

# CORPORATE GOVERNANCE

## Governance framework

Our governance framework is anchored on competent leadership, effective internal controls, a strong risk culture and accountability to stakeholders. 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 Guidelines on Corporate Governance for Designated Financial Holding Companies, Banks, Direct Insurers, Reinsurers and Captive Insurers issued by the Monetary Authority of Singapore (MAS) on 9 November 2021 (Revised CG Guidelines), which comprises:

- i) the Code of Corporate Governance 2018 (2018 Code); and
- ii) the additional guidelines added by the MAS to take into account the unique characteristics of the business of banking, given the diverse and complex risks undertaken by financial institutions (Additional Guidelines).

The Revised CG Guidelines supersede and replace the Guidelines on Corporate Governance for Financial Holding Companies, Banks, Direct Insurers, Reinsurers and Captive Insurers issued by the MAS on 3 April 2013. The expectations in the Revised CG Guidelines that relate to disclosures are effective from 1 January 2022 and will apply to financial institutions' annual reports covering financial years commencing from 1 January 2022. However, as part of our continued efforts to enhance our corporate governance disclosures, we have disclosed against the express disclosure requirements in the Revised CG Guidelines.

*We have described our corporate governance practices for our financial year ended 31 December 2021 with specific reference to the 2018 Code and the Additional Guidelines. A summary disclosure of our compliance with the express disclosure requirements in the 2018 Code and the Additional Guidelines, have been provided on pages 104 to 106.*

## Board highlights – 2021

### Focus on Strategy

The Board had in-depth discussions in the course of 2021 on how DBS could create value for all stakeholders by (i) leveraging on

its technology strengths to build new engines of growth; and (ii) accelerating growth in various Asian markets. During the annual Board strategy offsite (which was held over a three day period in Singapore at the end of September 2021), the Board actively deliberated on:

- how DBS' technology capabilities compared to those of big technology companies (such as Google, Amazon, Netflix, Revolut, Ant Group);
- the progress of new business initiatives which use DBS' technology capabilities (including DBS Digital Exchange, Partior, Climate Impact X and DBS Fixed Income Execution (FIX) Marketplace) and how we can create value from these initiatives;
- the new/ incremental risks to DBS which could arise from the commercialisation of its technology strengths;
- using technology to entrench DBS' digital bank leadership in Singapore amidst the increasingly competitive landscape (with competition from digital banks and fintechs); and
- doubling down on DBS' Asia strategy, with particular focus on how we can accelerate our growth in China (following the acquisition of a 13% stake in Shenzhen Rural Commercial Bank (SZRCB)), India (following the acquisition of Lakshmi Vilas Bank (LVB)), and Indonesia.

### Focus on Technology Risks

The Board had an in-depth discussion on the two-day digital disruption in digital banking services (which occurred in November 2021), including the events which led to the disruption, the actions which were taken to resolve the issues, remedial actions as well as communications to our customers. In addition, both the Audit Committee (AC) and Board Risk Management Committee (BRMC) were kept updated on cybersecurity issues, including the results of the cyber red team simulation conducted in 2021 to assess DBS' cyber security posture across all jurisdictions (with particular focus on remote working scenarios, insider threat scenarios and IT systems hosted in the cloud), and the areas where follow-up actions were required.

### Focus on Sustainability

Environmental, social and governance (ESG) issues were a significant focus area for the Board during 2021. The Board was given a presentation by an external expert on Vision 2050, which was launched by the World Business Council for Sustainable Development (a global CEO-led organisation of over 200 leading businesses (including DBS) working together to accelerate the transition to a sustainable world). Vision 2050 sets out various transformational pathways which industries could take to achieve the vision of having around 9 billion people living well and within the limits of the planet by 2050.

The Board discussed the actions being taken by business/ support units pursuant to the three pillars of the DBS Sustainability Framework (i.e. Responsible Banking; Responsible Business Practices; Impact Beyond Banking). It also discussed DBS' decision to commit to net zero by 2050 by being the first Singapore bank to join the United Nations-convened Net Zero Banking Alliance (NZBA) in 2021, and the proposed glidepaths to enable DBS to achieve certain targets by 2030.

### Establishment of Board Sustainability Committee

In view of the heightened expectations among external stakeholders on DBS' sustainability agenda and commitments, as well as the increased requirements in the areas of governance, target setting, tracking and disclosures following DBS' public commitment to join the NZBA, the Board approved the establishment of a Board Sustainability Committee (BSC) in February 2022 to provide better focus on sustainability matters. The Chairperson of the BSC is Mr Piyush Gupta, and the members of the BSC are Mr Tham Sai Choy, Ms Judy Lee and Mr Chng Kai Fong. Fees payable to the members of the BSC (who are non-executive Directors) will be similar to the fees payable to members of the Compensation and Management Development Committee (CMDC), and will be subject to shareholders' approval at our annual general meeting (AGM) to be held in 2023.

### Pursuing inorganic acquisitions and new business initiatives

The Board reviewed and deliberated on several inorganic acquisitions and new business initiatives, including the (i) acquisition of a 13% stake in SZRCB; (ii) acquisition of Citigroup's consumer banking business in Taiwan; and (iii) establishment of a USD 500 million growth debt financing platform with Temasek Holdings (Private) Limited for Asia's growth stage technology-enabled companies. In addition, following the merger of LVB with DBS Bank India Limited (DBIL) at the end of November 2020, the Board closely monitored the progress of the integration of LVB's business with DBIL in the course of 2021.

The BRMC also deliberated on the risks arising from new business initiatives (including the DBS Digital Exchange and the DBS digital ecosystem) and ensured that appropriate risk management and governance policies and procedures were put in place to manage these risks.

### Board Renewal

Board renewal is a key focus for us. In 2021, the Nominating Committee (NC) continued the search for potential candidates who could be lined up for appointment as Directors of DBS Group Holdings Ltd (DBSH) and DBS Bank Ltd (DBS Bank). New Directors will be introduced gradually so that the Board and Board committees have a smooth transition period.

As part of the Board renewal process in 2021,

three long-serving Directors (Ms Euleen Goh, Mr Andre Sekulic and Mrs Ow Foong Pheng) stepped down on 30 March 2021 after having served on the Board for nine years or more, while two new Directors (Mr Chng Kai Fong and Ms Judy Lee) were appointed.

