Audit Quality Indicators data of the external auditor; and
- the external auditor's self-assessment, including the confirmation of its independence to the AC.

Based on these considerations, the AC has recommended, and the Board has endorsed, the re-appointment of PwC for shareholders' approval at the 2019 AGM. The Group has complied with Rule 712 and Rule 715 of the SGX Listing Manual in relation to its external auditor.

In response to MAS' requirement for banks headquartered in Singapore to undertake a mandatory re-tender for their external auditors (MAS Notice 615), the AC will be conducting a re-tender exercise in 2019. The selected external auditor will be responsible for the audit of the Group from financial year 2021.

## Board Risk Management Committee (BRMC)

### Key responsibilities of the BRMC

- Supports the Board and management in setting the tone from the top so as to embed and maintain appropriate risk culture;
- Guides the development of and recommends for Board approval the risk appetite for various types of risk and exercises oversight on how this is operationalised into individual risk appetite limits;
- Monitors risk exposures and profile against risk limits and risk strategy in accordance with approved risk appetite and/ or guidelines;
- Discusses risk reporting requirements and reviews the risk dashboard to keep track of major risk positions and risk developments;
- Monitors the quarterly portfolio reviews of total exposures as well as large exposures and asset quality;
- Discusses large risk events and subsequent remedial action plans;
- Monitors market developments, such as macro-economic, credit, industry, country risk and stress tests related to these developments;
- Approves the Group's overall and specific risk governance frameworks;
- Has direct oversight of the CRO (jointly with the CEO);
- Reviews (in parallel with the AC) the adequacy and effectiveness of the Group's internal controls framework;
- Approves risk models which are used for capital computation and monitors the performance of previously approved models;

- Oversees an independent group-wide risk management system and adequacy of resources to monitor risks;
- Exercises oversight of the Internal Capital Adequacy Assessment Process (ICAAP) including approval of stress scenarios and commensurate results for capital, risk-weighted assets, profit and loss and liquidity;
- Approves the Business Continuity Management attestation and Group-wide Recovery Plan; and
- Exercises oversight of regulatory requirements relating to risk management.

### Highlights of BRMC's activities in 2018

The BRMC was kept informed of major risk positions and risk developments through the risk dashboard. The BRMC monitored the global economic environment and, in particular, paid close attention to developments which could have material consequences for the key markets where we operate. The BRMC also provided guidance, where appropriate, to management. The BRMC considered vulnerabilities such as the global economic outlook, political landscape, liquidity tightening, risk of rising interest rates and market volatility, all of which could impact our strategy and portfolios in these markets.

In 2018, the BRMC discussed the findings and the impact arising from scenario analyses and portfolio reviews conducted on certain countries and specific sectors, including:

- the global economic growth outlook and the effect of geopolitical tensions (such as US-China trade war);
- China macro-prudential stance and deleveraging;
- continued US interest rate hikes and their effect on US Dollar strengthening and emerging markets currency rout;
- rising oil prices impact on the aviation and shipping sectors; and
- Singapore residential property cooling measures on our Small and Medium Enterprise (SME) developers and contractors portfolios.

The scenario analyses are in addition to the review of various regulatory and internal stress testing exercises.

The BRMC also reviewed management's assessment of the impact of US-imposed tariffs on our China portfolio and supply-chain borrowers. It was kept informed of the utilisation of market risk limits (for both banking and trading books), the liquidity risk profile and limit utilisation (in all major currencies and legal entities), and the key operational risk profiles of the Group. The BRMC was also advised on the continued focus on financial crime and cyber security environment and efforts made to address these risks. The BRMC also approved and monitored the performance of various risk models. The BRMC received regular updates on risk appetite and economic capital utilisation. The BRMC was apprised of regulatory feedback and developments, such as approaches for

risk models and capital computation, and Basel requirements. In addition, the BRMC was updated on the action plans following the internal group-wide risk culture survey conducted in 2017.

