

# Live more

*Sustainably*



MEMBER OF  
**Dow Jones  
Sustainability Indices**  
In Collaboration with RobecoSAM



**AON**  
**BESTEMPLOYER**  
ASIA PACIFIC | 2018

# Introduction

## Overview

We are on a journey to become a leading bank that creates sustainable solutions to serve the rapidly growing economies of Asia. While we are pleased with our progress so far, we fully appreciate that there is always more that can be done.

This year, we are issuing a standalone sustainability report to provide a clearer articulation of our progress. It is an expanded version of the “Sustainability” section in the Annual Report 2018 and presents two perspectives: how DBS is impacted by changes in the environment and society, and the impact we have on them. Taken together, they paint a more holistic picture of our sustainability journey.

## About this report

This Sustainability Report is approved by the Board and is prepared in accordance with the following regulations, standards and guidelines:

- Singapore Exchange Securities Trading Limited (SGX-ST) Listing Rules 711A and 711B on Sustainability Report, and Practice Note 7.6 Sustainability Reporting Guide issued in July 2016
- The Global Reporting Initiative (GRI) Standards – Core Option, issued in October 2016 and the G4 Financial Services sector disclosures by the GRI Global Sustainability Standards Board
- The Guidelines on Responsible Financing issued in October 2015 (revised June 2018) by the Association of Banks in Singapore
- Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in June 2017

We are a signatory to the United Nations (UN) Global Compact and are committed to the 10 Principles. This report serves as our Communication on Progress (CoP).

## Coverage

This report covers the environmental, social and governance (ESG) principles, initiatives and performance of our operations in our core markets. It contains information for the financial year 1 January to 31 December 2018, unless otherwise stated. The report is to be read in conjunction with the [Annual Report 2018](#) and other sustainability-related disclosures on our [website](#).

## Reporting principles

The content of this report follows the GRI Standards Reporting principles.

- **Principle 1 - Stakeholder Inclusiveness**  
We identify key stakeholders, engage them and respond to the key topics and feedback received.
- **Principle 2 - Sustainability Context**  
We present performance in the wider context of sustainability.
- **Principle 3 - Materiality**  
We focus on matters that impact business growth and are of importance to our stakeholders.
- **Principle 4 - Completeness**  
We include coverage of material topics and their boundaries to reflect significant ESG impact, and to enable stakeholders to assess our performance in the reporting period.

## Feedback

We welcome feedback on this report and any aspect of our sustainability performance. Please address all feedback to DBS Group Sustainability at [sustainability@db.com](mailto:sustainability@db.com).

## Our approach and strategy



## Articulation of sustainability matters



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# Summary of key performance

## Pillar 1: Responsible banking

**Responsible financing**  
 Provided sustainable financing<sup>(1)</sup> amounting to more than **SGD 2.4 billion**



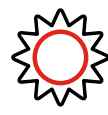
**Financial inclusion**  
 Total lending to SMEs **SGD 38 billion**



**Digital finance**  
**5.6 million** digital customers<sup>(2)</sup>



**Climate change**  
 Task Force on Climate-related Financial Disclosures: Conducted inaugural scenario analysis



**Data governance**  
**First bank** in Singapore to be certified with **Data Protection Trustmark**

**Preventing financial crime**  
**No material instances** of non-compliance with laws and regulations in financial crime


**Cyber security**  
**No material instances** of customer data loss

**No material instances** of non-compliance concerning fair dealing




## Pillar 2: Responsible business practices

**Talent management and retention**  
 Named **Asia Pacific Best Employer 2018 (Regional)** by AON



**Managing our environmental footprint**  
**RE100: 14%** renewable energy for our major operations



**Diversity and equal opportunity**  
 Included in the **Bloomberg Gender-Equality Index** for the second year running

**Workplace well-being** **Enhanced iHealth@DBS programme**  
**99.6%** of new suppliers signed Sustainable Sourcing Principles

**Responsible tax management**  
 Income tax expense of **> SGD 1 billion**

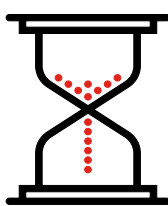


## Pillar 3: Creating social impact

**Social entrepreneurship**  
**DBS Foundation awarded SGD 1.25 million grants to 12 social enterprises**



**Employee volunteerism**  
**Over 65,000 hours**



# CEO message

There is no question that, in many ways, we live in the best of times. An increase in life expectancies and a dramatic reduction of people living under the poverty line are just two measures of progress. At the same time, it is equally true that the world is faced with enormous, complex challenges. Some of these continue to be developmental, with the spectre of jobless growth and increasing income inequalities being big concerns. Other challenges are social, which include gender inequalities, the impact of new technologies on individual privacy, and the potential unknown consequences of artificial intelligence. Perhaps the biggest challenges are environmental, and one of the gravest issues of our time is the threat of irretrievable harm being done to our planet.


It is our firm belief that companies such as ours have a central role to play in seeking to find solutions to these challenges. Our licence to operate comes from civil society, and we need to ensure that we are addressing the needs of multiple stakeholders, not just for our generation but for generations to come. Our approach to sustainability is guided by this sense of purpose: to create value for the long term, by managing our business in a balanced and responsible way.

Balance is an important dimension in our approach, and it is not always easy to achieve. There are numerous examples of inherent tensions. For example, digitalising our business allows us to reach a larger number of customers at lower costs, enabling financial inclusion. At the same time, it increases risks of data privacy compromise through cyber attacks, as well as possible financial exclusion through the unintended effects of artificial intelligence models. Perhaps most tricky is the inherent trade-off even in some of the United Nations (UN) Sustainable Development Goals (SDGs), with the quest for improvement in basic living conditions sometimes coming at the cost of environmental degradation. Providing finance for smallholder farmers creates jobs and livelihoods, but can also lead to increased deforestation if not appropriately governed.

In seeking an appropriate balance, we are thus mindful that more often than not, there are numerous trade-offs that need to be made. These trade-offs must be carefully evaluated as the solutions are often not binary. In many cases, we need to work with our customers to encourage them to adapt their business models, and this needs to be a calibrated process as well.

A distinguishing feature of our approach is the use of digital technology to create innovative solutions for customers. We believe that digitalisation and sustainability are the two major forces shaping the future, and hence we have adopted them as the twin underpinnings of our business strategy. As an example, we recently partnered our client Halcyon Agri Corporation to launch HeveaConnect, a digital marketplace for trading sustainably-processed natural rubber. We have also joined the Sustainable Digital Finance Alliance, an alliance to leverage digital technologies and innovations to enhance financing for sustainable development, and the UN Task Force on Digital Financing of the SDGs.

In this standalone sustainability report, we will be sharing the commitments and progress we have made on the SDGs and material sustainability matters over the past year. I am convinced that we have a growing role in the sustainable development of our markets, and I welcome you to join us on the journey ahead.



**Piyush Gupta**  
 CEO  
 DBS Group Holdings



(1) Green loans, sustainability performance-linked loans and renewable financing  
 (2) Consumer and SME businesses (Singapore and Hong Kong) and digibank customers (India and Indonesia)

# Sustainability overview

## Sustainability pillars

Our approach to sustainability is based on three pillars – (i) Responsible banking, (ii) Responsible business practices and (iii) Creating social impact.

### Responsible banking

We deliver products and services that promote sustainable development, and conduct our business in a fair and responsible manner. This includes advancing responsible financing and financial inclusion, and ensuring that we take a proactive stance to protect our customers' information.

### Responsible business practices

We do the right thing by our most important resource – our people – and take into account environmental and societal considerations in our day-to-day business operations. We provide an inclusive work environment where every employee can develop professionally and personally. We are conscious of our need to manage our direct environmental footprint and seek to influence our supply chain towards sustainable practices. We also pay our fair share of taxes and make economic contributions to the communities in which we operate.

### Creating social impact

We seek to be a Force for Good by supporting social enterprises – businesses with double bottom line – and giving back to the communities in which we operate. Through our "People of Purpose" volunteerism movement, we also help to drive impact in the areas of ageing, education and the environment.


### Progress on Sustainable Development Goals (SDGs)

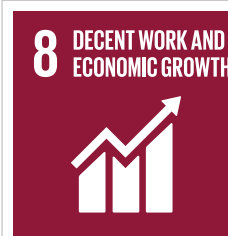

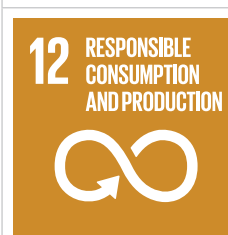

As a member of the [United Nations Global Compact](#), we are committed to driving progress towards achieving SDGs. We believe that we have a role to play in promoting sustainable development.

We have chosen to focus on the following six SDGs which we believe we can make meaningful contributions to, and after taking into account the markets we operate in.



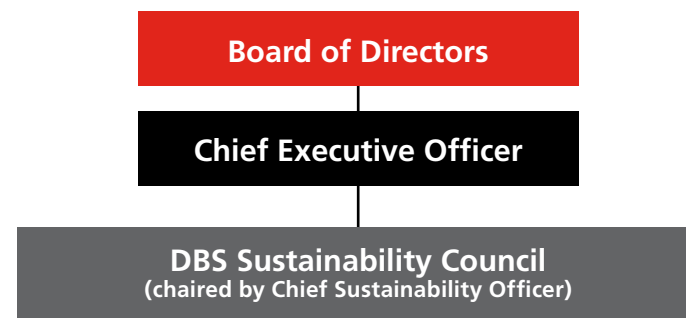
Responsible banking				
SDGs	Related ESG matters	2030 UN established targets	Selected initiatives	Performance achieved
	Financial inclusion	Support women's equal rights to economic resources, as well as ownership and control of land and other resources	Underwrote the <a href="#">Women's Livelihood Bond</a> , the world's first social sustainability bond listed on a stock exchange	<ul style="list-style-type: none"> <li>Supported the empowering of &gt; 385,000 women in Cambodia, Philippines and Vietnam</li> </ul>
	Climate change	Promote financing of renewable energy in the global energy mix	Continued to finance a wide spectrum of clean and renewable energy technologies from geothermal, hydro to waste-to-energy, wind, etc	<ul style="list-style-type: none"> <li>17 renewable energy-related projects mandated or completed in 2018</li> </ul>
	Financial inclusion	Encourage and expand access to banking, insurance and financial services for all	<a href="#">Launched Migrant Workers' Centre (MWC)-POSB Membership programme</a> which brings together various merchant partners to offer exclusive benefits and savings to migrant workers	<ul style="list-style-type: none"> <li>In collaboration with MWC, the POSB jolly App provides remittance, insurance and telecommunications services for migrant workers</li> </ul>
	Financial inclusion	Increase access of small-scale industrial and other enterprises to financial services, including affordable credit and integration into value chains and markets	Participated in government schemes in some markets, such as SME working capital loan and SME micro loan, and green project bond	<ul style="list-style-type: none"> <li>The total amount of outstanding loans to Singapore Government-Assisted Schemes and Taiwan SMEs Guarantee Scheme were SGD 977 million and SGD 638 million respectively</li> <li>Star Energy's Wayang Windu geothermal green project bond</li> </ul>
	Responsible financing	Encourage companies to adopt sustainable practices	Continued to implement <a href="#">Responsible Financing Standard and Sector Guides</a>	<ul style="list-style-type: none"> <li>Conducted ESG risk assessments of our customers</li> </ul>
	Responsible financing	Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation and impact reduction	Completed green loans, sustainability performance-linked loans and renewable energy financing	<ul style="list-style-type: none"> <li>Loans amounted to over SGD 2.4 billion</li> </ul>

Responsible business practices				
SDGs	Related ESG matters	2030 UN established targets	Selected initiatives	Performance achieved
	Diversity and equal opportunity	Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making	Established a Board Diversity Policy to promote diversity amongst Board of Directors	<ul style="list-style-type: none"> <li>Board female percentage: 18%</li> <li>Group Management Committee female percentage: 32%</li> <li>Total workforce female percentage: 53%</li> </ul>
	Managing our environmental footprint	Substantially increase the share of renewable energy in the global energy mix and drive improvement in energy efficiency	Joined RE100 with commitment to 100% renewable energy use in our Singapore operations by 2030	<ul style="list-style-type: none"> <li>14% of renewable energy for our major operations</li> </ul>
	Talent management and retention	Achieve higher levels of economic productivity through diversification, technological upgrading and innovation	Continued to invest in <a href="#">employee digital transformation</a>	<ul style="list-style-type: none"> <li>Cloud-based learning management system (DBS Horizon)</li> <li>Accelerator programme and hackathons</li> <li>DBS SkillsFlex programme</li> </ul>
	Managing our environmental footprint	Upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies	Transformed DBS traditional data centres into <a href="#">cloud-optimised centres</a>	<ul style="list-style-type: none"> <li>Electricity consumption for our Singapore operations reduced by 9% in 2018</li> </ul>
	Sustainable procurement	Promote public procurement practices that are sustainable	Established <a href="#">Sustainable Sourcing Principles</a> (SSP)	<ul style="list-style-type: none"> <li>99.6% of new suppliers signed SSP in 2018</li> </ul>
	Managing our environmental footprint	Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation and impact reduction	Continued to broaden <a href="#">Green Mark certifications</a> across our branch network	<ul style="list-style-type: none"> <li>100% of our branches in Singapore have obtained BCA Green Mark certifications</li> </ul>

Creating social impact				
SDGs	Related ESG matters	2030 UN established targets	Selected initiatives	Performance achieved
	Social entrepreneurship Employee volunteerism	Support productive activities, decent job creation, entrepreneurship, creativity and innovation through access to financial services	Continued to support social enterprises via our annually administered <a href="#">Social Enterprise Grant Programme</a> and procurement of their goods and services	<ul style="list-style-type: none"> <li>SGD 1.25 million grant to 12 social enterprises</li> <li>Over 65,000 volunteering hours to serve communities</li> </ul>
	Social entrepreneurship	Increase access of small-scale industrial and other enterprises to financial services	Continued to address the needs of social enterprises through <a href="#">DBS Social Enterprise Package</a>	<ul style="list-style-type: none"> <li>534 customers under Social Enterprise Package</li> <li>SGD 2.35 million of committed unsecured social enterprise business loans as at 31 December 2018</li> </ul>
	Social entrepreneurship	Substantially reduce waste generation through prevention, reduction, recycling and reuse	Continued to support social enterprises via our annually administered <a href="#">Social Enterprise Grant Programme</a>	<ul style="list-style-type: none"> <li>Six of the 2018 DBS Foundation (DBSF) grant awardees are solving environmental issues</li> </ul>
	Social entrepreneurship	Improve education, promote awareness and raise human and institutional capacity for climate change mitigation, adaptation and impact reduction	Sponsored the Climate Action theme at <a href="#">UNLEASH</a> 2018	<ul style="list-style-type: none"> <li>&gt; 1,000 millennial thought leaders collaborated on ideas and solutions to help achieve the UN SDGs</li> </ul>

# Governance

The Board has overall responsibility for sustainability and integrates environmental, social and governance (ESG) matters in the formulation of DBS' strategy. The Board also determines what material sustainability matters are and provides guidance on their management and monitoring.



