Material matters

Identify

We identify matters that may impact the execution of our strategy. This is a group-wide effort taking into account input from all business and support units, and incorporating feedback from stakeholders.

Read more about our stakeholder engagement on pages 74 to 75.

Prioritise

From the list of identified matters, we prioritise those that most significantly impact our ability to successfully execute our strategy in delivering long-term value and influencing the decisions of key stakeholders.

Integrate

Those matters that are material to value creation are integrated into our balanced scorecard, which is used to set objectives, drive behaviours, measure performance and determine the remuneration of our people.

Read more about our balanced scorecard on page 26.

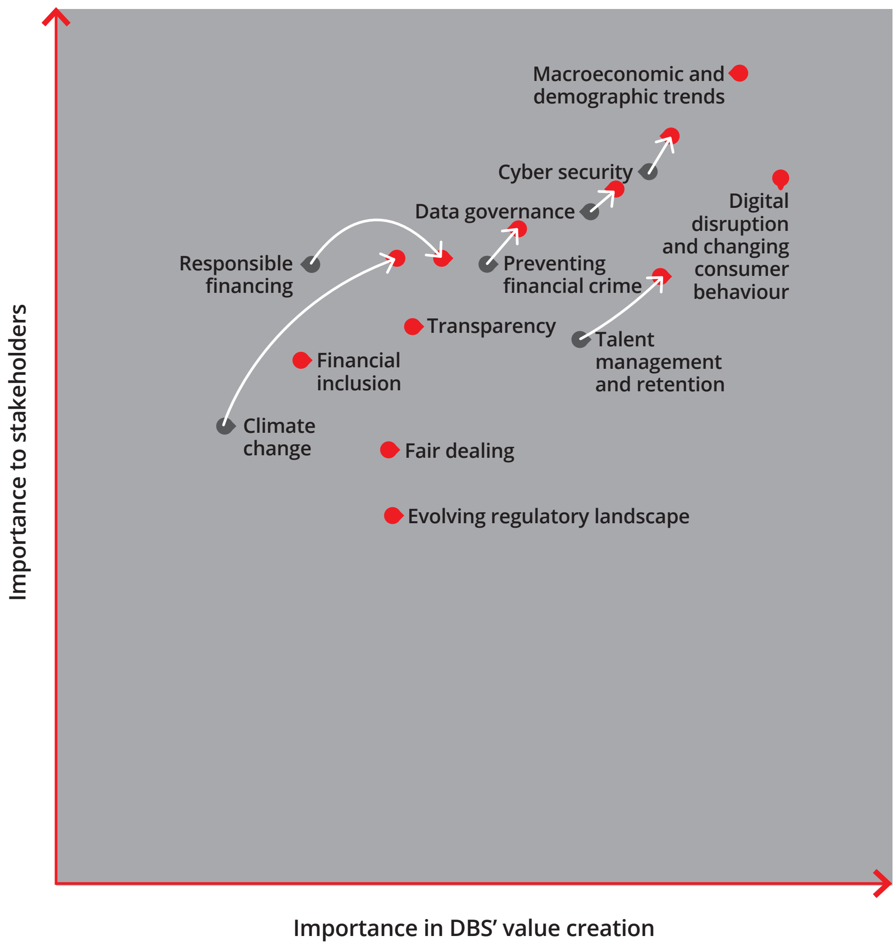
Material matters have the most impact on our ability to create long-term value. These matters influence how the Board and senior management steer the bank.

We review material matters annually for relevance and prioritisation.

This year, we elevated the materiality for “Climate change”, “Responsible financing”, “Preventing financial crime”, “Talent management and retention”, “Data governance” and “Cyber security”. The elevation reflected increased attention from stakeholders, as well as our expanded efforts to create value in these same matters.

Read more about material ESG matters in the Sustainability Report.