*Please refer to the section on 'Risk Management' in this Annual Report for more information on the BRMC's activities.*

## Compensation and Management Development Committee (CMDC)

### Key responsibilities of the CMDC

- Exercises supervisory oversight of the overall principles, parameters and governance of DBS' remuneration policy and ensures the alignment of compensation with prudent risk taking to build a long-term sustainable business;
- Oversees the remuneration of senior executives and directors, including recommending to the Board the remuneration of executive directors; and
- Exercises oversight on management development and succession planning of the Group and ensures that robust plans are in place to deepen core competencies and bench strength as well as strengthen leadership capabilities and talent pipeline for the continued success of the Group.

### Highlights of CMDC's activities in 2018

#### Group remuneration policy and annual variable pay pool

*Please refer to the section on 'Remuneration Report' for details on remuneration of the CEO and on DBS' remuneration strategy.*

The CMDC reviews and approves DBS' remuneration policy and the annual variable pay pool which are also endorsed at the Board level. The CMDC provides oversight of the remuneration of the CEO, senior executives and control functions in line with the Financial Stability Board's guidelines. The CMDC also reviews cases where total remuneration exceeds a pre-defined threshold, or where a deferral mechanism is implemented as a risk control process.

In 2018, the CMDC's terms of reference were updated to expressly state that the CMDC should consider conduct-related matters when reviewing and approving the annual variable compensation pool. This reflects the Board's focus on linking conduct with compensation.

DBS has a robust disciplinary framework linked to individual compensation. The CMDC was apprised of the impact of disciplinary actions on individuals' compensation when approving the annual variable compensation pool and noted that there was a reduction in the number of disciplinary cases in 2018. The CMDC was also updated that the Group's risk management and internal control systems are adequate and effective, and that the 2018 Risk & Culture score from the Aon Hewitt My Voice survey remains stable.

## Talent Review and Succession Planning

The CMDC reviews the state of the talent and the strength of the human capital in DBS in support of its overall strategy. This includes a review of the talent bench strength, “team in the field”, succession plans for the CEO and the GMC members and development plans for our talents.

The CMDC reviewed the succession plans of CEO and the GMC members based on a DBS proprietary “Key Success Factors” framework which comprises four dimensions of a DBS senior leader success profile. The four dimensions are domain knowledge, critical experiences, leadership competencies and traits. Potential successors for GMC were evaluated against these four dimensions to assess their readiness and development plans to address their leadership gaps were put in place to prepare them for succession.

As part of the succession planning reviews for GMC members and taking into account the retirement plans of Mr Elbert Pattijn (previously the CRO), Mr Jerry Chen (previously head of DBS Taiwan) and Ms Jeanette Wong (previously Group Head of Institutional Banking), the CMDC deliberated and agreed on the following senior-level organisational appointments which were effected, or were announced, in the course of 2018:

- Mr Tan Teck Long (previously head of the Institutional Banking Group’s large and mid-cap businesses, as well as its Chief Operating Officer) succeeded Mr Pattijn as the CRO with effect from 1 July 2018.
- Mr Lim Him Chuan (previously Group Head of Product Management for the Global Transaction Service) succeeded Mr Chen as the head of DBS Taiwan with effect from 1 June 2018.
- Ms Tan Su Shan (previously Group Head of Consumer Banking and Wealth Management) succeeded Ms Wong as the Group Head of Institutional Banking with effect from 1 February 2019.
- Mr Sim S Lim (previously Singapore country head) succeeded Ms Tan Su Shan as Group Head of Consumer Banking and Wealth Management with effect from 1 January 2019.
- Mr Shee Tse Koon (previously head of strategy and planning) succeeded Mr Sim S Lim as Singapore country head with effect from 1 December 2018.

The Bank has a robust talent identification process based on the “3P framework” namely Performance, PRIDE! and Potential. DBS assesses potential based on Ability, Aspiration and Engagement. To develop our talents, DBS has a “triple-E development framework” which focuses on providing actionable development activities around education (conferences and leadership programs), exposure (mentoring, coaching and networking) and experience (new or stretched roles, cross country and cross function assignments) to accelerate the