Sustainability governance structure in DBS

## Roles and responsibilities

The CEO is assisted by the Group Sustainability Council on sustainability matters.

The Group Sustainability Council is chaired by the Chief Sustainability Officer and consists of senior members from various business and support units. It develops the sustainability framework, which includes setting key performance indicators (KPIs) in consultation with stakeholders and overseeing the execution of sustainability initiatives across the bank.

The Group Sustainability Council also advises the CEO on material sustainability matters that contribute to the overall materiality assessment, which is then utilised by the Board for strategic planning. The Group Sustainability Council meets monthly and provides periodic updates to the CEO, Management Committee and the Board.

To ensure sustainability is embedded in the organisation, Local Sustainability Councils are established across our key markets – China, Hong Kong, India, Indonesia and Taiwan. They follow a similar structure as the Group Sustainability Council and have a broad mandate to execute initiatives in line with the Group's sustainability approach while adapting them to local market conditions.

## Performance measurement

Progress in our sustainability strategy is reflected directly in the balanced scorecards of the Group, key markets, business and support units. The balanced scorecard is used to set objectives, drive behaviours, measure performance and determine the remuneration of our people.

Read more about "Balanced scorecard" in the Annual Report page 26.

## Engagement

The Board has overall responsibility for sustainability and integrates environmental, social and governance (ESG) matters in the formulation of DBS' strategy. The Board also determines what material sustainability matters are and provides guidance on their management and monitoring.

The Group EXCO is engaged on all material sustainability-related matters, including the development of the Group Responsible Financing Standard.

The topics discussed by the Group Sustainability Council during the year included the UN Intergovernmental Panel on Climate Change (IPCC) Special Report, human rights issues, as well as memberships of various sustainability-related organisations.

We recognise that ownership of sustainability matters by local management teams is crucial to meeting our sustainability goals. They are updated on the Group's sustainability strategy and specific local issues by the Local Sustainability Councils and the Chief Sustainability Officer.

As the former Development Bank of Singapore, being purpose-driven has always been part of our DNA. Today, our drive to embed sustainability into the organisation is systematically organised under the three pillars - responsible banking, responsible business practices and creating social impact. As these pillars permeate our policies and practices, the embrace of sustainability will be increasingly pervasive across the organisation. This will enable us to create societal impact in greater measure.

# Material ESG matters



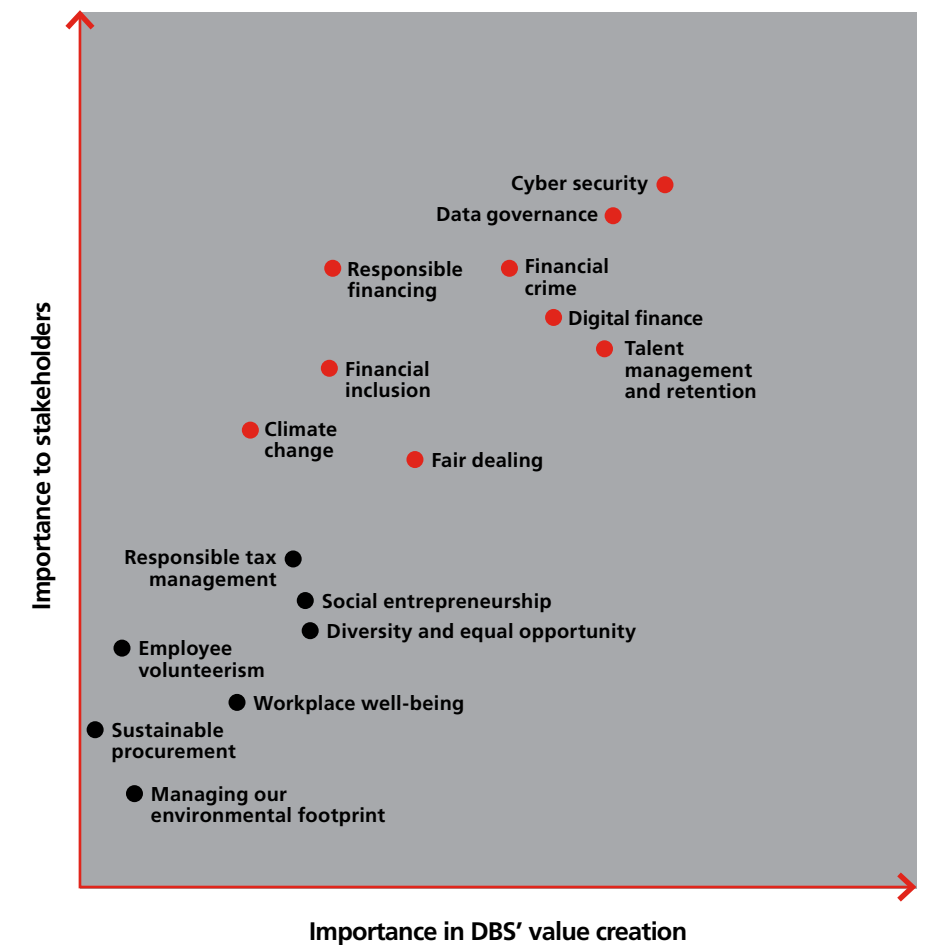
Material ESG matters have the most impact on our ability to create long-term value. These matters influence how the Board and senior management steer the bank.

We review our materiality matrix annually for relevance and prioritisation.






The material ESG matters to DBS are highlighted in red and depicted in the illustration below.






Read more about the material matters in the Annual Report on page 67. Read more about the ESG matters on [pages 13 to 34](#).

## ESG materiality matrix



# Stakeholder engagement

	 Shareholders	 Customers	 Employees	 Society	 Regulators and policy makers
	<p>We provide institutional investors with information on our sustainability commitments and progress for them to make informed investment decisions about DBS.</p>	<p>We interact with customers to better understand the environmental and social issues of importance to them so that we can propose the right financial solutions for them.</p>	<p>We communicate with our employees using multiple channels to ensure they are engaged in driving our sustainability efforts.</p>	<p>We engage the community including Non-Governmental Organisations (NGOs) and opinion makers to understand how we can help address the needs of society.</p>	<p>We engage directly with regulators and government bodies when requested. More broadly, we seek to be a strong voice for Asia in sustainability-related forums.</p>
<b>How did we engage?</b>	<ul style="list-style-type: none"> <li>Meetings with investors to understand their expectations on sustainability reporting and Green Bond financing</li> <li>Ongoing conversations with major ESG rating agencies</li> </ul>	<ul style="list-style-type: none"> <li>Focus group study to evaluate interest of retail customers for sustainable products</li> <li>Annual Future Leaders Programme to raise awareness of DBS' sustainability strategy and commitment</li> <li>Seminars on emerging issues including environmental sustainability, women and children in Asia, and ageing populations</li> <li>Awareness campaigns such as <a href="#">#RecyclemoreWasteless</a> and partnerships with organisations including the Singapore Environment Council and leading supermarkets</li> <li>Sustainability disclosures launched on our websites</li> </ul>	<ul style="list-style-type: none"> <li>"DBS Open" – quarterly group-wide townhalls hosted by the CEO</li> <li>"Tell Piyush" – an online forum where employees can freely share their feedback and post questions to the CEO</li> <li>"Yammer" – a digital community platform where employees can engage each other</li> <li>Annual employee engagement and sustainability awareness survey</li> <li>Employee sustainability focus groups</li> <li>Sustainability intranet portal</li> <li>Employee engagement campaigns such as DBS Climate Week and Eco-Cup</li> <li>Sustainability interest groups – volunteers lead initiatives within DBS</li> <li>Annual group leadership conference for senior management</li> </ul>	<ul style="list-style-type: none"> <li>Engage social enterprises (SEs) to understand their needs and help them become commercially viable</li> <li>Employees volunteer their time for social causes</li> <li>Social enterprise summit and awareness campaigns such as <a href="#">#RecyclemoreWasteless</a> and partnerships with organisations including the Singapore Environment Council and leading supermarkets</li> <li>Meeting with NGOs about their specific concerns</li> <li>Active participation in various industry sustainability-related forums organised by World Wide Fund for Nature (WWF) Singapore</li> </ul>	<ul style="list-style-type: none"> <li>Meetings and consultations with United Nations bodies, governments, regulators and other public policy agencies</li> <li>Active participation in various industry sustainability-related forums organised by the Association of Banks in Singapore (ABS) and Singapore Institute of International Affairs (SIIA)</li> </ul>

	 Shareholders	 Customers	 Employees	 Society	 Regulators and policy makers
	<p>We provide institutional investors with information on our sustainability commitments and progress for them to make informed investment decisions about DBS.</p>	<p>We interact with customers to better understand the environmental and social issues of importance to them so that we can propose the right financial solutions for them.</p>	<p>We communicate with our employees using multiple channels to ensure they are engaged in driving our sustainability efforts.</p>	<p>We engage the community including Non-Governmental Organisations (NGOs) and opinion makers to understand how we can help address the needs of society.</p>	<p>We engage directly with regulators and government bodies when requested. More broadly, we seek to be a strong voice for Asia in sustainability-related forums.</p>
<b>What were the key topics raised and feedback received?</b>	<ul style="list-style-type: none"> <li>Our approach to financing environmentally-sensitive industries</li> <li>Alignment with international protocols and pledges (e.g. Equator Principles)</li> <li>Frameworks/ policy/ processes for material ESG matters</li> </ul>	<ul style="list-style-type: none"> <li>DBS' response to climate change</li> <li>Availability of ESG-related investment products</li> <li>Reduction of single-use plastics and its associated waste</li> <li>Fair dealing and conduct</li> <li>Responsible use of data</li> </ul>	<ul style="list-style-type: none"> <li>Avenues in which employees can contribute</li> <li>Importance of leadership and role modelling</li> <li>Recycling-related concerns</li> </ul>	<ul style="list-style-type: none"> <li>Our approach to financing environmentally-sensitive industries</li> <li>Approach to deforestation and human rights violation issues</li> <li>Ageing population and digital literacy</li> <li>SEs continue to face challenges such as the lack of funding and commercial expertise, and have expressed the need for targeted training</li> </ul>	<ul style="list-style-type: none"> <li>Financing towards sustainable development</li> <li>Policies and processes to address increasing risks in financial crime, cyber security and data governance</li> <li>Fair dealing and conduct</li> <li>Tax practices to address fair share of tax payment, Base Erosion and Profit Shifting (BEPS)</li> <li>Our approach to financing environmentally-sensitive industries</li> </ul>
<b>How did we respond?</b>	<p>The engagement informed the formulation of our Responsible Financing Standard.</p>	<p>Recommendations by the Task Force on Climate-related Financial Disclosures (TCFD) were adopted for selected sectors in our corporate lending portfolio.</p> <p>A new suite of sustainable investment products for wealth management was introduced.</p> <p>We initiated <a href="#">#RecyclemoreWasteless</a> pledges to reduce the use of single-use plastics.</p> <p>We engaged regulators and industry associations on developments and collaborations.</p> <p>We developed one of the world's first frameworks on responsible use of data.</p>	<p>Sustainability interest groups were established to volunteer work time in support of DBS' sustainability objectives. Responses to frequently-asked questions, including how employees can engage more, and the broad sustainability KPIs of each work stream were shared on the intranet portal.</p> <p>Piyush personally responded to all the questions and comments raised on "Tell Piyush" which addressed employees' concerns. Where applicable, issues or suggestions were directed to relevant departments for follow-up.</p> <p>Internal awareness on proper recycling practices and recycling bins were increased.</p>	<p>The engagement informed the formulation of our Responsible Financing Standard.</p> <p>We disclosed our approach to palm oil sector which included requirements for "No Deforestation, No Peat, No Exploitation" (NDPE) policies, and invited specialists to conduct an awareness workshop on modern slavery.</p> <p>POSB rolled out various initiatives such as providing digital literacy training to seniors and launching Smart Buddy – the world's first in-school wearable technology – to cultivate financial literacy among the young and create a digital payment system within schools.</p> <p>We continued to generate awareness and advocacy for SEs in our key markets through digital outreach and signature events.</p>	<p>We explored opportunities in financing sustainable bonds, as well as sustainability performance-linked loans. We joined the Sustainable Digital Finance Alliance.</p> <p>We were certified with the Data Protection Trustmark (DPTM) which demonstrates accountable and responsible data protection practices. We also led discussions on developing digital ecosystems for consumer and SME banking, and on using data and analytics to improve financial crime risk management.</p> <p>Fair dealing commitment is embedded in our Code of Conduct and all fair dealing outcomes are reported to the Board Audit Committee on a quarterly basis.</p> <p>Our approach to BEPS is disclosed publicly.</p> <p>The engagement informed the formulation of our Responsible Financing Standard.</p>

# Pillar 1: Responsible banking

We deliver products and services that promote sustainable development, and conduct our business in a fair and responsible manner.