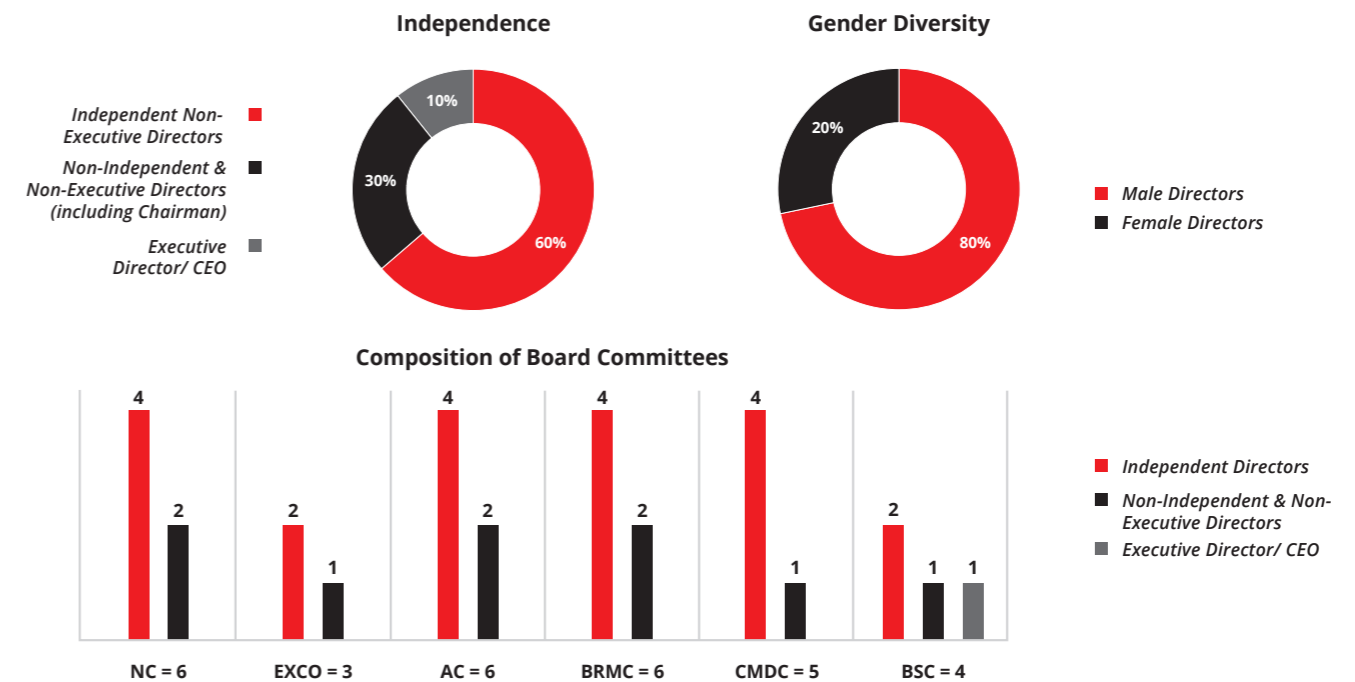
The NC had appointed a global search firm to identify and recommend candidates for appointment as Directors. The NC considered various candidates recommended by the global search firms as well as candidates recommended by other Board members. Diversity was one of the key considerations in the board renewal process to ensure that the Board is appropriately balanced to support the long-term success of DBS. Other key considerations included (i) whether the skillsets of the candidates would replace

skills of long-serving Directors, and/or would supplement the collective skillsets of the Directors and bring different perspectives to the Board; (ii) whether the candidate would fit in with our Board's culture and diversity; (iii) the independence status of the candidate; and (iv) whether the candidate would be able to commit sufficient time to fulfil the duties of a Director. A skills matrix is used to assess if the skills and experience of a candidate complement those of the existing Board members. Potential candidates are informed of the level of contribution and commitment expected of a DBS Director.

### Two new Directors appointed in 2021

Mr Chng Kai Fong was appointed as a Non-Executive and Non-Independent Director of

each of DBSH and DBS Bank with effect from 31 March 2021, and serves on the AC, NC and the recently established BSC. As Mrs Ow Foong Pheng was due to step down as a Director at the 2021 AGM on 30 March 2021, the Board approved the appointment of Mr Chng, who is a senior Singapore civil servant, as a new non-executive Director to provide the Board with insights and perspectives from the public sector, as well as government connectivity. Mr Chng is currently the Second Permanent Secretary of The Smart Nation and Digital Government Group (SNDGG), Prime Minister's Office. Prior to joining SNDGG, he was the Managing Director of Singapore Economic Development Board (EDB) from 2017 to 2021. Before he joined EDB, he was the Principal Private Secretary to the Prime Minister of Singapore.



Ms Judy Lee, an American citizen, was appointed as an Independent Director of each of DBSH and DBS Bank with effect from 4 August 2021, and serves on the AC, BRMC, CMDC and the recently established BSC. She was one of the candidates recommended by the global search firm. Ms Lee has over 30 years of experience as a banker, risk management expert and advisor to CEOs; within banking, she has worked in trading, capital markets and derivatives. In addition, in quantitative risk management, she has been a pioneer, practitioner and advisor across all risk types and industries. Ms Lee is currently the Managing Director of Dragonfly LLC, an international risk advisory firm based in New York. Concurrently, she is CEO of Dragonfly Capital Ventures LLC, which develops and invests in renewable energy in Southeast Asia.

### Change of Group Chief Risk Officer

The Board was actively involved in the change of the Group Chief Risk Officer (CRO) in 2021. After Mr Tan Teck Long (the previous CRO) tendered his resignation in September 2021, an ad-hoc Board meeting was quickly convened to discuss the reasons for Mr Tan's

resignation, the candidate for appointment as the new CRO as well as the plans to manage the CRO transition. The Board noted that Mr Tan wanted to return to a customer facing role, and expressed its appreciation to Mr Tan, who started his career in DBS as a trainee officer in 1993, for his extensive contributions to DBS over the past 28 years.

The Board reviewed and approved the appointment of Mr Soh Kian Tiong as the new CRO. As part of the succession planning for members of the Group Management Committee (GMC), Mr Soh was being groomed to be one of the successors for the CRO role. Mr Soh is a career DBS banker with over 25 years of experience in business and risk roles in Singapore, Hong Kong and Mainland China.

## Competent leadership

### Our board

The Board directs DBS in the conduct of its affairs and provides sound leadership to management. We have 10 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. Independent Directors form the majority of the Board, and there are no alternate Directors on our Board.

Our Chairman, Mr Peter Seah, sits on all Board committees (other than the recently established Board Sustainability Committee) and he also chairs the Board Executive Committee (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.

### Lead independent director

The Lead Independent Director, Mr Olivier Lim, had regular private sessions with the other independent Directors in the course of the year and provided feedback to the Chairman where necessary.

### Key Information on our Directors

The table below sets out key information on our Directors, the number of meetings which our Directors attended during 2021 as well as the remuneration for each Director for financial year ended 31 December 2021 (FY2021). The

remuneration of non-executive Directors (including the Chairman) does not include any variable component. Please refer to pages 55 to 56 for more details on the non-executive Directors' fee structure for FY2021.

Director Independence status	Meetings attendance record (1 January to 31 December 2021)								Total Directors' remuneration for FY2021 (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 2021										
	7	6	12	4	5	5	1	1			
<b>Mr Peter Seah, 75</b> Non-Executive and Non-Independent Chairman • Chairman since 1 May 10 • Board member since 16 Nov 09 • Last re-elected on 30 Apr 20	7	6	12	4	5	5	1	1	Total: \$1,934,573		
									\$1,321,250	\$566,250	\$47,073
<b>Dr Bonghan Cho, 57</b> Non-Executive and Independent Director • Board member since 26 Apr 18 • Last re-elected on 25 Apr 19	7	6	-	4	-	5	1	1	Total: \$248,500		
									\$173,950	\$74,550	-
<b>Ms Euleen Goh, 66</b> • Stepped down as a Non-Executive and Non-Independent Director on 30 March 2021	1 <sup>(d)</sup>	-	-	-	1 <sup>(d)</sup>	1 <sup>(d)</sup>	1	-	Total: \$70,826 <sup>(d)</sup>		
									\$69,863	-	\$963
<b>Mr Ho Tian Yee, 69</b> Non-Executive and Non-Independent Director • Board member since 29 Apr 11 • Last re-elected on 30 Apr 20 • Stepped down as Lead Independent Director on 29 Apr 20	7	-	-	-	5	-	1	1	Total: \$202,000		
									\$141,400	\$60,600	-
<b>Mr Olivier Lim, 57</b> Non-Executive and Lead Independent Director • Board member since 7 Nov 17 • Last re-elected on 30 Apr 20 • Lead Independent Director since 29 Apr 20	7	6	12	-	5 <sup>(e)</sup>	-	1	1	Total: \$418,185		
									\$292,729.50	\$125,455.50	-
<b>Mr Andre Sekulic, 71</b> • Stepped down as a Non-Executive and Independent Director on 30 March 2021	1 <sup>(f)</sup>	-	-	1 <sup>(f)</sup>	-	1 <sup>(f)</sup>	1	-	Total: \$59,363 <sup>(f)</sup>		
									\$59,363	-	-
<b>Mrs Ow Foong Pheng, 58</b> • Stepped down as a Non-Executive and Non-Independent Director on 30 March 2021	1 <sup>(g)</sup>	1 <sup>(g)</sup>	-	1 <sup>(g)</sup>	-	-	1	-	Total: \$61,329 <sup>(g)</sup>		
									\$61,329	-	-
<b>Mr Tham Sai Choy, 62</b> Non-Executive and Independent Director • Board member since 3 Sept 18 • Last re-elected on 25 Apr 19	7	6	-	4	5	-	1	1	Total: \$355,000		
									\$248,500	\$106,500	-