## Annual directors’ fee structure for 2018

Basic annual retainer fees	SGD
<b>Board</b>	<b>100,000</b>
<b>Lead Independent Director</b>	<b>75,000</b>
<b>Additional Chairman fees for:</b>	
<b>Board</b>	<b>1,450,000</b>
<b>Audit Committee</b>	<b>90,000</b>
<b>Board Risk Management Committee</b>	<b>90,000</b>
<b>Compensation and Management Development Committee</b>	<b>65,000</b>
<b>Executive Committee</b>	<b>75,000</b>
<b>Nominating Committee</b>	<b>45,000</b>
<b>Additional committee member fees for:</b> <i>(Note: Board committee chairpersons do not get these fees)</i>	
<b>Audit Committee</b>	<b>60,000</b>
<b>Board Risk Management Committee</b>	<b>60,000</b>
<b>Compensation and Management Development Committee</b>	<b>35,000</b>
<b>Executive Committee</b>	<b>60,000</b>
<b>Nominating Committee</b>	<b>30,000</b>

growth of our talents. The CMDC also reviews and provides recommendations on the overall talent development plan for DBS.

In 2018, DBS achieved a talent mobility of 44%, well above our target of 30%. Talent mobility measures the percentage of talents who have taken on an enhanced or changed role in the last twelve months. Talent Attrition was healthy at 8%, within our target of less than 10%.

### Remuneration of Non-Executive Directors

*Please refer to pages 44 to 45 for details of remuneration of each Non-Executive Director (including the Chairman) for 2018.*

The CMDC reviews and recommends a framework to the Board for determining the remuneration of all Non-Executive Directors. The remuneration of Non-Executive Directors, including the Chairman, has been benchmarked against global and local financial institutions. Unless otherwise determined by the Board, Non-Executive Directors receive 70% of their fees in cash and the remaining 30% in share awards. The share awards are not subject to a vesting period, but are subject to a selling moratorium whereby each Non-Executive Director is required to hold the equivalent of one year’s basic retainer fees for his or her tenure as a Director and for one year after the date he or she steps down. The fair value of share grants to the Non-Executive Directors are based on the volume-weighted average price of the ordinary shares of DBS over the 10 trading days immediately prior

to (and excluding) the date of the AGM. The actual number of ordinary shares to be awarded are rounded down to the nearest share, and any residual balance is paid in cash. Other than these share awards, the Non-Executive Directors do not receive any other share incentives or securities pursuant to any of DBS’s share plans.

The CMDC conducted a comprehensive review of the annual fee structure for the Non-Executive Directors for 2018 (NED Fee Structure). The CMDC noted that other than an increase in the Chairman’s annual retainer fee in 2013, no changes have been made to the NED Fee Structure since 2010. The CMDC benchmarked the NED Fee Structure against the directors’ fee structure for local and foreign banks, and recommended increases to the annual retainer fees for the chairpersons and members of the Board and certain Board committees to reflect the increasing complexity of the issues that the Non-Executive Directors deal with and the amount of time needed to attend to Board and Board committee matters. It also introduced a fee for the lead independent director. No changes were recommended to the fees for the EXCO chairperson, and the CMDC chairperson and members, as the CMDC believed that their current fees are appropriate and comparable to the market.

The Board agreed with the CMDC’s recommendations and approved the adoption of the NED Fee Structure in the table above. Shareholders are entitled to vote on the

remuneration of Non-Executive Directors at the 2019 AGM.

In 2018, there was one employee of DBS Bank, Ms Lesley Teoh, who is an immediate family member (daughter) of a Director, Mr Danny Teoh. Ms Lesley Teoh's remuneration for 2018 falls within the band of SGD 100,000 to 150,000. Mr Teoh is not involved in the determination of his family member's remuneration. Apart from Ms Lesley Teoh, none of the Group's employees was an immediate family member of a Director in 2018.

## Effective controls

### Group Approving Authority

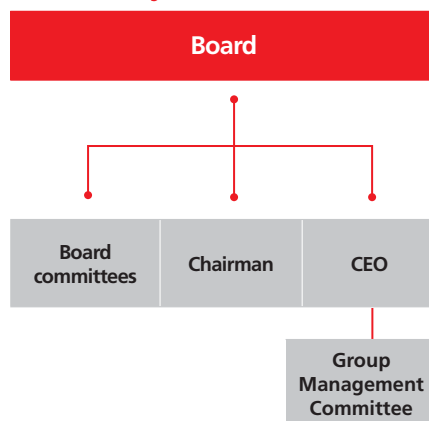
The Group Approving Authority (GAA) is an integral part of our corporate governance framework.