## A. Responsible financing

### Why it matters

What we finance has a bearing on the trajectory of the transition to a low-carbon future, and the type of business activities that will shape economic and social development. As a duty to society and shareholders, we support our customers' transition to more sustainable models of doing business. We also recognise that customers who lack the commitment, capacity or capability to mitigate ESG risks can ultimately affect our own credit and reputation risks. We take a long-term view and adopt a balanced approach in supporting sustainable development.

### Approach

In 2017, we expanded our Group Core Credit Risk Policy to incorporate principles and approaches to managing ESG issues in our lending practices. These ESG standards are applicable to all capital markets transactions as well. This is supplemented by the **Group Responsible Financing Standard<sup>(1)</sup>** and seven **Sector Guides** pertaining to areas with elevated ESG risks, including palm oil, power generation and others. The Group Responsible Financing Standard is subject to annual review.

### ESG due diligence

Relationship managers (RMs) conduct ESG risk assessments for each borrower. The Institutional Banking Group (IBG) Sustainable Finance team conducts additional evaluation on cases that are escalated. Enhanced due diligence may take the form of site visits, independent reviews or certification requirements. In addition, credit risk managers (CRMs) review these ESG risk assessments and make decisions on credit approval.

Monitoring our customers' adherence to our ESG standards and implementing good ESG practices involve numerous steps. They include tracking progress in addressing past incidents, following negative media coverage, engaging customers in establishing policies that align with international standards and best practices, and following up on agreed mitigating measures and action plans. If the customer is not willing to adequately manage and mitigate the identified ESG risks, we are prepared to turn down the transaction or reassess the banking relationship.

At the portfolio level, the Global Industry Councils periodically review the exposure to industries with elevated ESG risks for any unusual trends or movements that warrant further attention.

### ESG risk and mitigation

ESG risks may include a combination of environmental matters such as biodiversity loss, climate change, deforestation, hazardous waste contamination, water scarcity and pollution, as well as social matters including labour rights, occupational health and safety and involuntary resettlements. We reference industry best practices such as the International Finance Corporation (IFC) Performance Standards, World

Bank Environmental, Health and Safety Guidelines and International Labour Organisation (ILO) Conventions and Recommendations.

### Sector Guides

We developed seven Sector Guides which outline the ESG standards we require of our borrowers. These cover the agricultural commodities, palm oil, chemicals, oil and gas, mining and metals, power generation and infrastructure sectors, and provide our RMs and CRMs with a structured approach to assess ESG risks.

These Sector Guides make reference to certification schemes, international best practices and conventions such as the International Council on Mining and Metals (ICMM) principles and position statements, Roundtable on Sustainable Palm Oil (RSPO) Principles and Criteria, The Stockholm and Rotterdam Convention for chemicals, UNESCO World Heritage Convention and ABS' Haze Diagnostics Kit.

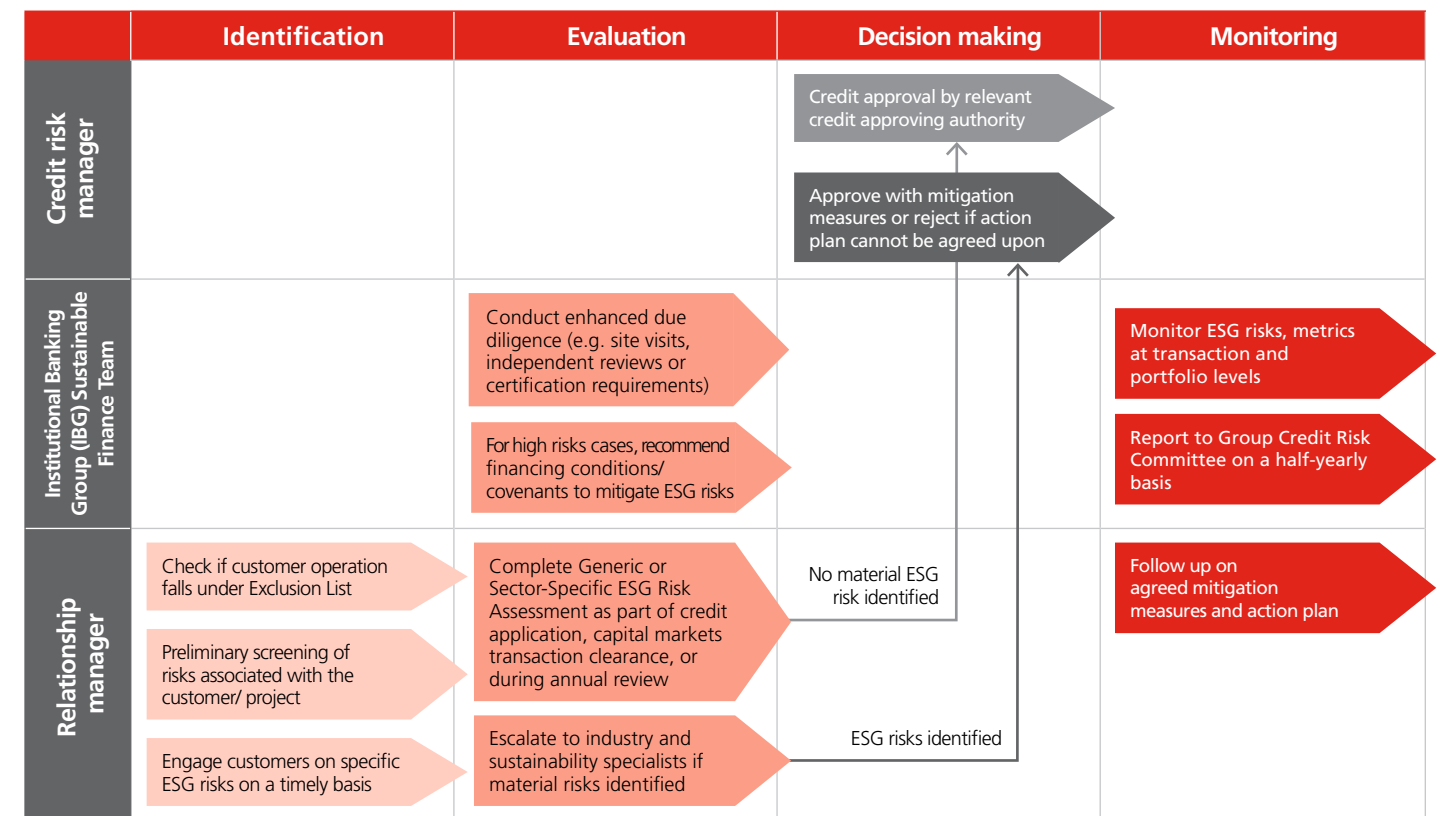
In addition, we have also published the following:

- i. [Our Approach to Responsible Financing](#)
- ii. [Our Approach to the Coal Sector](#)
- iii. [Our Approach to the Palm Oil Sector](#)

### Prohibited financing

We will not knowingly finance activities or projects which we know to be in deliberate violation of local or national laws, or are involved in the following:

- Forced or child labour, and human rights abuses  
Read more about our [statement](#) on the UK Modern Slavery Act
- Illegal logging
- Land clearance by burning
- Production and movement of military goods and lethal weapons including arms, ammunitions, bombs, tanks, imaging devices, military aircraft, warships, chemicals, anti-personnel mines, cluster munitions and weapons of mass destruction (WMD)<sup>(2)</sup>, in which normal use violates basic humanitarian principles
- Trading (wholesaling or retailing) in wildlife or wildlife products, such as ivory and rhino horn, in violation of CITES<sup>(3)</sup>
- Trading (wholesaling or retailing) of shark fin or shark finning and deriving material revenue from such activities
- Violation of the rights of local communities, or operations that take place in locations of significant social conflicts



Roles and responsibilities in the ESG risk assessment process, which enables us to develop an overall understanding of the customer's approach to managing ESG issues including commitment, capacity and track record.

### Initiatives

This year, we expanded and updated our policies with more stringent ESG standards, robust assessment processes and escalation mechanisms. We continued to conduct training, engage stakeholders and introduce sustainability-related financial products.

### Training

Training allows our employees to be equipped with the knowledge to apply our policies and standards consistently. This year, we developed a new mandatory training module on responsible finance for our RMs and CRMs. In 2018, a total of 1,462 employees were trained using our eLearning module, and a total of 716 employees from our core markets were trained in a classroom-based setting. At the industry level, ABS is coordinating efforts to develop industry-wide e-learning content which is scheduled to be rolled out in 2019.

In 2018, we invited [Hope for Justice](#), a global non-profit organisation which aims to end human trafficking and modern-day slavery, to conduct a capacity building workshop with the Group Sustainability Council. The objective is to raise internal awareness and enhance our understanding of the relevance of the issue to our business.

### Engaging stakeholders

Engagement with key stakeholders helps us define our strategic priorities. We continue to hold regular conversations with institutional investors, employees, industry associations such as ABS, customers, communities, NGOs and regulators. We also participate in sustainability-related forums organised by policy makers, banking associations, academic institutions and share our thoughts on specific ESG matters.

### Sustainability-related financial products

We completed four sustainability performance-linked loans amounting to over SGD 600 million. These loans are structured to enable borrowers to pay less interest when they achieve a set of pre-agreed ESG performance targets which are verified by an independent ESG rating agency. Our borrowers are able to leverage such incentives for meaningful sustainability impact, while we play our part to motivate this positive transition and strengthen our banking relationships. In 2018, we also provided approximately SGD 1.8 billion in financing towards renewable energy and other green loans.

Additionally, we introduced a suite of ESG investment products including [Parvest Global Environment Fund](#), [Social Responsible Investment Kehati Index Fund](#) and [Wellington Global Impact Fund](#) to our wealth management customers.

(1) We comply with ABS guidelines on responsible financing

(2) WMD include nuclear, radiological, chemical, biological or other weapons that can kill and cause significant harm to a large number of people or cause great damage to man-made (e.g. buildings) and natural structures

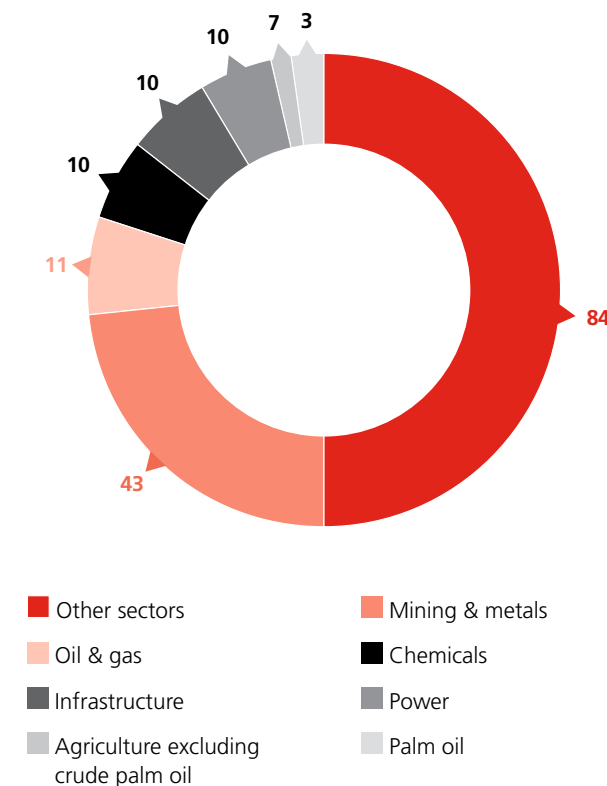
(3) Convention on International Trade in Endangered Species of Wild Fauna and Flora



## Status

In 2018, a total of 178 ESG risk assessments conducted for large corporate clients were escalated for enhanced due diligence. This represented 5% of the large corporate clients assessed.

### Number of ESG risk assessments escalated (by sector)



## Targets

In line with evolving global disclosure expectations, we will continue to develop robust KPIs to track our performance.

### Supported SDGs



## B. Climate change

### Why it matters

Climate change is one of the most threatening issues of our time. The UN Intergovernmental Panel on Climate Change (IPCC) Special Report has called for urgent and unprecedented actions to limit climate change catastrophe. The course that governments, organisations and individuals undertake now will impact the future of this planet and its inhabitants.

As a leading financial services group in Asia, we have a role to play in supporting the transition to a low-carbon economy. Such a transition brings about higher carbon price regulatory risks, as well as green financing opportunities. In 2018, this transition gained greater urgency and accordingly, climate change was elevated in our materiality matrix.

### Approach

Through our lending activities, we are committed to promoting an orderly transition to a low-carbon economy, whilst balancing the need for economic growth and social inclusion.

The climate-related risks facing our customers ultimately affect our credit and reputation risks. Consequently, climate-related risks are considered as part of the environmental, social and governance (ESG) risk assessment we conduct on customers in our corporate lending and capital markets business.