Director Independence status	Meetings attendance record (1 January to 31 December 2021)								Total Directors' remuneration for FY2021 (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 2021										
	7	6	12	4	5	5	1	1			
<b>Ms Punita Lal, 59</b> Non-Executive and Independent Director • Board member since 1 Apr 20 • Last re-elected on 30 Mar 21	7	6	-	3 <sup>(h)</sup>	-	5	1	1	Total: \$269,370		
									\$188,559	\$80,811	-
<b>Mr Anthony Lim, 63</b> Non-Executive and Independent Director • Board member since 1 Apr 20 • Last re-elected on 30 Mar 21	7	-	12	-	5	4 <sup>(i)</sup>	1	1	Total: \$332,651		
									\$232,855.70	\$99,795.30	-
<b>Mr Chng Kai Fong, 43</b> Non-Executive and Non-Independent Director • Board member since 31 Mar 21	6 <sup>(j)</sup>	5 <sup>(j)</sup>	-	3 <sup>(j)</sup>	-	-	1 <sup>(j)</sup>	1	Total: \$179,171 <sup>(j)</sup>		
									\$179,171	-	-
<b>Ms Judy Lee, 54</b> Non-Executive and Independent Director • Board member since 4 Aug 21	5 <sup>(k)</sup>	-	-	1 <sup>(k)</sup>	2 <sup>(k)</sup>	2 <sup>(k)</sup>	-	1	Total: \$135,296		
									\$94,707.20	\$40,588.80	-
<b>Mr Piyush Gupta, 62</b> Executive Director/ CEO • Board member since 9 Nov 09 • Last re-elected on 30 Mar 21	7	6 <sup>#</sup>	12 <sup>#</sup>	4 <sup>#</sup>	5 <sup>#</sup>	5 <sup>#</sup>	1	1	Please refer to the Remuneration Report on page 65 for details on the CEO's compensation		

### Appointment Dates

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

(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 board strategy offsite

(a) Fees payable in cash, in 2022, for being a Director in 2021. This is 70% of each Director's total remuneration and is subject to shareholders' approval at the 2022 AGM.

(b) This is 30% of each Director's total remuneration and shall be paid in the form of DBS's ordinary shares. The actual number of DBS'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 2022 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) Ms Euleen Goh, who stepped down as non-executive director, chairperson of BRMC and member of CMDC on 30 March 2021 will receive all of her Director's remuneration in cash.

(e) Mr Olivier Lim was appointed as chairman of BRMC on 31 March 2021.

(f) Mr Andre Sekulic, who stepped down as non-executive Director, chairman of CMDC and member of AC on 30 March 2021 will receive all of his Director's remuneration in cash.

(g) 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 (DCAC). Mrs Ow stepped down as non-executive Director and member of each of the AC and NC on 30 March 2021.

(h) Ms Punita Lal was appointed as member of AC on 31 March 2021. Ms Lal attended all AC (3) meetings after her appointment.

(i) Mr Anthony Lim was appointed as chairman of CMDC on 31 March 2021. Mr Lim attended all CMDC (4) meetings after his appointment.

(j) Mr Chng Kai Fong was appointed as non-executive and non-independent Director and member of AC and NC on 31 March 2021. Mr Chng attended all the Board (6), AC (3) and NC (5) meetings following his appointment. Mr Chng attended the 2021 AGM as an invitee. His Director's remuneration will be paid fully in cash to DCAC.

(k) Ms Judy Lee was appointed as non-executive and Independent Director and member of AC, BRMC and CMDC on 4 August 2021. Ms Lee attended all the Board (5), AC (1), BRMC (2) and CMDC (2) meetings following her appointment.

(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.)

### Key responsibilities of the Board

- Sets the strategic direction and long-term goals of DBS, and ensures that adequate resources are available to meet these objectives.
- 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.
- Ensures that corporate responsibility and ethical standards underpin the conduct of DBS' business.
- Develops succession plans for the Board and CEO.
- Considers sustainability issues (including environmental and social factors) as part of DBS' strategy.

### Board meetings and activities

Board and Board committee meetings are scheduled well in advance of each year in consultation with the Directors. There are five scheduled Board meetings each year. Ad-hoc meetings are also held when necessary. There were two ad-hoc Board meetings held in 2021. Please refer to the Board highlights – 2021 section on pages 44 to 45 for more information on the key focus areas of the Board in 2021.



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;
- the Board holds a private session for Directors; and
- the Lead Independent Director holds a private session with the other independent Directors.

In 2021, the CEO updated the Board on (i) how DBS is building a sustainable franchise using the three pillars of DBS' sustainability framework; (ii) the Singapore consumer business, including how we are using data and digital tools to drive customer segmentation to shape the DBS brand and deliver on our brand promise; (iii) our progress in managing through customer journeys and creating horizontal organisations; (iv) the SME digital strategy; (v) various new business initiatives; and (vi) updates on the progress of the integration of the business of LVB with DBIL.

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's budget 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

## Matters discussed by the Board and Board Committees in 2021



**Note:** Further details of the activities of the Board and Board committees in 2021 can be found on pages 44 to 45 and 47 to 56.

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

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.

Directors also 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). Due to Covid-19, many of these interactions in 2021 were conducted virtually.

### Annual Board strategy offsite

Each year, the Board and our senior executives attend a 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 discussions 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).

The 2021 Board strategy offsite was held over a three-day period in Singapore at the end of September 2021. Please refer to the Board highlights - 2021 section on pages 44 to 45 for more information on the discussions during the 2021 Board strategy offsite.