The Board's responsibilities are well defined in the GAA. The Board is the decision-making body for matters with significant impact to DBS as a whole; these include matters with strategic, financial or reputational implications or consequences. The specific matters that require board approval under the GAA include:

- group's annual and interim financial statements
- acquisitions and divestments exceeding certain material limits
- group's annual budget
- capital expenditures and expenses exceeding certain material limits
- capital-related matters including capital adequacy objectives, capital structure, capital issuance and redemption
- dividend policy
- risk strategy and risk appetite

The GAA ensures that appropriate controls and decision-making are consistently applied throughout DBS. Under the GAA, the Board has delegated to the CEO the responsibility to ensure that the Group's businesses and operations are operated in accordance with Board-approved strategies and standards, which include responsibilities for the internal control framework within DBS. On matters where authority has been delegated to him, the CEO may further delegate certain responsibilities and authorities to the members of the Group Management Committee and

### Scope of delegation of authority in the GAA



may empower them to, in turn, delegate their responsibilities and authorities to other executives and committees of the Group.

The GAA covers internal authority only and does not override any specific provisions arising from statutory, regulatory, exchange listing requirements, or the DBSH Constitution. The GAA is regularly reviewed and updated to accommodate changes in the scope and activities of DBS' business and operations. The Board approves the GAA and any change to it.

### Internal controls framework

Our internal controls framework covers financial, operational, compliance and information technology controls, as well as risk management policies and systems. The Board, supported by the AC and BRMC, oversees the Group's system of internal controls and risk management. DBS has three lines of defence when it comes to risk taking, where each line of defence has a clear responsibility.

#### First line of defence

Working closely with the support units, our business units are our first line of defence for risk management. Their responsibilities include identification and management of risks inherent in their businesses/ countries and ensuring that our business operations remain within approved boundaries of our risk appetite and policies.

DBS has a significant incident protocol that sets out processes and procedures for the escalation of incidents according to the level of severity. In this way, appropriate levels of management

are made aware of such incidents and can take action accordingly. There are also well-defined procedures for the escalation, investigation and follow up of any reported wrong-doing by a DBS employee, customer, vendor or third party.

#### Second line of defence

Corporate oversight and control functions such as Risk Management Group (RMG), Group Legal and Compliance and parts of Group Technology and Group Finance form the second line of defence. They are responsible for the design and maintenance of the internal controls framework covering financial, operational, compliance and information technology controls as well as risk management policies and systems. In addition, RMG is responsible for identifying individual and portfolio risk, approving transactions and trades and ensuring that they are within approved limits, and monitoring and reporting on the portfolio. These take into account current and potential future developments, and are evaluated through stress testing.

#### Third line of defence

Group Audit forms the third line of defence. It provides an independent assessment and assurance on the reliability, adequacy and effectiveness of our system of internal controls, risk management procedures, governance framework and processes.

### Group Audit

#### Key responsibilities and processes

Group Audit is independent of the activities it audits. Its objectives, scope of authority and responsibilities are defined in the Audit Charter, which is approved by the AC. Group Audit reports functionally to the Chairperson of the AC and administratively to the CEO.

Group Audit's responsibilities include:

- evaluating the reliability, adequacy and effectiveness of the Group's risk management and internal controls systems, including whether there is prompt and accurate recording of transactions and proper safeguarding of assets;
- providing an objective and independent assessment of the Group's credit portfolio quality, the execution of approved credit portfolio strategies and control standards relating to credit management processes;

Board, CEO and Senior Management	Provides oversight of the three lines of defence		
	First line of defence	Second line of defence	Third line of defence
<b>Responsibility</b>	Strategy, business planning and risk ownership	Development of risk management policies, systems and processes; objective review and challenge	Independent assurance
<b>Function</b>	Business units and supporting units	Risk management, compliance and control functions	Internal audit
<b>Key activities</b>	Identification and effective management/ mitigation of risk	Independent risk oversight, monitoring and reporting	Independent assurance on adequacy and effectiveness of processes and controls



- reviewing whether DBS complies with laws and regulations and adheres to established policies; and
- reviewing whether management is taking appropriate steps to address control deficiencies.