Read more about "Responsible financing" on [page 13](#).

### Initiatives

We have focused on the following three key areas:

#### Financing

We are incorporating climate action considerations in our business activities. Some of the initiatives include:

- Adopting a responsible financing approach towards the coal sector
- Issuing our [green bond report](#) that quantified 11,423 MWh of energy saved and 4,848 tonnes of carbon emissions avoided
- Supporting clients' issuances such as Star Energy's Wayang Windu geothermal green project bond and State Bank of India's maiden green bond
- Participating in BCA's [Building Retrofit Energy Efficiency Financing \(BREEF\) Scheme](#) and Singapore Economic Development Board (EDB) [Energy Efficiency Financing Pilot Programme](#). These schemes offer financing to help SMEs offset high upfront costs through an energy performance contract arrangement. The total amount of outstanding loans to BREEF and EDB Energy Efficiency Financing Pilot Programme was SGD 5.1 million. The retrofits resulted in a reduction of over 13,174 MWh of energy consumption and enabled two buildings to be certified as BCA Green Mark.

We actively encourage our customers to use digital banking including cashless payments and paperless cheques to reduce environmental impact.

#### Operations

All functions of the bank have been engaged in reducing carbon emissions from our operations. Some of the initiatives include:

- Making RE100 progress in managing our environmental footprint
- Engaging green ambassadors in managing our environmental footprint
- Conducting inaugural Climate Week in March 2018

#### Advocacy

We launched initiatives to raise awareness on the issue of climate change and to encourage the public and passionate changemakers to take steps in effecting change:

- Sponsoring the Climate Action theme at [UNLEASH 2018](#)
- Securing > 50,000 pledges to reduce the use of single-use plastics - [#RecycleMoreWasteless](#)

## Status

DBS announced its support for the Taskforce on Climate-related Financial Disclosures (TCFD) in 2017. TCFD was established by the Financial Stability Board to devise guidelines on climate-related disclosures that are comparable across companies, consistent over time and reliable in their measurement.

We commissioned a globally recognised independent environmental consultancy firm to assist in conducting a pilot study<sup>(1)</sup>. The study focuses on customers in five sectors that are most likely to be impacted by efforts to combat climate change. The five sectors are:

Sectors	Subsectors
Agriculture	Agriculture, Food & Beverage (F&B) upstream, F&B midstream and Rubber
Chemicals	Chemicals
Energy	Oil & Gas and Power
Infrastructure, real estate and transportation	Auto upstream, Auto midstream, Aviation, Real estate and Shipping
Mining and metals	Coal, Metal (ferrous) and Metal (non-ferrous)

### Carbon footprint

We selected 303 listed customers for the study. They represented between 25% and 50% of our exposure in their respective five sectors. Collectively, they accounted for about 10% of our total gross loans and advances to customers as of May 2018.

We measured the carbon intensity of each customer, using the metric "carbon to revenue", which is the amount of carbon produced (in metric tonnes) for SGD 1 million of revenue generated by each customer. This metric provides an indication of the risks a company faces from future regulations to curb carbon emissions. The amount of carbon produced by the customers form the basis of Scope 3 emissions<sup>(2)</sup> for us.

Industry sectors (N = 303 customers)	Sector weight as % of sample population (by exposure)	Sample population as % of gross loans and advances to customers	Carbon to revenue <sup>(3)</sup> Tonne CO <sub>2</sub> e <sup>(4)</sup> / SGD million
Agriculture	6	0.6	321
Chemicals	1	0.1	523
Energy	22	2.3	1,059
Infrastructure, real estate and transportation	67	6.8	189
Mining and metals	4	0.3	1,622
<b>Total</b>	<b>100</b>	<b>10.1</b>	-

Our study showed that the highest carbon to revenue intensity sectors were the energy sector as well as the mining and metals sector. Our aggregate exposure to selected customers from both sectors accounted for approximately 2.6% of the total gross loans and advances to customers as of May 2018. Other sectors have relatively lower intensities.

### Scenario analysis

We analysed the potential cost to the 303 customers from carbon-related regulations using scenarios reflecting three different carbon prices<sup>(5)</sup>. We applied our credit risk models to a percentage of these customers to evaluate their potential credit deterioration arising from the impact of higher carbon cost on their cash flows.

(1) The scope of our pilot study covers greenhouse gas (GHG) emissions. Carbon dioxide (CO<sub>2</sub>) is a component of GHG emissions. The term "carbon" is used broadly in this section and is consistent with market norms to describe GHG

(2) "Scope 3" emissions are emissions incurred via our lending to companies in these five sectors. Scope 3 emissions are derived from customers' "Scope 1" emissions which refer to all direct GHG emissions and "Scope 2" emissions which refer to indirect GHG emissions from the consumption of purchased electricity, heat or steam

(3) The weighted average carbon intensity (WACI) of all five sectors is 567 tonne CO<sub>2</sub>e / SGD million. This is a metric recommended by TCFD

(4) CO<sub>2</sub>e (Carbon dioxide equivalent) is a standard unit for measuring carbon emissions by converting all types of GHG emissions into a CO<sub>2</sub> basic unit

(5) We considered three climate-related scenarios based on research by the International Energy Agency (IEA) and the Organisation for Economic Co-operation and Development (OECD). The three scenarios are differentiated by the assumed increase in carbon prices (ranging from USD 10 to USD 120 by 2030) and probability of limiting temperature increase to 2°C

The results of the pilot study indicated the following:

- Certain carbon-intensive customers in our core markets may be negatively affected by transition risk<sup>(1)</sup>, especially if the increase in carbon-related costs cannot be passed on to their customers; and
- Our exposure to customers in the study most impacted by transition risk is not material to our overall loan book.

We focused our initial efforts on transition costs because we view this as the biggest climate-related risk. In future, we may expand the scope of our risk assessment by evaluating the costs of the physical impact of climate change. We recognise that climate change assessments inherently have a high degree of uncertainty because weather patterns can be unpredictable, assumptions used in climate risk modelling may be faulty, and policy outcomes may have unforeseen positive or negative effects. The analysis and prognosis related to climate change can therefore change over time as scenarios evolve.

Nevertheless, the pilot study represents the initial step of our commitment to understanding climate change and how it will impact our business. The findings will provide the basis for us to engage carbon-intensive customers and guide our effort to structurally shift our portfolio towards lower-carbon activities.

Read more about “Methodology for TCFD” on [page 47](#).

## Targets

We will continue to engage our employees and customers on climate action-related initiatives.

## Supported SDGs



## C. Digital finance

### Why it matters

Digital finance, which encompasses technologies such as Big Data, artificial intelligence (AI), mobile platforms, blockchain and the Internet of Things (IoT), are increasingly overhauling the infrastructure on which banking and finance sectors have relied on for centuries to achieve sustainable and inclusive growth. Through digital finance, the cost of transactions, acquisitions and networking processes can now be reduced significantly. Progress in digital finance is also reshaping consumer behaviour, banking habits and expectations.

These same capabilities are also easing the way for directing finance towards alleviating environmental and social challenges. With better information integrity, investors can better price ESG risks and opportunities, boosting the likelihood of positive impact investments. With improved ease of access to basic financial services, financial institutions can now reach traditionally underserved segments of the population and start to actively explore the potential of “crowdfunded” sustainable investments. This promotes financial inclusion and literacy, as well as sustainable development.

(1) Transition risk is concerned with a lower-carbon economy which may entail extensive policy, legal, technology and market changes to address mitigation and adaptation requirements related to climate change

(2) Consumer and SME businesses (Singapore and Hong Kong) and digibank customers (India and Indonesia)

## Approach

Our digital transformation is pervasive. It encompasses technology and embraces a startup culture, while building upon and improving the holistic customer experience at DBS. We have joined the Sustainable Digital Finance Alliance (SDFA) and the UN Task Force on Digital Financing for SDGs. These collaborations address the potential for fintech-powered business innovations to reshape the financial system in ways that better align with the needs of sustainable development.

## Initiatives

We have identified three key areas in which digitalisation of the financial system can help promote sustainable banking practices.

### Financial inclusion

A key tenet of our sustainability efforts is improving the access to financial services for all segments of the population. Examples include:

- Helping to alleviate the social problem of first-time borrowers not being able to access loan facilities. By collaborating with a leading telecommunications company, we now have an alternative measure of credit-worthiness based on the user’s behaviour.
- Increasing use of our digital account opening which allows us to expand our reach to customers at lower cost.
- Digitalising frequently used content such as documentation to reduce the costs associated with issuance of bonds, creating the potential for wider distributions.

### Sustainable finance

Through strategic collaboration with pertinent partners, we go beyond what a bank traditionally does. Examples include:

- Working with Agrocrop International to launch an end-to-end cross-border blockchain trade platform which enables farmers, logistic companies and banks to track, trade and finance their commodities shipments online, and in real time.
- Encouraging the use of renewable energy through blockchain. DBS is now trading on one of the world’s first blockchain-powered Renewable Energy Certificate (REC) marketplaces launched by Singapore Power Group.

### Promoting sustainable practices

As a responsible bank, we have a role to influence our stakeholders towards becoming more sustainable. Examples include:

- Giving customers sustainable choices. The DBS Electricity Marketplace allows retail customers the option to pick from carbon-neutral electricity providers. We are exploring a customised process that can create “personal carbon footprint” reports. By adding this dimension to existing customer data, we can help customers understand their impact on the environment and offer options on how they can reduce or offset this.
- Launching of the [banking carbon footprint](#) (Phase 1) on our website to help educate retail customers about their carbon emissions footprint involved with banking services.
- Improving financial inclusion and literacy through lifestyle. Wearable devices like the POSB Smart Buddy and the POSB Smart Senior can help schoolchildren and seniors access financial services in ways relevant to their lifestyles and needs (e.g. encouraging financial literacy among children and empowering independence among seniors).

## Status

Our digital customers<sup>(2)</sup> have grown from 4.3 million in 2017 to 5.6 million in 2018.

## Targets

We will continue to invest in our digital transformation. Our ongoing collaborations with SDFA and UN Task Force on Digital Financing for SDGs aim to reshape the financial system to better align with the needs of sustainable development.

## Case study

### HeveaConnect – A digital trading marketplace for sustainable rubber

We partnered Halcyon Agri to launch HeveaConnect, a digital marketplace for the trading of sustainably processed natural rubber. HeveaConnect simplifies the buying, selling and financing of trade in the rubber industry by connecting stakeholders in an integrated ecosystem. The platform allows producers and consumers to track pricing and supply information, and conduct transactions while providing value-added services on financing, insurance and logistics. We will also offer financing services to smallholder rubber producers who previously may not have had ready access to banking credit facilities, as well as provide working capital, trade and commodity financing for buyers.

Read more about [HeveaConnect](#).

## Supported SDGs



## D. Financial inclusion

### Why it matters

Access to financial services enables vulnerable segments of society to improve their circumstances, reduce inequality and can drive economic growth. Recognising that many of our key markets are developing economies with significant income inequality, we view financial inclusion as a material matter for the financial services sector.

## Approach

We are committed to bringing affordable banking services to customers in our major markets, including communities, SMEs and social enterprises, keeping in mind our footprint and relative size in each market. We will use digital means to achieve this, where feasible.

Digital transformation is a credible step to enhancing financial inclusion, by providing scalable, faster and cheaper delivery. We have digitalised our banking services so that our customers can perform banking transactions anytime and anywhere. Digitalisation also allows us to expand our reach beyond the confines of our physical footprint.

Read more about “Digital finance” on [page 17](#).

## Initiatives

### Communities

In Singapore, subsidised banking services are provided to a large segment of the market. Fees are waived for many customers, including the young, seniors, national servicemen and people under public assistance schemes. We also waive fees for ex-offenders to help their reintegration into society.

We are the bank of choice for many migrant workers in Singapore. In 2018, we launched a free membership programme that offers migrant workers discounts and benefits on insurance and remittance. Through the [POSB jolly App](#), services such as remittance, telecommunications, insurance and travel perks are provided.

Women and men face different challenges when planning for retirement. We factored in life expectancy, wage gap, career breaks and financial literacy to develop a plan for women to achieve a secure and independent retirement.

Read more about [women and retirement](#).

Together with Singapore Stock Exchange (SGX), we provide financial education and resources for different groups of individuals, including students, fresh graduates and women. Specific financial literacy workshops are curated and organised under the collaboration Financial Literacy for You (FLY).

Read more about [FLY](#).

We supported clients’ issuances such as IIX Women’s Livelihood Bond and Korea Housing Finance Corporation’s social covered bond.

Read more about [Women’s Livelihood Bond](#).

### SMEs

Through our participation in government schemes in some markets, we enable a wider segment of SMEs to access financing. These include:

- [Singapore Government-Assisted Schemes](#) which offer collateral-free working capital loans for SMEs, micro loans for startups to fund their business expansions and the Internationalisation Finance Scheme, which help fund companies’ overseas expansion.
- [Taiwan SMEs Guarantee \(SMEG\) Scheme](#), which assist SMEs to secure financing from financial institutions.
- India priority sector lending.

### Social enterprises

DBS Social Enterprise Package was designed to address the needs of social enterprises. Under this package, the bank offers unsecured business loans at a preferential rate of 5% fixed per annum.

## Status

As of 31 December 2018, our total lending to SMEs was SGD 38 billion. More than 20,000 SME accounts opened were created through our digital services in 2018.

The total amount of outstanding loans to Singapore Government-Assisted Schemes and Taiwan SMEG Scheme were SGD 977 million and SGD 638 million respectively.

Read more about “POSB” in the Annual Report on page 40.