Board committee members	Composition requirements
<b>Nominating Committee (NC)</b> <ul style="list-style-type: none"> <li>• <b>Mr Tham Sai Choy (Chairperson)</b></li> <li>• <b>Mr Olivier Lim (Lead Independent Director)</b></li> <li>• <b>Dr Bonghan Cho</b></li> <li>• <b>Ms Punita Lal</b></li> <li>• Mr Peter Seah</li> <li>• Mr Chng Kai Fong</li> </ul>	<p>In accordance with the requirements of the Banking CG Regulations, a majority (four out of six 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.</p> <p>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 the MAS.</p>
<b>Board Executive Committee (EXCO)</b> <ul style="list-style-type: none"> <li>• Mr Peter Seah (Chairperson)</li> <li>• <b>Mr Olivier Lim</b></li> <li>• <b>Mr Anthony Lim</b></li> </ul>	<p>In accordance with the requirements of the Banking CG Regulations, a majority (two out of three members of the EXCO) are INEDs.</p>
<b>Audit Committee (AC)</b> <ul style="list-style-type: none"> <li>• <b>Mr Tham Sai Choy (Chairperson)</b></li> <li>• <b>Dr Bonghan Cho</b></li> <li>• <b>Ms Punita Lal</b></li> <li>• <b>Ms Judy Lee</b></li> <li>• Mr Peter Seah</li> <li>• Mr Chng Kai Fong</li> </ul>	<p>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.</p> <p>Mr Tham possesses an accounting qualification and was formerly the managing partner and Head of Audit 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.</p>
<b>Board Risk Management Committee (BRMC)</b> <ul style="list-style-type: none"> <li>• <b>Mr Olivier Lim (Chairperson)</b></li> <li>• <b>Mr Tham Sai Choy</b></li> <li>• <b>Mr Anthony Lim</b></li> <li>• <b>Ms Judy Lee</b></li> <li>• Mr Peter Seah</li> <li>• Mr Ho Tian Yee</li> </ul>	<p>All BRMC members are non-executive Directors, which exceeds the requirements of the Banking CG Regulations.</p> <p>All BRMC members are appropriately qualified to discharge their responsibilities, and have the relevant technical financial expertise in risk disciplines or businesses.</p>
<b>Compensation and Management Development Committee (CMDC)</b> <ul style="list-style-type: none"> <li>• <b>Mr Anthony Lim (Chairperson)</b></li> <li>• <b>Dr Bonghan Cho</b></li> <li>• <b>Ms Punita Lal</b></li> <li>• <b>Ms Judy Lee</b></li> <li>• Mr Peter Seah</li> </ul>	<p>In accordance with the requirements of the Banking CG Regulations, a majority (four out of the five members of the CMDC including the CMDC Chairperson) are INEDs.</p>
<b>Board Sustainability Committee (BSC)</b> <ul style="list-style-type: none"> <li>• Mr Piyush Gupta (Chairperson)</li> <li>• <b>Mr Tham Sai Choy</b></li> <li>• <b>Ms Judy Lee</b></li> <li>• Mr Chng Kai Fong</li> </ul>	<p>There are currently no specific composition requirements prescribed under Singapore regulations.</p>

\* Names denoted in red are INEDs.

### 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 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 (other than the recently established BSC) 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 industry knowledge, skills, background, experience, professional qualifications, age and gender 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 2021

#### Board renewal process

*Please refer to the Board highlights – 2021 section on pages 44 to 45.*

#### Selection criteria and nomination process for Directors

Before a new Director is appointed, suitable candidates are identified from various sources. Thereafter, the NC conducts an assessment to:

- review the candidate (including qualifications, attributes, capabilities, skills, age, past experience) to determine whether the candidate is fit and proper in accordance with the fit and proper guidelines issued by the MAS; and
- ascertain whether the candidate is independent from DBSH's substantial shareholder and/or from management and business relationships with DBS.

The NC then interviews the short-listed candidates and makes its recommendations to the Board. 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 in Singapore undergo training in the roles and responsibilities of a director of a listed company.

In 2021, the two new Directors (Mr Chng Kai Fong and Ms Judy Lee) attended our 4-day induction programme after they were appointed as Directors. As part of the induction

programme, they had one-on-one meetings with members of the GMC. In addition, as DBS is the first listed company directorship for both Mr Chng and Ms Lee, they attended training sessions conducted by the Singapore Institute of Directors (SID) on the roles and responsibilities of a listed company director.

#### 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 nine 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 Mr Chng Kai Fong, all Directors are considered to be independent from DBSH's substantial shareholder, Temasek Holdings (Private) Limited (Temasek). Mr Chng, who is the Second Permanent Secretary for The Smart Nation and Digital Government Group, Prime Minister's Office, Singapore, is considered not independent of Temasek as the Singapore government is its ultimate owner; and (iv) Mr Peter Seah and Mr Ho Tian Yee are Non-Independent directors as they have served on the Board for more than nine years. Based on the NC's assessment, the Independent Directors are Dr Bonghan Cho, Ms Punita Lal, Ms Judy Lee, Mr Olivier Lim, Mr Anthony Lim and Mr Tham Sai Choy.

Although Mr Ho Tian Yee, Ms Judy Lee, Mr Olivier Lim, Mr Anthony Lim, Mr Peter Seah and Mr Tham Sai Choy are on the boards of companies that have business relationships 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.

#### 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 identifies steps for improvement. The NC believes 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 2018.

In 2021, the NC engaged Aon Hewitt (Aon), an independent external evaluator, to conduct the Board evaluation for FY2021. Aon is not connected with DBS or any of the Directors. As part of the evaluation process, a Board evaluation questionnaire (which included questions on Board composition, Board information, Board processes/culture, Board accountability, Capital/risk, Management, Standards of Conduct, Board relationships and effectiveness of Board committees) was circulated to each Director and the completed questionnaires were returned to Aon. Thereafter, Aon conducted one-on-one interviews with each Director to get more in-depth feedback and perspectives on the performance of the Board. The NC and the Board then discussed the results of the Board evaluation, which reflected that the Board is above the market 90<sup>th</sup> percentile for all categories evaluated (based on other board evaluation surveys conducted by Aon).

In addition to the annual Board evaluation exercise, the NC also conducts an annual review of each Director to determine whether each Director remains qualified for office. In making its determination, the NC will take into account (i) the Director's age, track record, experience, skills and capabilities; (ii) whether each Director is able to and has been adequately carrying out his/ her duties as a Director, including the contributions and performance of each Director; and (iii) whether each Director has committed sufficient time to his/ her duties as a director of DBS. 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.

#### Directors' time commitment

The meeting attendance records of all Directors as well as a list of their directorships of listed companies and their principal commitments 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 an annual self-assessment of his/ her time commitments.

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.

#### Directors' tenure

The NC members believe that it is in the interests of DBS for the Board to be comprised 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. There are currently three Directors who have served for more than ten years, and this is balanced by the progressive refreshing of the Board where six long-serving Directors have stepped down and seven new Directors have been appointed since November 2017.

The NC specifically considered the skillsets and contributions of the three long-serving Directors (being Mr Peter Seah, Mr Ho Tian Yee and Mr Piyush Gupta). The NC deliberated and agreed that it is in DBS' interests for these Directors to continue serving on the Board of DBS for the following reasons:

- it is important that Mr Peter Seah remains as the Board Chairman to provide leadership and continuity. Mr Seah is a veteran former banker with wide industry experience, and he has been instrumental in the growth and transformation of DBS over the past 12 years. From a strategic perspective, the next few years are critical as DBS continues to execute on its digital transformation and growth strategies (especially with the prevailing macro-economic and geo-political headwinds as well as challenges due to the Covid-19 pandemic) and enhance its franchise in the Greater Bay Area, China, India, Indonesia and Vietnam;
- it is in the interests of DBS for Mr Ho Tian Yee to continue serving on the Board for another year. Mr Ho is a seasoned banker with market risk/trading expertise gained from over 30 years of experience in managing and investing in global financial markets. Having served on the Board Risk Management Committee since he was appointed as a Director in April 2011, he has an in-depth understanding of DBS' risk environment and provides valuable insights and perspectives to help DBS navigate the complex and challenging risk landscape; and
- as CEO, Mr Piyush Gupta should remain as a Director to provide the Board with insights into the business.

#### Re-election of Directors

Under the Constitution of DBSH, one-third of Directors who are longest-serving since their last re-election are required to retire from office and, if eligible, stand for re-election at

each 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 DBSH's 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. The NC will then review the composition of the Board and decide whether to recommend to the Board the re-election of these Directors, after taking into account factors such as their attendance, participation, contribution, expertise and competing time commitments.

At the 2022 AGM, Dr Bonghan Cho, Mr Olivier Lim and Mr Tham Sai Choy will be retiring by rotation, while Mr Chng Kai Fong and Ms Judy Lee 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, all five Directors will be standing for re-election at the 2022 AGM.

#### Review of composition of Board Committees

The NC regularly reviewed the size and composition of the Board committees in 2021 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.