Group Audit adheres to the DBS Code of Conduct and is guided by the Mission Statement in the Audit Charter. It adopted the Code of Ethics and aligned its practices with the International Professional Practices Framework established by the Institute of Internal Auditors (IIA). In addition, it has embedded IIAs 10 Core Principles for the Professional Practice of Internal Auditing into its activities.

Group Audit has unfettered access to the AC, the Board and management, as well as the right to seek information and explanation. Group Audit has an organisational and strategic alignment to the Group. The head of Group Audit has a seat in the GMC, and attends all the business reviews and strategic planning forums. The respective heads of audit in each of the five key locations outside Singapore are part of that location's management team.

Group Audit adopts a risk-based approach in its auditing activities. An annual audit plan is developed using a structured risk and control assessment framework through which the inherent risk and control effectiveness of each auditable entity in the Group is assessed.

The assessment also covers risks arising from new lines of business, new products and emerging risks from DBS' operating environment. Audit projects are planned based on the results of the assessment, with priority given to auditing higher risk areas and as required by regulators.

Audit reports containing identified issues and corrective action plans are reported to the AC and senior management. Progress of the corrective action plans is monitored, and past due action plans are included in regular reports to the senior management and the AC. In all routine audits, Group Audit evaluates the control environment and management's control awareness which incorporates risk culture as guided by the Financial Stability Board's Guidance on Sound Risk Culture.

Group Audit apprises regulators and external auditors of all relevant audit matters. It works closely with external auditors to coordinate audit efforts.

### Quality assurance and key developments

With effect from 1 January 2018, Mr Derrick Goh took over from Mr Jimmy Ng as the Head of Group Audit as part of the talent development plans for senior leaders within DBS.

In line with leading practices, Group Audit has a quality assurance and improvement

programme (QAIP) that covers all aspects of its audit activity and conforms to the International Standards for the Professional Practice of Internal Auditing. As part of the QAIP programme, internal quality assessment reviews (QAR) are conducted quarterly and external QAR are carried out at least once every five years by qualified professionals from an external organisation. Since 2014, the internal QAR has been contracted to an independent assessor, KPMG.

In 2018, KPMG was appointed to perform the external QAR. KPMG rated Group Audit as adequate and effective and Generally Conforms<sup>(1)</sup> to all the international standards promulgated by the Institute of Internal Auditors (including standard no. 1100 on independence and objectivity). In addition, KPMG's report indicated their strong endorsement of Group Audit's leading practices in Agile, Data Analytics and technology advancement.

Group Audit leveraged on the use of data, technology and automation to provide greater insights and to enhance DBS' audit assurance. Since 2017, Group Audit has operationalised its Future of Auditing roadmap with the use of digital tools, rule-based and predictive analytics, coupled with the continuous monitoring approach to perform risk assessments and controls testing and provide better risk management insights.

### Dealings in securities

In conformance with the "black-out" policies prescribed under the SGX Listing Rules, Directors and employees are prohibited from trading in DBS' securities one month before the

release of the full-year results and two weeks before the release of the first, second and third quarter results. In addition, business units and subsidiaries engaging in proprietary trading are restricted from trading in DBS' securities during the black-out period. Group Secretariat informs all Directors and employees of each black-out period ahead of time. Directors and employees are prohibited at all times from trading in DBS' securities if they are in possession of material non-public information.

In addition, GMC members are only allowed to trade in DBS' securities within specific window periods (15 market days immediately following the expiry of each black-out period) subject to pre-clearance. GMC members are also required to obtain pre-approval from the CEO before any sale of DBS' securities. Similarly, the CEO is required to seek pre-approval from the Chairman before any sale of DBS' securities. As part of our commitment to good governance and the principles of share ownership by senior management, the CEO is expected to build up and hold at least the equivalent of three times his annual base salary as shareholding over time.