## Targets

We aim to always remain at the forefront of providing pioneering financial solutions that cater to the evolving needs of our key markets.

## Supported SDGs



## E. Fair dealing

### Why it matters

Customers are naturally concerned about their experiences when dealing with financial products and services, and the value they receive. The Monetary Authority of Singapore has issued Guidelines on Fair Dealing to promote fair dealing by financial institutions when conducting business with their customers. Our priority is to consistently deliver fair dealing outcomes to our customers and build long-term relationships.

### Approach

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

- i. Being responsive to our customers' needs and requests;
- ii. Selling products and services which are appropriate;
- iii. Ensuring our sales employees are trained to deal with customers fairly; and
- iv. Communicating with our customers in a clear and transparent manner.

This commitment is embodied in our Code of Conduct Standard Principle 4.

Oversight of fair dealing is the responsibility of the Group Fair Dealing and Conduct Committee (FDCC), which is chaired by the CEO. As practices and trends on fair dealing and suitability are inextricably linked with conduct, we have, since 2018, included conduct as part of the mandate of the FDCC.

Metrics on fair dealing and conduct are tracked, and actions are taken in response to incidents and/ or trends which raise concerns around suitability or conduct risk. Fair dealing outcomes are reported to the Board Audit Committee on a quarterly basis.

### Initiatives

We have taken proactive steps towards delivering fair dealing outcomes for our customers in Singapore, including:

- i. Subjecting investment products distributed by us to a rigorous due diligence process;
- ii. Strengthening our sales process to ensure that our products and services meet the needs of our customers and are marketed appropriately; and
- iii. Ensuring that our employees are fully trained and equipped to give sound advice and recommendations.

We adopt high service standards in handling complaints to ensure that customer feedback and concerns are looked into and resolved in a timely, effective and fair manner. They can be received via phone or through [other channels](#).

Employee remuneration is based on a balanced scorecard approach which ensures alignment between the interests of our employees and customers. A significant proportion of employee remuneration is dependent on the demonstration of proper sales processes and embracing of our cultural values.

All our employees receive annual training on compliance and fair dealing, in addition to training in our suite of products. They also undergo product knowledge and skills tests regularly. We take a serious view on any oversight by our sales employees and hold their supervisors accountable for their coaching, monitoring and supervision. In the interest of improving our products and services, we provide customers with various channels for feedback.

## Status

In 2018, we made significant improvements in using data analytics to detect client vulnerabilities and predict the need for greater supervisory attention or action.

There were no material instances of non-compliance concerning fair dealing during the year.

### Targets

We continue to encourage a corporate culture of fair dealing and the achievement of fair dealing outcomes. Importantly, we aim to maintain zero material instances of non-compliance in fair dealing.

### Supported SDGs



## F. Cyber security

### Why it matters

Cyber security threats to infrastructure and information continue to increase in frequency and evolve in sophistication. New trends, such as business ecosystems, create wider interconnected computer networks which increase the surface of potential vulnerability. New laws, including laws applicable to critical infrastructure and anticipated laws around "fake news" trends, impact the way we protect ourselves and our customers. DBS adopts a converged risk management approach to ensure that cyber security and data governance risks are managed hand in hand.

### Approach

DBS is a trusted brand name. We are committed to upholding our customers' trust in us by protecting and using their personal data in a responsible manner.

We have developed the following framework:

- i. **Cyber Security Risk Management Approach**  
Includes identification, assessment, control and mitigation, monitoring, reporting and measurement, underpinned by risk appetite.
- ii. **Group Information Security and Governance Policy**  
Outlines broad principles on handling information in electronic and physical mediums, as well as dealing with external and internal cyber threats.

The metrics on data protection and cyber security are reported to the Group Operational Risk Committee and ultimately to the Board Risk Management Committee. Material cyber issues or incidents are independently reported to the Board Audit Committee.

### Initiatives

We have a long-established 24x7 Security Operation Centre (SOC), and with the support of the Server and Network Operation Centre, we constantly monitor any potential cyber attacks and take appropriate preventive measures before they become a significant event. DBS SOC is an approved member of Forum of Incident Response and Security Teams (FIRST) — a global leader in incident response.

We implement multi-layered defences, combined with employee education and industry collaboration. We keep abreast of techniques and threats as they evolve to develop appropriate counter-measures and conduct periodic phishing and social engineering exercises which translate theoretical knowledge into day-to-day application for our employees.

In 2018, we strengthened our collaboration with cyber security authorities and regulators, and scaled up our capabilities around monitoring for unusual employee behaviour in the use of data. We will further scale the implementation of virtual isolation to secure internet access for our employees and enhance our response capabilities towards cyber threats with security orchestration technologies.

While we proactively predict, prevent, detect and respond to cyber threats, it is equally important that our customers protect themselves online. Complementing this approach, we have been providing [security tips](#) and [security alerts and news](#) for the public. We also provide hotlines for our customers to report abnormal transactions in their accounts.

Additionally, we have piloted an ecosystem risk management framework to ensure that customer data transmitted to an ecosystem partner is managed in accordance with DBS standards. We have also purchased a cyber security insurance policy to cover cyber-related risks. These steps enhance our overall risk treatment for potential unknown cyber risk events.

### Status

There were no material instances of customer data loss during the year.

### Targets

We adopt a zero-tolerance mindset for operational risk, including cyber security.

We will continue to strengthen our cyber security capabilities to protect our data and maintain high security hygiene in our technological environment. We will also continue to monitor the landscape for cyber threats and enhance our protective technologies and cyber incident response capabilities.

### Supported SDGs



## G. Data governance

### Why it matters

Current trends in data and use of data are raising new challenges for us, to ensure that the wave of innovation is not ultimately leading to unacceptable and unintended effects for our communities. The focus on how data is collected and protected has morphed as new frontiers have opened with innovative uses of data – including how data is shared with and used by ecosystem partners, governance frameworks for artificial intelligence, and how to monitor the performance of analytics models. DBS adopts a converged risk management approach to ensure that cyber security and data governance risks are managed hand in hand.

## Approach

Our approach is to focus our corporate governance efforts on the responsible use of data, whilst ensuring that existing consent regimes are complied with. Our framework for data governance comprises the following:

- i. **Data Governance and Data Management Policies**  
Provides control over data collection, data quality, data transfer and data retention.
- ii. **Privacy Policy**  
Defines our internal policy on personal data processing. It represents our promise to protect and manage our customers' personal data in a responsible manner.

### Initiatives

Our policies on data governance and data management are periodically reviewed to ensure our data processing aligns with evolving legal and regulatory requirements.

Our ecosystems' risk management framework extends beyond DBS' data governance to include our ecosystem partners, as customer data transmitted to them must continue to be managed according to DBS' standards.

### Status

In 2018, we developed a framework for the responsible use of data, which seeks to ensure that even as DBS continues with analytics work, data and output from the data are used appropriately, not just in accordance to legal standards but also within reasonable expectations of society.

There were no material instances of customer privacy breaches during the year.

DBS is the first bank in Singapore to receive [Data Protection Trustmark \(DPTM\)](#) certification by Singapore Infocomm Media Development Authority (IMDA), demonstrating our responsible data protection practices.



Infocomm Media Development Authority (IMDA) Data Protection Trustmark (DPTM) launch event

### Targets

In 2019, we will be implementing the Responsible Data Use framework which provides corporate oversight and governance processes to ensure data usage is evaluated and balanced against the needs of the individual, business and society.

### Supported SDGs



## H. Preventing financial crime

### Why it matters

Financial crime is a severe threat to the financial industry. Compliance-related issues, associated costs and related reputational impact are significant. With financial innovations taking place at an unprecedented pace, threats are evolving and becoming more sophisticated. Globally, the Financial Action Task Force (FATF) was established in 1989 to develop and promote policies to protect the global financial system. At home, we are members of the Anti-Money Laundering (AML)/ Combating Financing Terrorism (CFT) Industry Partnership (ACIP), which was established to share information on financial crime risks, typologies and mitigations.

### Approach

Our definition of financial crime includes bribery, corruption, fraud, money laundering and terrorist financing. We are committed to conducting business in accordance with all applicable laws, rules, regulations and the highest ethical standards. This commitment is embodied in our Code of Conduct.

Accordingly, we have developed a framework consisting of the following:

- i. **Anti-Bribery and Corruption (ABC) Policy and Standard**  
Encompasses elements of risk assessment, controls and monitoring, due diligence, rules over gifts and entertainment, and reporting. All these are underpinned by senior management commitment and communication.
- ii. **Anti-Fraud Policy and Standard**  
Includes elements of reporting and analysis, identification and assessment of fraud risks, fraud controls and monitoring, investigation and remediation, all of which are underpinned by strategy, governance and culture.
- iii. **AML, CFT and Sanctions Policy and Standard**  
Establishes correspondent banking services requirements from an AML/ CFT perspective.

Any employee who contravenes the policies may be subject to disciplinary action up to and including termination of employment. If the breach is significant, it may also lead to prosecution of the parties involved.

The Group Head of Financial Crime and Security Services is ultimately accountable in this area. The Group Operational Risk Committee regularly reviews reports on financial crime, and material issues are raised to the Risk Executive Committee and, if necessary, to the Board Risk Management Committee.

### Initiatives

Our anti-financial crime culture includes a training and awareness programme with associated activities. Every employee is expected to recognise financial crime and is empowered to take the necessary actions to mitigate such risks. To that extent:

- i. All our employees complete mandatory anti-money laundering training annually;
- ii. All new employees complete mandatory anti-bribery and corruption training;
- iii. All employees read and acknowledge our Code of Conduct annually, which contains our stance on anti-corruption; and
- iv. The Board attends a training session on "Anti-Money Laundering and Terrorism".

"Speak Up", an independent whistleblowing service managed by Deloitte, was implemented to ensure that arrangements are in place for concerns to be raised on possible improprieties or misdeeds. These concerns are independently investigated for appropriate follow-up action. The service ensures anonymity and protection when disclosures are made in good faith.

Read more about [DBS Speak Up](#)

### Status

In 2018, we improved our processes and controls in dealing with financial crime risk and enhanced front office controls, transaction monitoring and collaboration with regulators.

There were no material instances of non-compliance with laws and regulations in the context of financial crime during the year.

### Targets

We have zero tolerance for any acts of bribery, corruption and fraud, and will comply with applicable AML, CFT and unilateral and domestic sanctions laws and regulations in jurisdictions in which we operate.

### Supported SDGs



# Pillar 2: Responsible business practices

We do the right thing by our most important resource – our people – and take into account environmental and societal considerations in our day-to-day business operations.

## I. Talent management and retention

### Why it matters

Being named "Best Bank in the World" by Global Finance reflects our determination to redefine banking, embrace digitalisation and embed the bank's culture to be a 26,000-person startup. The key factor to our success is our employees. It is imperative that we remain as an employer of choice to continually attract, retain and develop talent.

### Approach

Our value proposition to employees is to live fulfilled: providing our employees the flexibility to grow and develop, be supported and recognised for their pursuits. Embedding agility in our employees allows them to be innovative and empowered to initiate changes, and make our mark by reimagining banking and creating sustainable impact beyond banking.

This proposition is realised by applying the following human resources (HR) policies:

- i. **Resource Management Policy**  
Covers recruitment, onboarding and separation.
- ii. **Remuneration Policy**  
Outlines the key remuneration and risk management principles.
- iii. **Learning and Talent Development Policy**  
Creates the "triple-E" framework on experience, exposure and education.

### Initiatives

As we continue to acquire new competencies to support our aspirations and grow our franchise, we introduced new talent acquisition strategies to identify the best talent. Beyond hackathons, we created Jobs Intelligence Maestro (JIM), a virtual recruitment bot powered by artificial intelligence (AI), to improve job application experience in Singapore. This innovation earned us the accolade to be the first AI-based virtual bank recruiter in Southeast Asia.

Additionally, we extended our Skills Enhancement Education Programme (SEED) programme from Singapore to India. The two-year programme is designed to train a group of technology specialists with new competencies to support our digitalisation ambition.

In 2018, we enhanced the "triple-E" framework and refreshed the career management platform iGrow to further develop our workforce. The enhanced platform provides employees with an additional channel to connect with mentors from different units and markets. We expanded our Explore programme – which lets employees participate in projects of other units, and to build new capabilities beyond Singapore.

We continue to operate a robust talent review process to grow our own timber and build a pipeline of successors. This has yielded positive outcomes as reflected in our recent key leadership appointments.

We believe an engaged workforce will drive better outcomes. As such, we extended the peer-to-peer recognition platform with weTQ, which enables managers to recognise teams who have displayed our **PRIDE!** values.

### Status

#### Awards

Our continued efforts in being an employer of choice is evident in the various awards we have won.

Read more about "Selected ESG-related awards, indices and ratings" on [page 49](#).

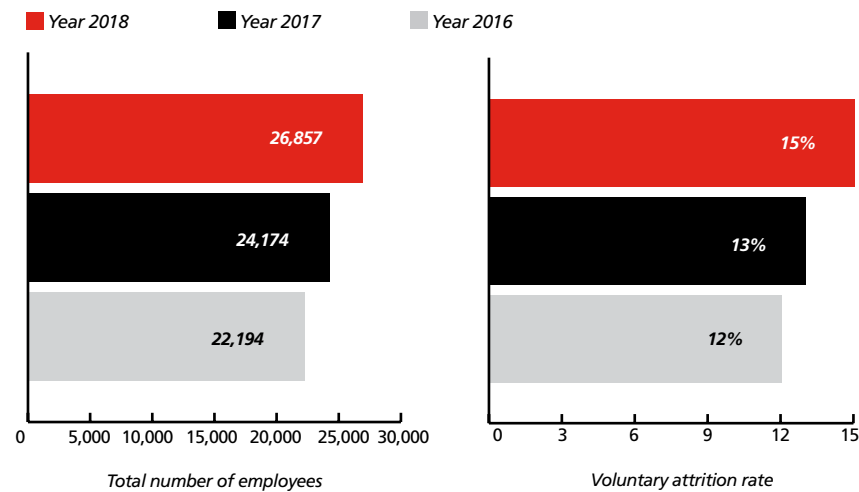
#### Employee engagement scores

We were ranked at the 87<sup>th</sup> percentile in AON Hewitt My Voice Survey with our employee engagement score maintained at 82%. We also introduced the Manager Effectiveness Index in My Voice. The score of 86% placed rating managers positively in their managerial effectiveness.