The following changes were made to the composition of the Board committees in 2021:

- Following the retirement of Ms Euleen Goh from the Board at the conclusion of the 2021 AGM, Mr Olivier Lim took over from Ms Goh as the BRMC chairman with effect from 31 March 2021.
- Following the retirement of Mr Andre Sekulic from the Board at the conclusion of the 2021 AGM, Mr Anthony Lim took over from Mr Sekulic as the CMDC chairman with effect from 31 March 2021.
- Ms Punita Lal was appointed as a member of the AC with effect from 31 March 2021.
- Mr Chng Kai Fong was appointed as a member of the AC and the NC with effect from 31 March 2021.
- Ms Judy Lee was appointed as a member of the AC, the BRMC and the CMDC with effect from 4 August 2021.

#### 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 by 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.

The topics presented to the Board in 2021 as part of the continuous development programme included: (i) emerging technologies, including blockchain and distributed ledger, and the implications on DBS; (ii) insights from various external experts on (a) "Vision 2050: Time to Transform" launched by the World Business Council for Sustainable Development, (b) growth and value creation in fintechs, as well as (c) outlook and implications of recent policy actions in China; (iii) training session on various Accounting and Disclosure matters (including capital and liquidity regulations, expected credit loss and valuations); (iv) risk training session on DBS' Risk-Based Limit approach; and (v) updates on Interbank Offered Rate (IBOR) reform and implications on 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 that 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 provides that the NC shall endeavour to ensure that female candidates are included for consideration when identifying candidates to be appointed as new directors, with the aim of having not less than two female directors on the Board. Two out of ten directors on the Board (20% of the Board) are female.

The NC is responsible for developing a framework to identify the skills that the Board collectively needs in order to discharge the Board's responsibilities effectively, taking into account the complexity of DBS' existing risk profile, business operations and future business strategy. The NC has put in place a skills matrix which classifies skills, experience and knowledge of Directors into the following broad categories (i) Industry knowledge and experience; (ii) Financial and commercial acumen; (iii) Governance; (iv) Leadership; (v) Digital Transformation; and (vi) Sustainability.

The NC believes that there is an appropriate balance of industry knowledge, skills, background, experience, professional qualifications, age and gender on the Board, and is satisfied that the objectives of the Board Diversity Policy continue to be met.



## Board Executive Committee (EXCO)

### Key responsibilities of the EXCO

- 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;
- Reviews weak credit cases on a quarterly basis;
- Oversees the governance of strategic risks such as sustainability (including review of the annual Sustainability Report), technology, artificial intelligence and data (including data privacy and appropriate use of data); and
- Reviews and provides recommendations on matters that will require Board approval, including acquisitions and divestments exceeding certain material limits.

### Highlights of EXCO's activities in 2021

- The EXCO assists the Board to enhance the business strategies and strengthen core competencies of DBS. The EXCO meets frequently (12 meetings in 2021) and is able to offer greater responsiveness in the decision-making process of DBS.
- In addition to its quarterly review of weak credit cases, matters discussed at the EXCO meetings in 2021 included (i) review of the DBS Sustainability Report; (ii) renewal of the credit programmes in Singapore for SMEs; (iii) annual reviews of country (transfer risk) limits; and (iv) various acquisition and investment opportunities, including the acquisition of Citigroup's consumer banking business in Taiwan.

## Audit Committee (AC)

### Key responsibilities of the AC

#### Financial reporting and disclosure matters

- Monitors the financial reporting process, significant financial reporting issues and judgements to ensure the integrity of the Group's consolidated financial statements;
- Reviews the Group's consolidated financial statements, other financial disclosures (including Basel Pillar 3 disclosures) and any announcements relating to the Group's financial performance prior to submission to the Board; and
- Provides oversight of external disclosure governance.

#### Internal controls

- Reviews (in parallel with the Board Risk Management Committee) the adequacy and effectiveness of internal controls, such as financial, operational, compliance and information technology controls, as well as risk management systems;

- Receives updates on significant incidents of non-compliance with laws and regulations, and reviews management's investigations of such incidents;
- Reviews and monitors remedial action plans to address significant internal control deficiencies identified by management, Group Audit, the external auditor and/ or regulators;
- Ensures that there are policies and arrangements in place 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 independently investigated and for appropriate follow-up action to be taken;
- Reviews the significant matters raised through the whistle-blowing channel; and
- 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.

#### Internal audit

- Reviews at least annually, the independence, adequacy and effectiveness of the Group's internal audit function (Group Audit) and processes, and ensures that Group Audit is adequately resourced and set up to carry out its functions, including approving its budget;
- Reviews Group Audit's audit plans, the proposed areas of audit focus, and results of audits;
- Ensures that an internal quality assurance review (QAR) of Group Audit is conducted annually, and that an independent QAR is conducted at least once every five years; and
- Approves the hiring, removal, resignation, evaluation and compensation of the 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 and discusses the key audit matters (identified by the external auditor pursuant to auditing standards) with the external auditor and management, and ascertains if these matters are presented appropriately;
- Reviews the scope and results of the external audits and the independence, adequacy 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.

The AC has the authority to investigate any matter within its terms of reference, and has full access to and cooperation from management.

### Highlights of AC's activities in 2021

#### Oversight of financial reporting and disclosure matters

In response to the risk-based approach to quarterly reporting that was adopted by the Singapore Exchange Regulation (SGX RegCo) from 7 February 2020, the Group transitioned to a semi-annual reporting regime that is complemented by trading updates between the half-yearly financial reports. The trading updates, which comprise the profit and loss account, key balance sheet items, financial ratios and business commentary, are intended to provide investors with continued line of sight on the Group's ongoing performance.

The AC reviewed the Group's trading updates and half-yearly financial statements, and made recommendations to the Board for approval. The AC also took into account the assurances provided by the CEO and CFO that the financial statements are properly drawn up in accordance with the provisions of the Singapore Banking Act, Singapore Companies Act and Singapore Financial Reporting Standards (International) (SFRS(I)), and that the Group's financial risk management and internal control systems are adequate and effective.

The AC members were kept updated on changes to accounting standards and significant accounting matters involving the exercise of judgement. During the course of the financial year, the AC reviewed the following areas:

- Asset quality and the adequacy of provisions in light of the Covid-19 pandemic, giving due consideration to the application of the SFRS(I) ECL requirements as well as guidance provided by international regulators and the MAS;
- Valuation matters, including assessing the adequacy of valuation reserves and the carrying value of goodwill;
- The finalisation of the goodwill arising from the amalgamation of LVB, including the key drivers accounting for the variance from the provisional estimate; and
- The accounting treatment for key transactions during the year, including the acquisition of a 13% stake in Shenzhen Rural Commercial Bank.

The AC reviewed the Group's audited consolidated financial statements for FY2021 and discussed with management and the external auditor the significant matters which involved management judgement.

*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 112 to 117.*

The AC is of the view that the Group's consolidated financial statements for FY2021 are fairly presented in conformity with the relevant 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 on Auditing 720. For the financial year ended 31 December 2021: (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.