DBS has put in place a personal investment policy which prohibits employees with access to price-sensitive information in the course of their duties from trading in securities in which they possess such price-sensitive information. Such employees are also required to seek pre-clearance before making any personal trades in securities, and may only trade through the Group's stockbroking subsidiaries and bank channels for securities listed in Singapore and Hong Kong. The personal investment policy discourages employees from engaging in short-term speculative trading.

Name of interested person	Aggregate contract value of all interested person transactions in 2018 (excluding transactions less than SGD 100,000)
Ascendas-Singbridge Pte Ltd Group	16,043,836
CapitaLand Limited Group	8,751,066
Certis CISCO Security Pte Ltd Group	4,686,875
Mapletree Investments Pte Ltd Group	3,625,574
Mediacorp Pte Ltd Group	1,020,001
SATS Ltd Group	8,428,394
Singapore Airlines Limited Group	127,625,516
Singapore Technologies Engineering Ltd Group	651,570
Singapore Telecommunications Limited Group	68,451,180
StarHub Ltd Group	2,940,971
Surbana Jurong Private Limited Group	8,525,247
<b>Total Interested Person Transactions (SGD)</b>	<b>250,750,230</b>

(1) Definition of Generally Conforms: Internal Audit activity has a charter, policies and processes that are judged to be in accordance with the IIA Standards.

## Related Party Transactions

DBS has embedded procedures to comply with regulations governing related party transactions, including those in the Banking Act, MAS directives and the SGX Listing Rules. The Banking Act and MAS directives impose limits on credit exposures by DBS to certain related entities and persons, while the SGX Listing Rules cover interested person transactions in general.

All new Directors are briefed on relevant provisions that affect them. If necessary, existing credit facilities to related parties are adjusted prior to a Director's appointment, and all credit facilities to related parties are continually monitored. DBS has robust procedures to manage any potential conflict of interest between a Director and DBS. Checks are conducted before DBS enters into credit or other transactions with related parties to ensure compliance with regulations.

As required under the SGX Listing Rules, the details of interested person transactions in 2018 are set out in the table on page 54. These interested person transactions are for the purpose of carrying out day-to-day operations such as leasing of premises, telecommunication/ data services, IT systems and related services, redemption of KrisFlyer miles by DBS/ POSB credit card holders, logistics, as well as security services.

### Material contracts

Since the end of the previous financial year, no material contracts involving the interest of any Director or controlling shareholder of DBS has been entered into by DBS or any of its subsidiary companies, and no such contract subsisted as at 31 December 2018, save as disclosed via SGXNET.

## Assessing the effectiveness of internal controls

DBS has a risk management process that requires all units to perform a half-yearly risk and control self-assessment (RCSA) to assess the effectiveness of their internal controls. In addition, all units of the Group are required to submit quarterly attestations on their controls relating to the financial reporting process, and annual attestations on their compliance with the overall internal controls framework. Based on the RCSA and the quarterly and annual attestations, the CEO and CFO provide an annual attestation to the AC relating to the adequacy and effectiveness of DBS' risk management and internal control systems. Group Audit performs regular independent reviews to provide assurance on the adequacy and effectiveness of DBS' internal controls on risk management, control and governance processes. The overall adequacy and effectiveness of DBS' internal controls framework is reviewed by the AC and BRMC.

## Board's commentary on adequacy and effectiveness of internal controls

The Board has received assurance from the CEO and CFO that, as at 31 December 2018, the Group's financial records have been properly maintained, and the financial statements give a true and fair view of DBS Group's operations and finances.

The Board has also received assurance from the CEO and CFO (who, in turn, received assurance from the members of the Group Management Committee) that, as at 31 December 2018, the Group's risk management and internal control systems were adequate and effective to address financial, operational, compliance and information technology risks which the Group considers relevant and material to its operations.

Based on the internal controls established and maintained by the Group, work performed by internal and external auditors, reviews performed by management and various Board Committees as well as the said CEO and CFO assurance, the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls and risk management systems were adequate and effective as at 31 December 2018 to address financial, operational, compliance risks and information technology risks which the Group considers relevant and material to its operations.

The Board notes that the internal controls and risk management systems provide reasonable, but not absolute, assurance that the Group will not be affected by any event that could be reasonably foreseen as it strives to achieve its business objectives. In this regard, the Board also notes that no system can provide absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, fraud or other irregularities.