## Statistics

### i. Total number of employees and voluntary attrition rate<sup>(1)</sup>

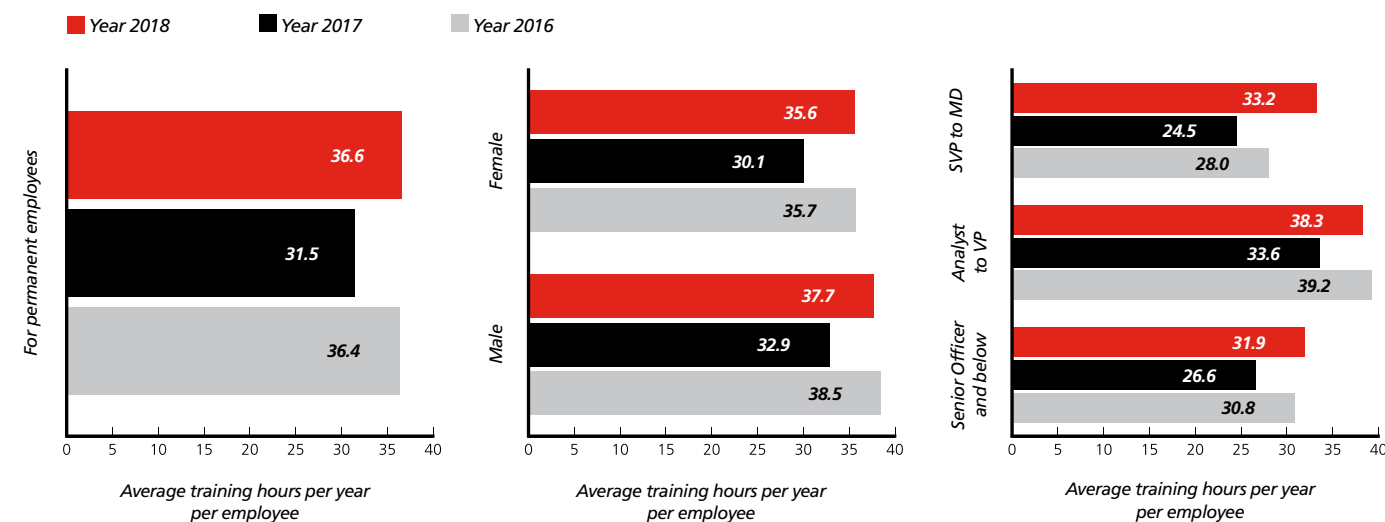
Our voluntary attrition rate increased in 2018. This is largely attributed to Indonesia and Taiwan which completed the integration of the acquired business from ANZ. Our employee retention for Singapore remained best-in-class. The implementation of the human capital analytics model in Singapore helped in retaining employees and we subsequently developed similar models in other markets.



Read more about "Information on employees" on [page 36](#).

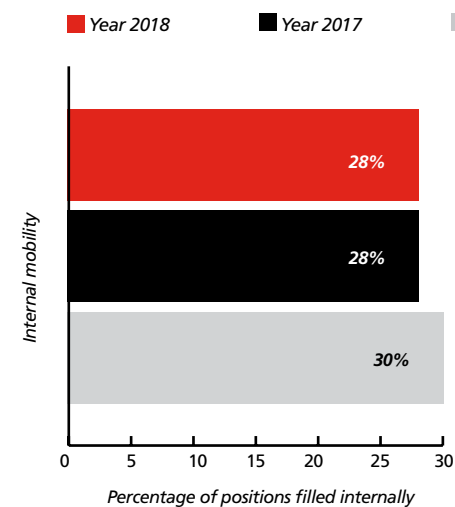
### ii. Average training hours<sup>(2)</sup> per year per employee by gender and employee category

The average training hours for permanent employees increased from 31.5 in 2017 to 36.6 in 2018. Our learning platform, Horizon, allows employees to have access to learning 24/7 and to reach out to different communities to experiment and learn.



### iii. Percentage of positions filled internally

The percentage of positions filled internally has remained consistent over the past three years.



### iv. Percentage of employees who receive regular career development reviews

All our male and female employees received regular career development reviews in 2018, as compared to more than 99% in 2017.

- (1) The rates exclude involuntary termination as well as contract, temporary and agency staff attrition
- (2) Excludes informal learning methods such as community-based learning; and exposure opportunities such as immersion programmes including customer and employee journeys

## Targets

We will continue to uphold ourselves as an employer of choice by promoting exceptional employee experiences. This is implemented through our employee proposition – "Be the Best, Be the Change and Be the Difference". Aligned with our vision of being a learning organisation, we will continue to provide opportunities and resources to our employees to acquire new skills and enhance existing ones.

## Supported SDGs



## J. Diversity and equal opportunity

### Why it matters

Diversity in the workplace helps to promote inclusiveness. As we continue to compete for talent, it is important to be able to reach out to potential employees across channels and platforms. Recognising our diversity as a source of strength, we continue to focus on gender, generational and cultural diversity in delivering value to our stakeholders.

### Approach

We give equal opportunities to all and create a conducive working environment where individuals are respected, supported and included. DBS' commitment to diversity and equal opportunity is covered through our Board Diversity Policy to promote diversity within our Board of Directors. In our Resource Management Policy, we hire based on merit, competencies and organisational fit (based on DBS PRIDE! values), regardless of gender, race, religion or physical attributes.

### Initiatives

Embracing gender, generational and cultural diversity and providing equal opportunities in DBS means that we support our employees as they grow and thrive in different aspects of their lives.

Our flexible work arrangements provide employees with various options to allow them to be their best. From part-time, to flexi-time, to working from home or taking sabbaticals, employees can leverage different programmes depending on their personal requirements. This arrangement is particularly relevant for working mothers who may need to juggle the demands of family life with their careers.

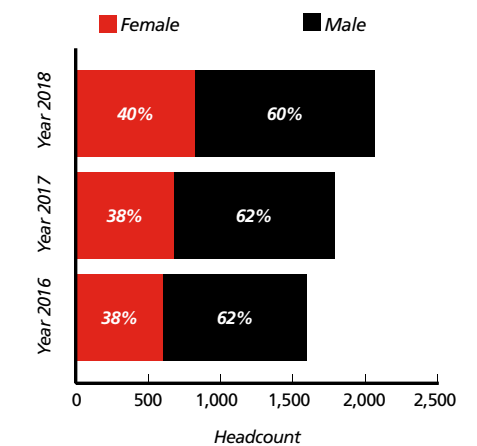
### Status

In 2018, we enhanced our parenthood leave which include maternity, paternity and adoption. With this enhancement, our entitlement is above regulatory requirements in many locations. We also introduced neonatal care leave for employees who require additional support when their child is born prematurely.

We have been recognised for our efforts in promoting gender equality in the Bloomberg Gender-Equality Index for a second consecutive year. The overall gender pay gap across our six key markets, adjusted for ranks and locations, is insignificant at 2%.

## Breakdown of senior management positions (SVP to MD) by gender

In 2018, 40% of senior management positions (SVP-MD) were held by women as compared to 38% in 2017.



Read more about "Information on employees" on [page 36](#).

## Targets

We are committed to workplace diversity. Moving forward, we aim to deepen our discussion and efforts to enhance cross-generational, cultural and disability acceptance.

## Case study

DBS celebrated International Women's Day on 8th March 2018 by hosting a session on women at work and in leadership positions. We invited consultants from Korn Ferry and PwC to speak at "Women CEO Speak" and "Women at Work" respectively. DBS' Group Management Committee Members Jeanette Wong, Pearlyn Phau, Lee Yan Hong and Shee Tse Koon were also invited as panellists to the session.



DBS celebrated International Women's Day on 8<sup>th</sup> March 2018

## Supported SDGs



## K. Workplace well-being

### Why it matters

Employees spend at least a third of their time working in the office. As such, it is important to provide a safe and healthy work environment. Good workplace well-being practices result in reduced costs, increased productivity and higher employee morale.

### Approach

We are committed to providing a supportive environment for employees. The iHealth@DBS programme, an online healthy lifestyle management solution, focuses on four important tenets to boost employee well-being: live well, eat well, stay well and save well.

### Initiatives

#### Live well

Our flexible work arrangements aid employees in managing different commitments and work demands. Our iFlex programme, a flexible online spending account, offers tools and incentives to promote health and work life balance among our employees, and complements their health, wellness and insurance choices. Nursing rooms are also provided for our employees at our offices. Most recently, we invited Thrive Global to engage our employees on sustainable, science-based solutions to enhance their overall well-being, performance, and sense of purpose while creating a healthier relationship with technology. All these initiatives are in place to support our employees in their social, emotional and mental well-being.



Arianna Huffington (second from the right), founder and CEO of Thrive Global and founder of The Huffington Post, at our leadership conversations

#### Eat well

It is equally important for employees to be proactive in managing their health. Facilitating this, we invite dieticians and wellness consultants to share their experience during lunch-time workshops.

In addition, our cafeteria vendors offer a choice of healthy foods including salad and brown rice, among other options. We have also installed vending machines to provide salads, healthy snacks and no-sugar beverage options.

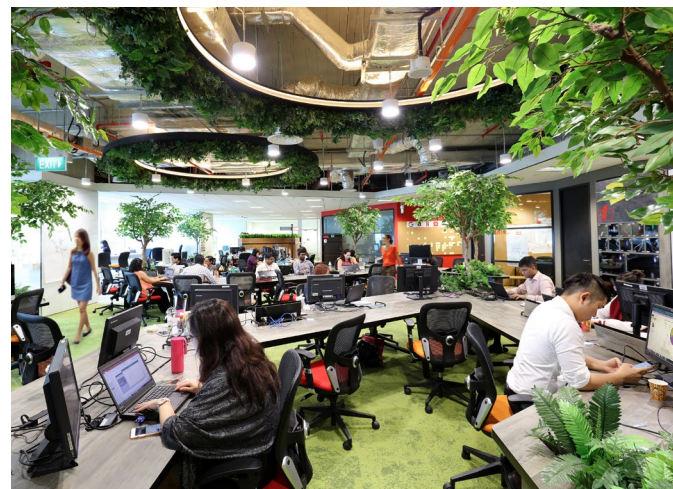
#### Stay well

We provide fitness facilities including gyms and dance studios within our offices to support our employees' physical well-being. Annual onsite health screenings are organised for our employees. In 2018, 3,258 employees participated in this programme. In addition, we introduced Automated External Defibrillator (AED) training to our employees as part of Business Continuity Management (BCM) Awareness Day.



Annual onsite health screenings

To enhance our employees' work experience, we expanded JoySpace, an activity-based shared workspace arrangement, designed for better collaboration and ideation. We also established an active recreation club where employees can engage in various activities to enliven their DBS experience.



JoySpace at DBS

DBS Singapore participated in the 4<sup>th</sup> National Steps Challenge (Corporate) organised by the Health Promotion Board, which encourages walking as a form of physical activity towards a healthy lifestyle.



Singapore Health Promotion Board Steps Challenge – 2018 DBS internal winning team

### Save well

Being a financial institution, we provide our employees with more options and opportunities to take care of their financial needs. Beyond banking privileges for employees, we also organise financial health roadshows to share tips on personal financial management.

Employees and their families are also covered by our corporate medical and insurance benefits, where applicable.

### Status

The bank introduced the "Investment 101" electronic direct mailer series to raise financial awareness of our employees.

### Targets

We will continue to monitor the needs of our employees, collaborate with external organisations and explore avenues to enhance workplace well-being.

### Supported SDGs



## L. Sustainable procurement

### Why it matters

Building a strong and reliable supply chain is fundamental to sustainable operations. Sustainable procurement helps to reduce waste, contributes to decent work and enables economic growth. We purchase a diverse range of products and services, with the bulk being professional, real estate and corporate services.

Engaging suppliers may carry financial, legal and reputation risks. As such, we consider environmental and social issues alongside financial factors when making procurement decisions.

### Approach

Our procurement is managed by the Group Procurement and Services (GPS) team, under the Technology and Operations support unit. GPS functions in accordance with the following:

- i. **Group Procurement Standard**  
Extends throughout the procurement cycle, from identification and specification of requirements to the awarding of contracts to vendors.
- ii. **Group Procurement Policy**  
Outlines guidelines for the purchasing of goods and services to meet DBS' requirements while ensuring minimum risks and maximum value.

**Sustainable Sourcing Principles (SSP)** have been central to our approach since 2017. The SSP outlines the expectations we have of our suppliers in four key areas – human rights, health and safety, environmental sustainability, as well as business integrity and ethics.

### Initiatives

Our SSP sets out the minimum principles and standards of behaviour that we expect of all suppliers. All new suppliers are reviewed against the SSP during registration and at regular intervals as part of our ongoing supplier management process. In 2018, we developed an assurance checklist in accordance to the SSP and conducted selected onsite assurance.