### AC commentary on key audit matters

Significant matters	How the AC reviewed these matters
<b>Specific 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 focused on management's assessment of the ongoing effect of Covid-19 on the economic outlook and asset quality, relief measures granted as well as guidance issued by regulators on the recognition of loss allowances in the context of Covid-19. The AC noted that major weak credits are reviewed by the Board Executive Committee quarterly and presented to the AC. The AC was apprised of the external auditor's work over credit, which included sampling across performing, watch-list and non-performing portfolios to assess the appropriateness of the loan ratings and classification, the adequacy of specific allowances where applicable, and an evaluation of how the impact from Covid-19 had been taken into account. Additionally, the AC considered the results from Group Audit's independent assessment of the Group's credit portfolios across key markets and credit risk management process. The AC is of the view that the specific allowances that have been set aside for non-performing credit exposures are appropriate.
<b>General allowances for credit losses</b>	The AC reviewed the governance arrangements, including the matters considered by the Expected Credit Loss (ECL) Review Committee, as well as the key drivers of the quarterly movements in Stage 1 and Stage 2 ECL (General Allowances). These included the changes in portfolio asset quality, prevailing economic and geopolitical conditions, as well as post model adjustments made to reflect management's assessment of the ongoing effect of Covid-19. The AC noted that ECL models are validated by the Model Validation Team, which also monitors the models' performance, and approved by the Group Credit Risk Models Committee. The AC took into account the external auditor's observations, which included a review of selected portfolios by credit specialists, along with assessments of the Group's methodologies (including the reasonableness of certain forward-looking economic inputs), processes and controls. The AC, on the back of these reviews, considers the General Allowances to be within a reasonable range.
<b>Goodwill</b>	The AC reviewed the methodology and key assumptions driving the cash flow projections that are used in the determination of the value-in-use of the DBS Bank (Hong Kong) Ltd's franchise, including the macroeconomic outlook, geopolitical developments and downside risks from new Covid-19 variants. It assessed the sensitivities of the value-in-use to reasonably possible changes in the valuation parameters. The AC also reviewed the additional adjustments made to finalise the provisional goodwill arising from the acquisition of the assets and liabilities of Lakshmi Vilas Bank. The AC was apprised of the external auditor's observations from its review of management's goodwill impairment assessment, and concurs that there is no impairment as at 31 December 2021.
<b>Valuation matters</b>	The AC reviewed the governance arrangements, including the deliberations of the Group Valuation Committee, as well as the fair value hierarchy of financial instruments held at fair value, the quarterly movements in valuation reserves, the appropriateness of the Group's valuation methodology in light of industry developments, and the overall adequacy of valuation reserves. The AC was apprised of the external auditor's observations from its assessment of the Group's controls over the valuation process, as well as its conclusion, based on the result of its independent estimates, that the valuation of financial instruments held at fair value was within a reasonable range of outcomes. The AC considers the valuation process, policies and estimates as adopted and disclosed in the financial statements to be appropriate.

### Oversight of Group Audit

The AC has direct oversight of Group Audit. The AC receives reports from Group Audit at each quarterly AC meeting, which provide the AC with an update on (i) the overall control environment (based on the results of the audit reviews in the preceding quarter); (ii) the key findings from audit reviews and the remediation actions which have been, or will be, taken to address these findings; (iii) an overview of the audit issues (including re-aged and past due issues) and audit reports issued during the preceding quarter; and (iv) any changes to the audit plan for AC approval.

*Please refer to page 57 for details on Group Audit's key responsibilities and processes.*

In addition to the findings from the routine audits conducted by Group Audit in 2021, the AC was also apprised of the findings from other reviews initiated by Group Audit. These reviews covered new businesses (such as DBS Securities (China) Limited, DBS Digital Exchange and the integration of LVB) as well as credit portfolios across key markets, factoring in Covid-19 conditions. The AC was also updated on the results of the cyber red team simulation

conducted to assess DBS' cyber security posture across all locations which covered remote working scenarios, insider threats and IT systems hosted in the cloud.

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 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 during each of the four quarterly AC meetings in 2021 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 Practice Guidance 10 of the 2018 Code, 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 2021 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 have not been impaired by the provision of those services.

Fees relating to PwC services for FY2021	SGD (million)
For audit and audit-related services	9.8
For non-audit services	1.4
<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;
- 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 2022 AGM. The Group has complied with Rule 712 and Rule 715 of the SGX Listing Manual in relation to its external auditor.

## 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 the Board's approval, the risk appetite for various types of risk and exercises oversight on how this is operationalised into individual risk appetite limits;
- Approves the Group's overall and specific risk governance frameworks;
- Has direct oversight of the CRO (jointly with the CEO);
- Oversees the risk assessment framework established to manage the Group's financial crime, cybersecurity, fair dealing and regulatory risks;
- Oversees an independent risk management system and adequacy of resources to identify and evaluate risks;
- Reviews the risks arising from new business activities, and the associated risk management and governance approach;
- Reviews (in parallel with the Audit Committee) the adequacy and effectiveness of the Group's internal controls framework;
- Monitors market developments, such as macro-economic and country risks, financial and operational risks, risk concentrations, and stress tests related to these developments;
- Monitors risk exposures and profile against relevant risk thresholds, 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;
- Oversees the risk models governance approach, including approving risk models used for capital computation and monitoring the performance of previously approved models;
- 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 Recovery Plan; and
- Exercises oversight of regulatory requirements relating to risk management.

### Highlights of BRMC's activities in 2021

The BRMC's approach continued to be underpinned by a philosophy that risk management in complex and large

organisations is best served by holistically integrating governance, culture, talent, structure and processes.

The BRMC was kept informed of major risk positions and risk developments through the risk dashboards. 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, rate hikes and market volatility, all of which could impact our strategy and portfolios in these markets.

In 2021, the BRMC discussed the findings and the impact arising from scenario analyses and portfolio reviews conducted on certain countries and specific sectors, including:

- the tapering of the Covid-19 pandemic government support measures and relief programmes;
- the impact of rising fuel prices and energy shortage; and
- the contagion effect from defaults of major Chinese enterprises, and the insolvencies of Greensill Capital and Archegos Capital Management.

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

The BRMC also reviewed management's assessment of the impact of the protracted US-China tensions, increased regulatory scrutiny on technology players and evolving socio-economic landscape in China. In addition, the BRMC discussed the geopolitical landscape in the region, inflationary pressure, and taper tantrum. 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 deliberated over the new businesses and significant initiatives, which included DBS Digital Exchange, Climate Impact X, and LVB. The BRMC reviewed and approved the risk management and governance approach for new business initiatives, and was given regular updates on new developments and incremental risks arising from these new initiatives in the course of 2021.

The BRMC was also advised on the continued focus on global trends on anti-money laundering and countering the financing of terrorism, fair dealing and conduct risks as well as cyber security environment. The BRMC was updated on the various efforts made to address these risks.

The BRMC reviewed and approved the risk models governance framework, which covers the development, approval and ongoing performance monitoring. The BRMC received regular updates on risk appetite and economic capital utilisation, and 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 and control culture survey conducted in 2020.

The BRMC, in partnership with the CEO, coordinated the smooth internal succession of the CRO.

*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 making recommendations to the Board on 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 2021

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

*Please refer to the Remuneration Report on pages 61 to 65 for details on the remuneration of the CEO and DBS' remuneration strategy.*

The CMDC reviews and approves DBS' remuneration policy and the annual variable pay pool, which are also endorsed by the Board. The CMDC provides oversight of the remuneration principles of the CEO, senior executives and control functions to ensure that they are in line with the Financial Stability Board's guidelines. As part of the review of the annual variable pay pool as well as the remuneration of the CEO and senior executives, the CMDC appraises how well DBS has performed against the balanced scorecard for each year.

We have 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

## Non-executive Directors' fee structure for FY2021 (unchanged from FY2020)

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: (Note: Board committee chairpersons do not get these fees)</b>	
<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>

noted that (i) the Group's risk management and internal control systems are adequate and effective, and (ii) the 2021 Risk & Culture score from the Kincentric My Voice survey increased to 91%.

During the year, the CMDC reviews market trends to ensure that the Group's remuneration remains competitive in the context of our performance and productivity.

### 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 CEO and GMC members, as well as development plans for our High Potentials (HIPOs).

Succession Planning is a rigorous process in DBS which includes inputs from the respective country and Group Functional Heads, followed by detailed reviews with the CEO. 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 viz (i) domain knowledge, (ii) critical experiences, (iii) leadership competencies and (iv) leadership 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.