## Strong culture

### Effective safeguards

We believe that effective safeguards against undesired business conduct have to go beyond a "tick-the-box" mentality. In DBS, other than relying on published codes of conduct, we also advocate the following organisational safeguards to maintain a strong risk and governance culture.

- **Tone from the top:** The tone set by the Board and senior management is vital; it is equivalent to the moral compass of the organisation. In addition to having in place comprehensive policies, we conduct a robust self-assessment on the Group's risk culture. Please refer to the risk culture section for more information.
- **Aligning strategies and incentives via the balanced scorecard:** Please refer to pages 26 to 31 for more information.
- **Respecting the voice of control functions:** We believe that respect for the voice of

control functions is a key safeguard. We ensure that control functions are well integrated into our organisational structure so that they can properly discharge their responsibilities.

- **Risk ownership:** Please refer to page 53 for details on our three lines of defence.
- **Having established escalation protocols:** We designed a notification protocol that makes it mandatory for staff to report significant incidents. This means that the organisation is prepared to receive bad news and take necessary remedial actions without shooting the messengers.
- **Encouraging constructive challenges at all levels:** Fundamentally, we inculcate a culture that encourages constructive challenges and debate, where all views are evaluated for decision-making. We also operate a culture where we actively engage the Board for their views early.
- **Reinforcing cultural alignment:** Finally, we conscientiously reinforce our cultural norms by rewarding right behaviours and censuring wrong ones.

## Risk Culture

Risk culture is closely intertwined with our corporate culture. It encompasses the general awareness, attitudes and behaviour of our employees towards risk and how it is managed within DBS. In 2017, a Risk Culture survey was rolled-out bank-wide, using the Financial Stability Board (FSB) guidelines, which comprises the following indicators: (i) tone from the top, (ii) ownership and accountability, (iii) effective communication and challenge, and (iv) incentives. The results from the 2017 survey indicated a satisfactory risk culture across the organisation, and the score remained consistent for 2018.

We continue to inculcate a strong risk culture across DBS to ensure we operate in an ethical and sound manner. On the governance front, we expanded the scope of the Fair Dealing and Conduct Committee (previously known as the Fair Dealing Committee) to include the oversight of conduct and risk culture. In addition to regular communication by senior management to set the tone from the top, we enhanced our employee onboarding training to reinforce risk awareness and developed a toolkit to aid managers in action planning. A review of our sales incentive and suitability frameworks was undertaken to reinforce the desired behaviour in our sales force. We continue to put emphasis on conduct as part of our compensation evaluation process.

## The DBS Code of Conduct (Code of Conduct)

The Code of Conduct sets out the principles and standards of behaviour that are expected of employees of the Group (including part-time and temporary employees) when dealing with customers, business associates, regulators and colleagues. The principles covered in the Code of Conduct include professional integrity, confidentiality, conflicts of interests, fair

dealings with customers and whistle-blowing. It also defines the procedures for employees of DBS to report incidents and provides protection for those staff for these disclosures.

All employees of DBS are required to read and acknowledge the Code of Conduct on an annual basis. Members of the public may access the Code of Conduct on DBS' website, as well as write in via an electronic feedback form on the website. The Code of Conduct encourages employees of DBS to report their concerns to DBS' dedicated, independent investigation team within Group Compliance which handles whistle-blowing cases according to a well defined protocol. Alternatively, in case of actual or potential conflict of interest or fear of retribution, employees of DBS may write in confidence to Human Resources, Group Audit, or even the CEO or the Chairman. In addition, employees of DBS have the option of using the DBS Speak Up service.

## Whistle-blowing policy

DBS Speak Up is a hotline service run by an independent external party that gives employees of the Group the opportunity to speak up on misconduct and/ or wrong-doing by a DBS employee, customer, vendor or third party.

DBS Speak Up service includes:

- a dedicated hotline number, website, email address, fax number and postal address for reporting of suspected incidents of misconduct and wrongdoing;
- specialist call centre operators with knowledge of individual organisations;
- expert forensic investigators to analyse reports;
- timely reporting of incidents to dedicated representatives within an organisation; and
- recommendations on corrective action.