The sustainability risk materiality assessment further helps us identify spend categories with high ESG risks. Our last biennial assessment for Singapore was carried out in 2017 which identified 18 high-

risk categories. For competitive tenders in high-risk categories, we incorporated organisational sustainability into the evaluation and selection of suppliers. This sourcing philosophy encourages our suppliers to consider more sustainable solutions and modes of operation.

We incorporated circular procurement practices in our supply chain, and trained our sourcing managers to work with our suppliers in the responsible management of materials and conservation of resources. Some of our key initiatives include eliminating the use of single-use plastic bottles and reducing packaging for laptop delivery. Consequently, associated freight costs and related carbon emissions were also reduced.

### Status

In 2018, 99.6% of our new suppliers signed their commitment to our SSP.

No suppliers were identified to have significant negative environmental or social impact in their operations and supply chains, nor required to show improvement. There were also no terminated relationships post assessment.

### Targets

With over 4,500 suppliers predominantly from Singapore and Hong Kong, we believe that we are in a good position to drive innovation and support experimentation to make a meaningful impact. We will continue to ensure that 100% of our new vendors are committed to the SSP and will be building on the circular procurement experience in Singapore across our key markets.

### Case study

We are the first Asian bank to fully utilise DHL's innovative GoGreen Climate Neutral Service, an eco-friendly solution which allows us to send carbon neutral shipments and provides visibility to our carbon footprint. Using a patented methodology, the carbon emissions of every shipment are calculated based on the weight and distance travelled. This partnership helped to offset carbon emissions through reinvestments by the carbon management programme into global climate protection projects.



DBS international express shipments delivered via DHL GoGreen Climate Neutral Service

### Supported SDGs



## M. Managing our environmental footprint

### Why it matters

As a bank with extensive operations across Asia, it is important for us to manage our environmental footprint. This is especially critical because the Asian markets that we operate in are experiencing tremendous growth. As DBS continues to grow our franchise, we are committed to conducting our business sustainably by incorporating environmental and social considerations.

### Approach

We minimise our environmental footprint by reducing our consumption and improving our overall efficiency. We achieve this by actively tracking key environmental metrics relating to our infrastructure and employee behaviour. These metrics form the basis of strategies and initiatives that drive the improvement in sustainability across our operations. We continuously improve the completeness of these metrics.

### Initiatives

#### Building sustainable infrastructure

We incorporate sustainable design and sustainable principles across all our physical spaces – from office buildings to retail branches to data centres. We actively adopt energy efficiency enhancements (e.g. LED lights and enhanced building controls) in our operations. We have been pursuing certifications that incorporate best practices in environmental design, construction and environmentally friendly building technologies.

#### Driving sustainable behaviours

We actively encourage employees in our key markets to adopt sustainable lifestyle habits through campaigns that raise awareness on how individuals can be the change. DBS Singapore takes reference from the Ministry of Environment and Water Resources for annual focus topics, including incorporating circular economy thinking and practices in our operations.

One such campaign was the DBS Eco-Cup campaign, a six-week pilot behavioural change programme conducted in collaboration with the Building and Construction Authority, that resulted in employees practising better recycling habits with reduced contamination of recyclables. Another campaign involved distributing 4,000 reusable bags, 2,000 Sporks (a hybrid metal cutlery tool shaped like a spoon and a fork at either end) and 2,500 sets of metal straws to help our employees lead more eco-friendly lives. Working with our cafeteria vendors in Singapore, we stopped providing single-use plastic straws and replaced plastic cutlery with more environmentally friendly materials. Employees were also given token incentives for using their own cups or containers to reduce the use of disposables. In Hong Kong, our office buildings at One Island East, Millennium City 6 and Miramar Tower have been awarded the Environmental Campaign Committee's Wastewi\$e Label. The label was awarded in recognition of DBS' adoption of measures to reduce waste generation.



Reusable bags to reduce single-use plastics

	Singapore		Hong Kong	
	2018	2017	2018	2017
<b>Energy and Scope 2 emissions<sup>(1)</sup></b>				
Electricity consumption (MWh)	67,117	73,795	10,833	11,470
Non-renewable sources <sup>(4)</sup> (MWh)	53,081	73,795	10,833	11,470
Renewable sources <sup>(5)</sup> (MWh)	14,036	0	0	0
Scope 2 emission from electricity consumption (tCO <sub>2</sub> )	22,252	31,319	7,204	9,022
Scope 2 emissions intensity (tCO <sub>2</sub> /sf)	0.013	0.019	0.014	0.016
<b>Scope 3 emissions<sup>(1)</sup></b>				
Scope 3 emissions from air and shuttle bus travel (tCO <sub>2</sub> )	5,563	5,490	1,081	1,064
Scope 3 emissions intensity (tCO <sub>2</sub> /headcount)	0.48	0.50	0.23	0.24
<b>Water consumption</b>				
Water consumption (m <sup>3</sup> )	75,821	90,708	2,338	2,170
Water consumption intensity (m <sup>3</sup> /sf)	0.045	0.054	0.004	0.004
<b>Waste</b>				
Waste recycled (tonnes)	259	256	151	179

N.A.: Not Available

- (1) We follow the requirements of GHG Protocol Corporate Standard and GHG Corporate Value Chain Standard  
(2) Rest of Greater China includes Mainland China and Taiwan. It includes the impact of a larger footprint from acquisition of ANZ's retail portfolio  
(3) South and Southeast Asia includes India and Indonesia. It includes the impact of a larger footprint from acquisition of ANZ's retail portfolio

### Status

We have made significant investments in driving energy efficiency in our markets, and this has enabled us to operate a larger banking franchise with a smaller environmental footprint. Specifically, our total electricity consumption fell by more than 1,600 MWh in 2018, despite an increase in real estate footprint following the integration of the ANZ franchise and expansion in Hyderabad, India. A contributing factor to our smaller environmental footprint is the optimisation of our data centres' electricity consumption given the migration to cloud technology, in addition to our growing use of renewable energy. Consequently, the absolute Scope 2 emission decreased by more than 7,300 tCO<sub>2</sub>, which translated to a lower Scope 2 emission intensity from 0.015 to 0.012 (tCO<sub>2</sub>/sf) year-on-year. In 2018, we purchased a total of 8,330 litres of diesel for our Singapore operations. The related Scope 1 emissions<sup>(1)</sup> amounted to 23kgCO<sub>2</sub>.

### Renewable energy

DBS has committed to utilising 100% renewable energy in all our markets, with an interim target of 100% in Singapore by 2030. We are making steady progress and today, 14% of our total electricity consumption is sourced from renewable sources. We are actively working with partners and energy providers as the availability of renewable energy improves in our markets.

### Sustainable workspaces

100% of our branches and almost all our offices in Singapore have obtained Building and Construction Authority (BCA) Green Mark Certifications. We have achieved a total of 75 BCA Green Mark Certifications for our Singapore retail branches, comprising 10 Platinum, 40 Gold Plus, 18 Gold and seven Green Mark certifications. DBS is among the first in the banking sector to achieve the BCA Green Mark Certification under the Retail category.

### Data centre transformation

We have transformed our data centres to be more efficient through the innovative use of cloud technology and optimisation of our IT infrastructure operations. Electricity consumption from data centre IT load fell by 3,590 MWh, or about 25% in Singapore, our largest location.

	2018	2017
IT load from Singapore co-location data centre partners (MWh)	10,950	14,540

IT load includes servers, network equipment and voice equipment. IT load is part of total electricity consumption.

### Targets

We aim to source 100% renewable energy for our Singapore operations by 2030. We work towards improving our energy consumption through regular reviews and monitoring of energy consumption, optimising mechanical and electrical equipment operations and replacing aged equipment and lighting with more energy efficient models.

Rest of Greater China <sup>(2)</sup>		South and Southeast Asia <sup>(3)</sup>		Total	
2018	2017	2018	2017	2018	2017
13,613	12,160	12,222	8,013	103,785	105,438
13,613	12,160	12,222	8,013	89,749	105,438
0	0	0	0	14,036	0
8,963	8,412	11,267	8,324	49,686	57,077
0.009	0.010	0.010	0.010	0.012	0.015
N.A.	N.A.	670	N.A.	N.A.	N.A.
N.A.	N.A.	0.11	N.A.	N.A.	N.A.
51,688	42,064	46,854	N.A.	176,701	N.A.
0.053	0.051	0.041	N.A.	0.041	N.A.
55	42	10	9	475	486

- (4) Includes all purchased electricity (e.g. power, lighting, air-conditioning) used in our operations in our respective markets  
(5) Renewable energy from onsite solar power generation and renewable energy certificates (REC) purchased in 2018

## Case study

### Leadership in renewable energy

In 2017, we became the first Asian bank and Singapore company to join RE100. RE100 is an initiative by The Climate Group in partnership with the [Carbon Disclosure Project \(CDP\)](#) which brings together over 100 influential companies seeking to make a difference for climate change. As an initial step towards achieving this goal, we have installed 1,200 solar panels at our premises in Changi Business Park, capable of providing over 460 MWh annually.

### Enabling employees to drive change

In mid-2018, we set up Sustainability Interest Groups in DBS. These groups bring together employees from across the bank who are interested in volunteering 5% of their work time in support of DBS' sustainability objectives. The volunteers meet monthly to ideate, plan and drive sustainability initiatives, with the bank providing them necessary infrastructure support. For example, we drove bank-wide awareness campaigns that reminded employees to make sustainable consumer choices during the Christmas festive season. Currently, we have three such interest groups focused on initiatives around food waste, plastics and paper in Singapore. We plan to increase the number of such groups in 2019.



## Supported SDGs



## N. Responsible tax management

### Why it matters

Taxes play a central role in contributing to economies and communities. As a significant taxpayer in Singapore and in the other locations that we operate in, we acknowledge our part in contributing to communities via the payment of direct and indirect taxes.

Governments and the general public are placing higher expectations on companies to be ethical in their tax dealings. We accept our duty to comply with all taxes responsibly and adhere to local and international tax standards.

(1) We comply with the requirements under the United Kingdom Finance Act 2016. The statements presented in the "Approach" section serve as DBS' Tax Strategy, in compliance with Schedule 19, Part 2, Paragraph 19 of the said Act. These statements are effective for 2018 and 2019

## Approach<sup>(1)</sup>

We are committed to paying our fair share of taxes in the locations where we operate, and complying with all relevant tax laws and regulations. This includes the fulfilment of local tax filing obligations and timely payment of taxes.

It is the sovereign right of governments to set tax laws and regulations in the context of the competitive global marketplace. Globally, competition for investment and capital is robust, and it is not the role of businesses to determine what level of tax would meet the needs and expectations of society. Tax incentives and exemptions are an effort by governments to encourage investment, employment and economic growth. To balance the interests of our stakeholders, we claim legitimate incentives and exemptions that are granted to us.

We seek to align our tax contribution in any tax jurisdiction with the value created in those locations, and only undertake transactions which we would be prepared to fully disclose. Our approach to transactions with clients is guided by our Tax Sensitive Transactions Standard. We will not knowingly engage in tax structures that aim to evade tax. In addition, we have in place a process to ensure that transactions that may lead to tax avoidance are escalated and reviewed by risk and control functions as and when required.

### Tax governance and risk management framework

The Board of Directors' responsibility for sustainability includes responsible tax management. The Group CFO, supported by the Head of Group Tax, oversees the tax function which is responsible for ongoing tax compliance and robust management of tax risks and exposures.

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

Our tax risk management framework is based on the following principles:

- We only undertake transactions which are underpinned by strong commercial motivations that we are prepared to fully disclose;
- We carefully consider the potential tax sensitivity of transactions and are guided by a set of established escalation and approval procedures;
- We have sufficient skilled employees in each major location and we will seek independent advice on transactions with significant tax uncertainty; and
- We take our tax compliance responsibilities seriously and fulfil all our obligations as a compliant taxpayer. Senior management and independent tax consultants review our returns and filings prior to submission.

### Approach to base erosion and profit shifting

Base Erosion and Profit Shifting (BEPS) refers to tax avoidance strategies that exploit gaps and mismatches in tax rules to artificially shift profits to low- or no-tax locations. Singapore is part of the BEPS Project led by the Organisation for Economic Co-operation and Development (OECD) for the global implementation of an action plan that will address BEPS issues in a coordinated and comprehensive manner across locations and tax jurisdictions. DBS welcomes and supports the consistent implementation of measures under the BEPS Project.

## Transfer pricing

Our transfer pricing approach aims to be in compliance with the arm's-length principle and we have established policies and standards which govern transfer pricing between related parties of the DBS Group. Our approach is aligned to the domestic tax laws where we operate and the requirements of the OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations (OECD TP Guidelines). We also examine our approach in the context of evolving international standards such as the OECD/ G20 Base Erosion and Profit Shifting Project Reports and Action Plans (OECD BEPS).

## Initiatives

We regularly engage tax authorities based on mutual respect and trust. We aim to be transparent in our tax filings and will provide authorities with sufficient information such that robust conclusions regarding the tax treatment of our activities can be made.

In all locations, we seek opportunities to meet with tax authorities to exchange views and ensure our local business is understood. For example, we participate in the Enhanced Taxpayer Relationship Programme introduced by the Inland Revenue Authority of Singapore to engage with them in a transparent manner and facilitate timely resolution of our tax matters.

Group (in SGD million)	2018	2017
Profit before tax	6,659	5,175
Income tax expense charged to income statement	1,006	671
Tax as a percentage of profit before tax	15% <sup>(2)</sup>	13% <sup>(2)</sup>
Payment of GST/ VAT collected from customers	222	178

Read more about [DBS subsidiaries' accounts](#) on the basis for determining the domestic taxes paid.