In assessing its Talent bench strength, DBS

follows a robust HIPO identification process based on the “3P framework” namely Performance, PRIDE! and Potential. The assessment of potential is based on one's ability, aspiration and engagement. Identified HIPOs are developed through a comprehensive “triple-E development framework” which focuses on 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), designed to accelerate their growth.

The commitment to HIPO development has paid off. In 2021, HIPO attrition was healthy at 6.2%, well within our target of below 10%. 49% of our HIPOs also took on enhanced or changed roles, well above our target of 30%.

### Staff Welfare

The CMDC was also apprised of how we worked together effectively in the remote working environment. We have supported our colleagues, prioritising their wellbeing, safety and security, and have also accelerated the implementation of wellbeing initiatives, including the “Together” movement (which was implemented in 2020) where various programs are held (such as engagement programs, hangouts, seminars and training festivals) to galvanise staff together.



## Remuneration of Non-Executive Directors

Please refer to pages 46 to 47 for details of remuneration of each non-executive Director (including the Chairman) for FY2021.

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 DBSH 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 under the DBSH Share Plan.

The table on page 55 sets out the annual fee structure for the non-executive Directors for FY2021. There is no change to the annual fee structure from FY2020. Non-executive Directors are also paid attendance fees for attending Board and Board committee meetings. Shareholders are entitled to vote on the remuneration of non-executive Directors at the 2022 AGM.

Although the non-executive Directors' fee structure for FY2021 remains unchanged from the previous year, the amount of non-executive Directors' remuneration for FY2021 is approximately 4% higher than that for FY2020. The higher remuneration for FY2021 is mainly attributable to the following reasons: (i) each of the non-executive Directors (who was in office during the last Annual General Meeting) received a basic retainer fee of SGD 90,000 for FY2020 (instead of SGD 100,000) as they

had volunteered to take a 10% reduction in their basic retainer fees of SGD 100,000 for FY2020, in a show of solidarity with the nation and our stakeholders during the Covid-19 pandemic. In addition, the Board Chairman received a lower Board Chairman's fee of SGD 1,305,000 (instead of SGD 1,450,000) as he had also volunteered to take a 10% reduction in his Board Chairman's fees for FY2020 (in addition to the 10% reduction in his basic retainer fee); and (ii) higher attendance fees due to the increased number of Board and Board committee meetings held in FY2021 and increase in-person attendance at such meetings. As DBS had navigated the challenges posed by the Covid-19 pandemic well in 2021, there will be no reduction in non-executive Directors' remuneration for FY2021.

In addition, Mr Peter Seah (who is also the Chairman of DBS Bank (Hong Kong) Limited) received director's fees of HKD 1,010,000 for FY2021, and Mr Tham Sai Choy (who sits on the board of DBS Bank (China) Limited) received director's fees of CNY 471,000 in FY2021.

None of the Group's employees was an immediate family member of a Director with remuneration exceeding SGD 100,000 in 2021.

## Effective controls

### Group Approving Authority

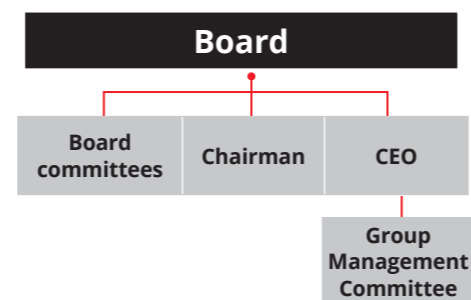
The Group Approving Authority (GAA) is an integral part of our corporate governance framework.

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;
- investments 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; and
- risk strategy and risk appetite statement.

### Scope of delegation of authority in the GAA



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 his responsibilities and authorities to any GMC member or members and 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's 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

Our business and support units are our first line of defence. Their responsibilities include the identification and management of risks arising from and relating to their respective areas of responsibilities, and ensuring that our operations remain within approved boundaries of our risk appetite and policies.

DBS has an established incident notification protocol that sets out processes 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

Risk Management Group, Group Legal and Compliance and parts of Group Technology & Operations and Group Finance form the second line of defence. They are responsible for the development and maintenance of risk management policies and processes and they provide objective review and challenge on the activities undertaken by business and support units.

## 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, 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 system of internal controls, risk management, governance framework and processes;
- 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;
- 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 IIA's 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 are assessed. This risk assessment methodology and approach are aligned with that of the Group, including the risk taxonomy.

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

In line with leading practices, Group Audit has a quality assurance and improvement programme (QAIP) that covers its audit activity and conforms to the International Standards for the Professional Practice of Internal Auditing. As part of the QAIP, internal quality assurance 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 2019, the internal QAR has been contracted to an independent assessor, Protiviti.

Based on Protiviti's assessment, Group Audit leads the industry in the use of Agile Auditing

approach and application of digital audit tools. These tools incorporate both rule-based and predictive analytics, enabling continuous risk monitoring. In Protiviti's capability maturity model, Group Audit was rated the highest level for audit planning, agile auditing, dynamic risk assessment and data analytics. Group Audit was also recognised by Protiviti for its leading practices and cited in their annual global industry publication – Internal Auditing Around the World.

In 2021, Group Audit continued to apply the Data Driven Operating Model and Agile practices as part of its audit process. This enabled dynamic risk assessment and enhanced continuous monitoring which improved the speed of risk identification and response. The increased use of Group Audit's analytical tools and data driven approach, coupled with DBS' suite of remote working technologies, helped Group Audit effectively provide audit assurance, in spite of Covid-19 conditions.

### Dealings in securities

Although the Group has transitioned to a semi-annual reporting regime, the trading updates that are provided for the first and third quarters of each financial year are, for the purpose of the "black-out" policies prescribed under Rule 1207(19) of the SGX Listing Rules, deemed to constitute "financial statements". Accordingly, Directors and employees are prohibited from trading in DBS' securities (i) one month before the release of the full-year financial statements; and (ii) two weeks before the release of its quarterly financial statements for the first, second and third quarters of each financial year.

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.

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

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
Role	Own and manage risks in respective areas of responsibility	Provide independent risk oversight, monitoring and reporting	Provide independent assurance
Unit	Business and support units	Risk Management, Legal and Compliance	Internal Audit

Name of interested person	Aggregate contract value of all interested person transactions in 2021 (excluding transactions less than SGD 100,000) (SGD million)
<b>Joint venture transactions entered into with DBS's controlling shareholder</b>	
Temasek Holdings (Private) Limited Group	727.6*
<b>Transactions entered into with associates of Temasek</b>	
CapitaLand Investment Limited Group	13.5
Certis CISCO Security Pte Ltd Group	11.6
Mapletree Investments Pte Ltd Group	2.9
Mediacorp Pte Ltd Group	0.5
SATS Ltd Group	0.9
Singapore Airlines Limited Group	5.5
Singapore Technologies Engineering Ltd Group	0.2
Singapore Telecommunications Limited Group	34.2
SMRT Corporation Ltd Group	0.3
StarHub Ltd Group	10.3
Surbana Jurong Private Limited Group	4.8
<b>Total (SGD million)</b>	<b>812.3</b>

\* This value includes the aggregate amount of USD 500 million (or SGD 680 million) committed by both DBS and Temasek (comprising USD 250 million from each party) into EvolutionX, which is an equally-owned joint venture between DBS and Temasek.

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.

### 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.

The aggregate contract values of DBS' interested person transactions entered into in 2021 are set out in the above table. These included three joint venture transactions which DBS entered into with its controlling shareholder, Temasek, relating to the establishment of (i) a blockchain-based clearing and settlement platform (Partior); (ii) a global exchange and marketplace for high-quality carbon credits (Climate Impact X); and (iii) a USD 500 million growth debt financing

platform (EvolutionX). In addition, DBS entered into various interested person transactions with associates of Temasek on arm's length commercial terms and 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 and 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 2021, 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 the key management personnel responsible for risk management and internal control systems 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 2021, 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 the key management personnel responsible for risk management and internal control systems that, as at 31 December 2021, 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. The Board noted that: (i) integration efforts on LVB are on track and expected to complete towards the end of 2022, and that

at this point in time, there are some gaps between LVB's controls and DBIL's standards, which management is addressing; and (ii) in relation to the two-day digital disruption in November 2021 in Singapore, management has initiated remedial measures to improve the resilience of our services and incident response, with due consideration given to regulatory requirements and expectations.