## Accountability to our shareholders

### Shareholder rights

DBS promotes fair and equitable treatment of all shareholders. All shareholders enjoy specific rights under the Singapore Companies' Act

and DBSH's Constitution. These rights include, among others, the right to participate in profit distributions and the right to attend and vote at general meetings. Ordinary shareholders are entitled to attend and vote at the AGM by person or proxy. Indirect investors who hold DBSH shares through a nominee company or custodian bank or through a CPF agent bank may attend and vote at the AGM.

DBS respects the equal information rights of all shareholders and is committed to the practice of fair, transparent and timely disclosure. All price-sensitive information is publicly released prior to any sessions with individual investors or analysts.

The Board provides shareholders with quarterly and annual financial reports. In presenting these statements, the Board aims to give shareholders a balanced assessment of the Group's financial performance and position. The Board also ensures timely and full disclosure of material corporate developments to shareholders.

### Engagement with shareholders

Our investor relations activities promote regular, effective and fair communication with shareholders. Briefing sessions for the media and analysts are conducted when quarterly results are released. All press statements and quarterly financial statements are published on our website and the SGX website. A dedicated investor relations team supports the CEO and the CFO in maintaining a close and active dialogue with investors. The DBS website provides contact details for investors to submit their feedback and raise any questions.

During the year, we met with more than 600 debt and equity investors. We participated in 20 local and overseas investor conferences and road shows. These meetings provide a forum for management to explain our strategy and financial performance, and solicit analysts' and investors' perceptions of DBS.

We have a disclosure policy to ensure that all disclosures of material information are timely, complete and accurate. The policy sets out how material information should be managed to prevent selective disclosure. Our Group

Disclosure Committee (GDC) assists the CEO and the CFO in implementing the disclosure policy. The GDC's objectives are to: (a) periodically review DBS' disclosure policy and update it as needed, (b) ensure that all material disclosures are appropriate, complete and accurate, and (c) ensure selective or inadvertent disclosure of material information is avoided.

### Conduct of shareholder meetings

The AGM provides shareholders with the opportunity to share their views and to meet the Board, including the chairpersons of the Board committees and certain members of senior management. Our external auditor is available to answer shareholders' queries. At the AGM, DBS' financial performance for the preceding year is presented to shareholders.

At general meetings, the Chairman plays a pivotal role in fostering constructive dialogue between shareholders, Board members and management. DBS encourages and values shareholder participation at its general meetings. Resolutions requiring shareholders' approval are tabled separately for adoption at the Company's general meetings unless they are closely related and are more appropriately tabled together.

The minutes of our general meetings may be accessed via our website. We have disclosed the names of the Directors and senior executives who attended the 2018 AGM as well as detailed records of the proceedings including the questions raised by the meeting attendees.

### Managing Stakeholder Relationships

Please refer to the section on "What our stakeholders are telling us" on pages 70 and 71 for more information on how we manage our stakeholder relationships.

## Electronic poll voting process

DBS puts all resolutions at general meetings to a vote by electronic poll and announces the results by showing the number of votes cast for and against each resolution and the respective percentages. DBS appoints an independent external party as scrutineers for the electronic poll voting process. Prior to the commencement of the general meeting, the scrutineers would review the proxies and the proxy process. DBS also has a proxy verification process which has been agreed upon with the scrutineers. At the general meeting, mobile devices are used for poll voting. When shareholders register their attendance at the meeting, they are handed the mobile device with details of their shareholdings registered to the device. The shareholder is able to view his or her name and shareholding details which are clearly displayed on the device.

When the Chairman opens the poll on a resolution, the shareholder presses the relevant voting button on the device. Upon vote submission, the shareholder will receive a vote response acknowledgment on the device. The results of the electronic poll voting are announced immediately after each resolution has been put to a vote, and the number of votes cast for and against and the respective percentages are displayed in real-time at the general meeting. DBS maintains an audit trail of all votes cast at the general meeting. The outcome of the general meeting (including detailed results of the poll vote for each resolution) is promptly disclosed on SGXNET after the meetings, on the same day of the general meeting.