Materiality matrix



Material matters	What are the risks?
Macroeconomic, geopolitical and demographic trends	The impact of US-China tensions, a global synchronised slowdown, and a declining interest rate environment on banks.
Cyber security	The prevalent threat of cyber attacks on financial institutions remains one of our top concerns.
Digital transformation and changing consumer behaviour	Technology and mobility are increasingly shaping consumer behaviour. Additionally, non-financial organisations can obtain digital banking licences, gaining access to customers previously serviced by banks.
Data governance	The increasing intensification of data collection and data use trends have cultivated deeper sensitivities to data governance and data use.
Preventing financial crime	Financial crime gives rise to regulatory and reputation risk. The hefty fines and severe penalties would impact business operations.
Responsible financing	Our financing assimilates environmental, social and governance (ESG) risks to promote sustainable economic growth and our long-term stability. Failure to do so may give rise to credit and reputational risks. Societal expectations demand that banks lend to appropriate and responsible corporate activities that help address the global ESG challenges we face.
Climate change	In the Intergovernmental Panel on Climate Change (IPCC) special report, climate change poses an increasing threat to mankind and the global economy. Transitioning to a low-carbon economy may entail extensive policy, legal, technology and market changes. Physical risks such as frequent or severe weather events may also give rise to credit, operational and reputational risks.
Transparency	Calls for more transparency in disclosure have been made to promote good governance, trust and decision-making.
Talent management and retention	Attracting and retaining talent is crucial to our succession planning and expansion into new areas. In this digital age, employees upskill and reskill to continue contributing to the future of banking.
Financial inclusion	While Asia's rapid economic growth and development have led to an improvement in living standards across the region, certain marginalised segments remain underserved in financial services. Developing niche products for such segments may come at relatively high operating and credit costs for banks and erode shareholder value.
Fair dealing	Banks are expected to deal honestly, transparently and fairly with customers – concepts which are articulated more explicitly in fair dealing standards. Failure to observe such standards gives rise to compliance and reputational risks and erodes the trust of stakeholders.
Evolving regulatory and reporting landscape	The evolving regulatory and reporting landscape – including Basel reforms, financial crime risks (encompassing money laundering and sanction risks), data privacy, cyber security and conduct legislation – may affect banks' existing business models and give rise to compliance and reputational risks.

Where do we see the opportunities?	What are we doing about it?
Asia's fundamentals – growing affluence, urbanisation, consumption and infrastructure investments support long-term prospects for banks.	Our broad-based franchise, shift towards higher-returns businesses, nimble execution and strong balance sheet will enable us to continue mitigating risks and capturing regional opportunities. ***Read more in "CEO reflections" on page 18.***
A cyber security strategy that is defined and executed well gives confidence to customers and can differentiate us.	***Read more in "CRO statement" on page 34 and "Cyber security" in the Sustainability Report.***
The ability to upgrade our infrastructure and technology prevents us from losing relevance. A successful digital transformation will allow us to respond and innovate quickly to deliver simple, fast and contextual banking to our customers. This will help us protect our position in key markets as well as extend our reach into emerging markets.	***Read more in "Institutional banking" on page 38 and "Consumer Banking/ Wealth Management" on page 40.***
We build customers' confidence and trust through our strong focus in corporate governance around the responsible use of data. It is aligned to our PURE principles (Purposeful, Unsurprising, Respectful and Explainable).	***Read more about "Data governance" in the Sustainability Report.***
Our strong controls around KYC, and the use of data analytics, strengthen our capabilities to combat financial crime. These create an effective risk and control approach, differentiating us from our peers.	***Read more in "CRO statement" on page 34 and "Preventing financial crime" in the Sustainability Report.***
Investors are attracted to financial institutions with strong responsible financing practices. They favour those with a good ESG track record and contribute to sustainable development.	***Read more about "Responsible financing" in the Sustainability Report.***
Banks can play a vital role in financing new or changing business models to help manage climate risk. Opportunities include areas such as energy efficiency, adoption of low-emission energy sources, building resilience along supply chains and others.	Climate change is a wide topic addressed in various parts of our business. ***Read more about "Climate change", "Managing our environmental footprint", "Responsible financing" and "Sustainable procurement" in the Sustainability Report.***
We continue to embrace best practices in the Code of Corporate Governance 2018 issued by the Monetary Authority of Singapore and recommendations by Task Force on Climate-related Financial Disclosures (TCFD).	***Read more about "Corporate governance" on page 44 and "Climate change" in the Sustainability Report.***
With our strong human capital practices, we are well-poised to upskill and reskill our employees to ensure that they are resilient and equipped for work of the future. Our strong organisation culture and compelling employee value proposition enable us to continue attracting and retaining good talent for the bank.	***Read more about "Talent management and retention" in the Sustainability Report.***
With technological advancements and targeted partnerships, we see opportunities to reduce operating costs and develop a more inclusive financial system. This aligns with our digital agenda.	***Read more about "Financial inclusion" in the Sustainability Report.***
Customers are more likely to do business with us if they trust that we are fair and transparent.	***Read more about "Fair dealing" in the Sustainability Report.***
With capital well above regulatory requirements, we are in a strong position to serve existing and new customers. We also have greater flexibility for capital and liquidity planning. As a leading bank in our markets, we are well-positioned to provide appropriate and timely responses to regulators and policy makers on regulatory requirements.	***Read more in "CFO statement" on page 20, "CRO statement" on page 34 and "Capital management and planning" on page 95.***