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 assurances received from and mitigation and remedial actions undertaken by management, 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 2021 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 on this page for more information.
- **Aligning strategies and incentives via the balanced scorecard:** Please refer to the section on "Our 2021 priorities" on pages 28 to 33 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 pages 56 to 57 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 values and it encompasses the general awareness, attitudes and behaviour of our employees towards risks. The results of our Risk Culture and Conduct Survey conducted in 2021 indicated a satisfactory risk culture bank-wide.

In 2021, we continued to monitor our risk culture pulse with a risk culture and conduct dashboard, comprising multi-faceted indicators. Creating awareness continued to be the key focus as we further embedded a strong culture of risk and control across all levels within the organisation. We leveraged digital communication channels to share culture-related content and conducted training with case studies to aid managers in strengthening the "Tone from the Middle" and to enhance employee risk sensing and judgement. We continue to place 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 DBS'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 general meetings in person or by proxy. Indirect investors who hold DBS shares through a nominee company or custodian bank or through a CPF agent bank ("Relevant Intermediaries") may attend and vote at general meetings by requesting their Relevant Intermediaries to appoint them as proxies.

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 regular financial reports, which aim 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. Separate briefing sessions were conducted for the media and analysts when quarterly results were released. All press statements and quarterly financial statements have been 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 held over 450 meetings with equity investors and over 200 meetings with debt investors. We participated in 37 investor conferences and road shows. As a result of the Covid-19 pandemic, these engagements were largely conducted through virtual meetings and phone calls. These meetings provide a forum for management to explain DBS' 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

This section describes DBS' usual practice for the conduct of general meetings prior to the onset of the Covid-19 pandemic in early 2020.

DBS encourages and values shareholder participation at its general meetings. The Chairman plays a pivotal role in fostering constructive dialogue between shareholders, Board members and management at general meetings. Resolutions requiring shareholders' approval are tabled separately for adoption at 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.

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 scrutineer for the electronic poll voting process. Prior to the commencement of a general meeting, the scrutineer would review the proxies and the electronic poll voting system as part of the proxy verification process. At the general meeting, mobile devices are used for poll voting and the results of the electronic poll voting are announced immediately after each resolution has been put to a vote. 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 within the same day after the conclusion of that meeting.

Annual General Meetings (AGMs) provide 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 each AGM, DBS' financial performance for the preceding year is presented to shareholders.

## Conduct of AGM in 2021 amidst current Covid-19 pandemic

Due to prevailing Covid-19 restrictions, shareholders were not able to attend our 2021 AGM in person. Instead, we held our 2021 AGM by electronic means on 30 March 2021 and shareholders were invited to participate at our virtual 2021 AGM by (a) observing and/or listening to the 2021 AGM proceedings via live audio-visual webcast or live audio-only stream; (b) submitting questions in advance of, or "live" at, the 2021 AGM; and (c) appointing the Chairman of the Meeting as proxy to vote on their behalf at the 2021 AGM. The Chairman, CEO and our Singapore-resident Directors were present in person at the virtual 2021 AGM proceedings, while the overseas Directors joined the 2021 AGM by way of video

conference. We have disclosed, on our website and SGXNET, the names of the Directors and senior executives who attended the 2021 AGM held by way of electronic means as well as detailed records of the proceedings including responses to questions raised by shareholders in advance of the 2021 AGM.

## Conduct of 2022 AGM

As a precautionary measure due to the current Covid-19 situation in Singapore, shareholders will not be able to attend the 2022 AGM in person. Instead, we will be holding our 2022 AGM by electronic means on 31 March 2022 and shareholders are invited to participate at our virtual 2022 AGM by (a) observing and/or listening to the 2022 AGM proceedings via live audio-visual webcast or live audio-only stream; (b) submitting questions in advance of, or "live" at, the 2022 AGM; and (c) voting at the AGM (i) "live" by the shareholders themselves or their duly appointed proxy(ies) (other than the Chairman of the Meeting) via electronic means; or (ii) by appointing the Chairman of the Meeting as proxy to vote on their behalf at the AGM. Details of the steps for pre-registration, submission of questions and voting at the 2022 AGM by shareholders, including CPF and SRS investors, are set out in a separate announcement released on SGXNET on 9 March 2022. In view of the constantly evolving Covid-19 situation in Singapore, we may be required to change our arrangements for the AGM at short notice and shareholders should check SGXNET for the latest updates on the status of the 2022 AGM.

## Awards won in 2021

We received several accolades for our corporate governance:

- At the Singapore Corporate Awards (special edition), we were one of the winners of the Corporate Excellence and Resilience Award
- We were runner-up in the Securities Investors Association (Singapore) Investors' Choice Awards 2021 for corporate governance in the big-cap companies' category.

# REMUNERATION REPORT

We believe that our long-term success depends in large measure on the contributions of our employees. Our remuneration framework is designed to be consistent with market best practices, drive business strategy and create long-term shareholder value. Remuneration policies and practices as set out in the following report are governed by a set of sound principles which are in compliance with various regulatory requirements.

## 1 Objectives of DBS remuneration strategy

DBS' remuneration policy, which is applicable to DBS Bank and all our subsidiaries and overseas offices, seeks to ensure that we are able to attract, motivate and retain employees to deliver long-term shareholder returns, taking into consideration risk management principles and standards set out by the Financial Stability Board (FSB) and the Code of Corporate Governance.

When formulating our remuneration strategy, consideration was given to aligning our remuneration approach with DBS PRIDE!\* values in order to drive desired behaviours and achieve the objectives set out in our balanced scorecard.

The following shows the three main thrusts of our remuneration strategy and how they are implemented within DBS:

Main thrusts	Details
<b>Pay for performance as measured against balanced scorecard</b>	<ul style="list-style-type: none"> <li>• Instill and drive a pay-for-performance culture</li> <li>• Ensure close linkage between total compensation and our annual and long-term business objectives as measured by our balanced scorecard</li> <li>• Calibrate mix of fixed and variable pay to drive sustainable performance that is aligned to DBS PRIDE! values, taking into account both "what" and "how" key performance indicators (KPIs) are achieved</li> </ul>
<b>Provide market competitive pay</b>	<ul style="list-style-type: none"> <li>• Benchmark our total compensation against other organisations of similar size and standing in the markets we operate in</li> <li>• Drive performance differentiation by benchmarking total compensation for top performing employees against the upper quartile or higher in each market</li> </ul>
<b>Guard against excessive risk-taking</b>	<ul style="list-style-type: none"> <li>• Focus on achieving risk-adjusted returns that are consistent with prudent risk and capital management, as well as emphasise long-term sustainable outcomes</li> <li>• Design payout structure to align incentive payments with the long-term performance of the Group through deferral and clawback arrangements</li> <li>• Design sales incentive plans to encourage the right sales behaviour</li> </ul>

\* Read more on DBS PRIDE! values on page 67.

## Where to find key information on each Director?

In this Annual Report:

- Pages 46 to 47 – Directors' independence status, appointment dates, meeting attendance and remuneration details
- Pages 191 to 195 – Directors' length of directorship, academic and professional qualifications and present and past directorships
- Pages 214 to 217 – Additional Information on Directors seeking re-election at the Annual General Meeting to be held on 31 March 2022

At our website (www.dbs.com): Directors' biodata