## Supported SDGs



(2) Refer to Note 13 of DBS Annual Report 2018 financial statements for reconciliation against Singapore basic tax rate



# Pillar 3: Creating social impact

We seek to be a Force for Good by supporting social enterprises – businesses with double bottom line – and giving back to the communities in which we operate.

## O. Social entrepreneurship

### Why it matters

The dynamism of Asian economies has improved the lives of millions over the past decades, greatly contributing to the prosperity of generations. Yet there are continued challenges such as widening income disparities, ageing populations and gender inequality, among others. We see opportunities for social enterprises (SEs) to address social issues in an innovative way and believe catalysing the growth of an ecosystem of SEs can help to build a more inclusive Asia.

### Approach

Entrenched in our DBS culture is a deep sense of purpose that goes beyond the day-to-day business interests of the bank. This is the driving force behind our efforts to help shape a better future for the communities we operate in.

Aiming to help address Asia's evolving social needs, DBS Foundation (DBSF) was launched in February 2014 with SGD 50 million to champion social entrepreneurship. DBSF works in partnership with other parts of the ecosystem to promote the development of social entrepreneurship and businesses with double bottom lines – businesses for good.

### Initiatives

DBSF has three pillars in our strategy: Advocate, Nurture and Integrate.

#### i. Advocate

We want to raise awareness that businesses can pursue profitability and create social impact. A key programme in our advocacy efforts is the DBS-NUS Social Venture Challenge, a collaboration between DBSF and NUS Enterprise. The challenge aims to identify and support ideas and social ventures that can deliver positive, scalable and sustainable social benefits within Asia. The 5<sup>th</sup> DBS-NUS Social Venture Challenge in 2018 received 870 entries from 42 locations across Asia. This is the highest number of participating locations the competition has seen since its inception five years ago, and testifies to the growing interest in social entrepreneurship in the region. To date, the competition



DBSF Grant awardee from Indonesia, SukkhaCitta is bringing in inclusive economic change by building a new generation of women artisans who can thrive on the global market and feel pride from their work



CEO Piyush Gupta addressing over 300 social entrepreneurs who attended DBS Foundation's Social Enterprise Summit, held in Singapore in October 2018. The theme was "Social Impact + Profit: Can boundaries be blurred?"

has received over 4,000 submissions from across Asia. Meanwhile, DBSF has reached out to more than 30,000 SEs through events and competitions, and nurtured over 310 SEs through incubation programmes, mentorships and boot camps across Asia since DBSF's inception in 2014.

DBSF also works with governments and other partners to help build SE ecosystems in our core markets. In October 2018, DBSF partnered the Singapore Centre for Social Enterprise (raiSE) to organise Social Enterprise Week. It was marked by competitions, retail marketplaces, conversations and workshops, attracting close to 9,000 participants. The week brought together impactful events which gave a boost to Singapore's social enterprise sector, including the 5<sup>th</sup> DBS-NUS Social Venture Challenge Asia Finale, the DBSF Social Enterprise Summit, the President's Challenge Social Enterprise Corporate Networking and FestivalForGood.

In Taiwan, DBS was a key partner in organising the first Asia-Pacific Social Enterprise Summit along with the government and our sector partner, Social Enterprise Insights. The summit, consisting of a conference and exhibitions, brought together over 3,000 participants.

**UNLEASH** 2018 brought together 1,000 changemakers from across the globe. DBS sponsored the Climate Action theme at the event.

#### ii. Nurture

We take a holistic approach to nurturing our SEs, providing both financial (e.g. grants, SE banking) and non-financial (e.g. mentoring, market access) support. DBSF annually administers the Social Enterprise Grant Programme. The programme enables SEs to develop a prototype of their idea, add critical capabilities for business sustainability, or scale up existing businesses, leading to greater social impact. In 2018, a total of SGD 1.25 million was awarded to 12 SEs from Singapore, Hong Kong, India, Indonesia and Taiwan. The grants are intended to help these SEs deploy social innovations in areas such as social inclusion, employment and income generation for the marginalised, environment protection, waste management solutions, as well as food sustainability.



Product offerings from HelpUsGreen, a social enterprise in India supported by DBS Foundation. The SE collects flower waste from temples which is then hand-processed by women self-help groups to produce charcoal-free incense.

In addition to our DBSF grant programme, DBS Bank pioneered the SE banking package that waives charges on most transaction banking services and allows qualifying SEs to be offered loans at preferential rates.

DBSF maintains [Asia For Good](#), a curated online directory of SEs working on various social causes, including those helping women and girls, assisting rural communities and protecting the environment. This is aimed at providing consumers and businesses with information to make socially informed purchasing decisions, as well as to support these SEs.

#### iii. Integrate

As a bank, we walk the talk by embedding social entrepreneurship within the bank's operations. We do so by making conscious choices to procure goods and services from SEs for DBS events. In 2018, DBS employees also mentored more than 50 SEs across our six core markets to help scale their businesses.

### Targets

Moving ahead, DBSF will strengthen the three pillars of support. In the Advocate pillar, we will continue to expand partnerships to build a stronger ecosystem for the sector. In the Nurture pillar, we will increase our efforts to provide DBSF capacity building programmes to help SEs scale their business and social impact. In the Integrate pillar, we will continue to tap on the expertise of our employees to add value to SEs and increase our procurement from SEs.

### Case study

WaterROAM, a DBSF grant awardee, develops highly portable water filtration systems for communities in rural regions and disaster-hit sites. With funding support from DBS, WaterROAM has deployed its patented systems through partner NGOs to more than 25,000 people in Cambodia, Indonesia, Nepal, Pakistan, Malaysia, Myanmar and Vanuatu. The SE is now starting mass manufacturing processes.

*"We have greatly benefitted from being involved with the ecosystem of SEs supported by the DBSF. At each gathering organised by the Foundation, we exchanged precious lessons learnt from our different social enterprise journeys, and never failed to walk away with a greater sense of encouragement for the journey ahead. We are also highly grateful for the mentors assigned to us from the DBSF, who went the extra mile to guide us in overcoming our challenges through the sharing of their vast experience. Being a DBSF grant awardee has truly allowed us to achieve our vision of ending global thirst with much more effectiveness."*

David Pong, CEO of WaterROAM, Singapore

The Kommon Goods, a SE nurtured by DBSF, raises awareness about the importance of sustainable living and hopes to change the consumption habits of individuals through their brand of eco-friendly lifestyle products.

*"I think what's great about DBS is the kind of holistic support that it provides beyond the financial grant, like the mentorship, the connections with senior management and opportunities for us to be exposed to the market and the public."*

Alvin Li, CEO of The Kommon Goods, Hong Kong

### Supported SDGs



## P. Employee volunteerism

### Why it matters

Organisations increasingly see the importance of engaging employees in corporate social responsibility programmes and are providing opportunities for employees to offer not only money but also their time and skills to help communities. Such engagements leverage the capabilities of employees who want to contribute to the greater good.

We believe that it is important to build such a culture of giving in DBS.

### Approach

People of Purpose (PoP) is DBS' employee volunteer movement that brings [our values](#) to life, engages our employees, and leverages our time and skills to make meaningful contributions to the communities we live and work in.

Our volunteering efforts are sustained and focused on three areas, active ageing, education and environment, which address pertinent social issues across our six core markets.

### Initiatives

Regular PoP programmes are planned with community partners in the three focus areas. These programmes consider the skills of our employees, the needs of the community and are communicated on a regular basis. Our employees in Singapore can access a [digital platform](#) to browse various programmes and register their participation.

We demonstrate our commitment to volunteerism by institutionalising two days of volunteer leave for our employees across our core markets.

### Status

In 2018, our employees contributed over 65,000 volunteering hours to serve the community. The total value of time committed is estimated to be over SGD 6 million since 2014.

We undertook the following programmes to connect with communities through volunteering:

### In India

Sanjay Gandhi National Park in Mumbai is home to a population of forest-dwelling tribal communities. Most of the inhabitants belong to a lower income group of unskilled wage earners called the Adivasis. Their living conditions are challenging and dire. About 100 employees from the Institutional Banking Group set out to beautify 20 of their homes by painting them using environmentally-safe paints and turning them into brighter, more cheerful living spaces.



### In China

The 'Green More, Carbon Less' charity bazaar was held with 331 employees closing 631 deals. This raised more than RMB 30,000 for the 'Qing Teng Yi Xue' Fund which aims to help children living in poverty-stricken areas in China. DBS China employees then followed up by visiting these children and involving them in special programmes designed to encourage and build their self-confidence.



### In Taiwan

Led by the senior management team, employees volunteered with the SE Buy Directly from Farmers (BDFF), a DBS Foundation Grant Awardee, by helping to weed the lotus pond and peel lotus seeds. Employees also volunteered with the Society of Wilderness, an organisation dedicated to the reconstruction of ecology and protection of wilderness. They helped to weed out *Mikania micrantha*, an exotic plant known to displace native plant species and disrupt the natural ecology of indigenous wildlife.



### In Hong Kong

In partnership with Tung Wah Group of Hospitals and Senior Citizen Home Safety Association, our volunteers took elderly participants on a trip down memory lane, chatting about their favourite foods and feasting together. More than 100 DBS employees spent time to create unique, personalised storybooks that captured the seniors' life experiences for each senior to bring home.

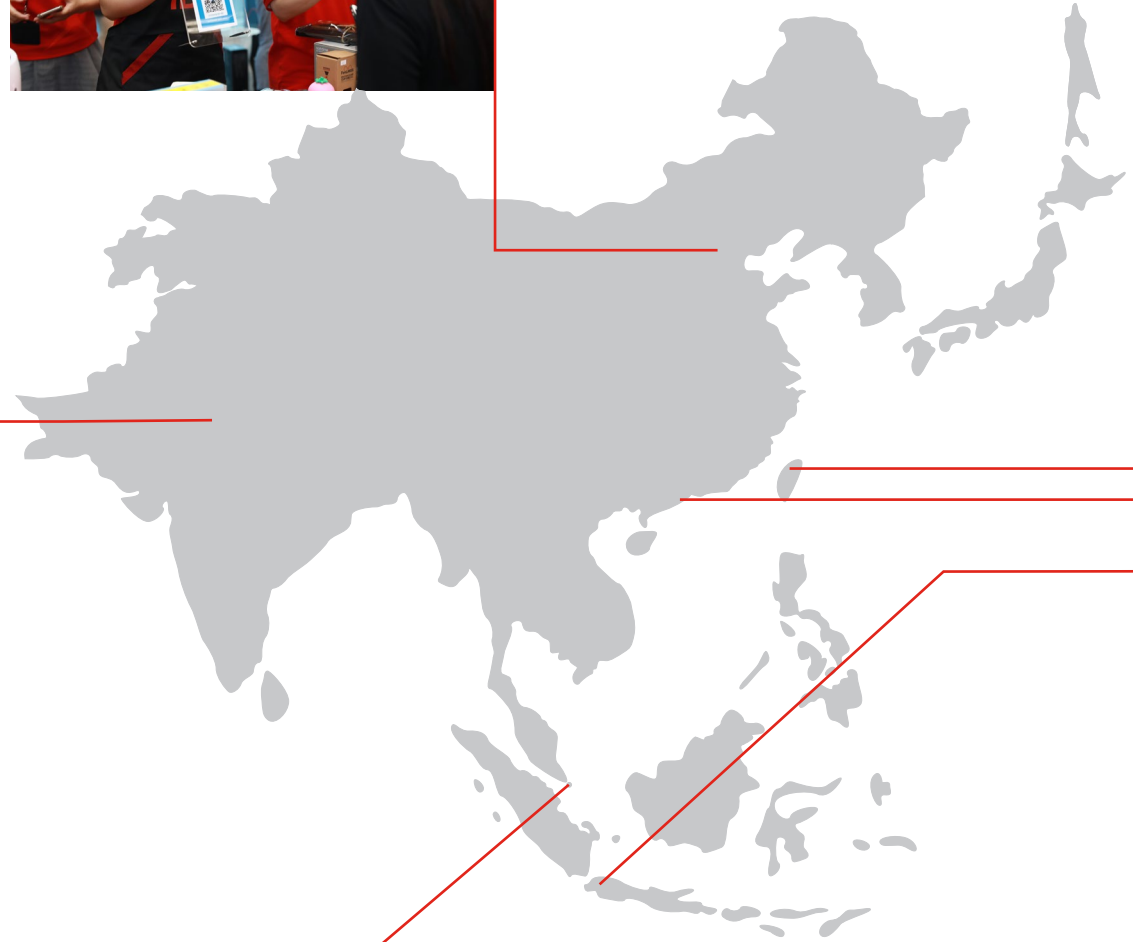
### In Singapore

1. At DBS Marina Regatta, an annual sports event of the bank, our employee volunteers trained with youths from underprivileged backgrounds and persons with disabilities to participate in a special community race.
2. Approximately 30 DBS employees came together to solve business challenges of DBS-supported SEs. They were involved in areas such as financial cashflow modelling, financial forecasting, and data management. They also helped fine-tune the business models of these SEs.



### In Indonesia

DBS Indonesia employees designed a financial literacy programme, Kedai DBS, a play-and-learn simulation activity that aims to educate users on expense calculation and the merits of saving. DBS volunteers utilised Kedai DBS to educate orphans in Bandung and Medan on the importance of saving and finance planning.



### Targets

As a purpose-driven organisation, we believe our employees can make a difference in society through the investment of their time, donations and skills to serve communities.

In 2019, we aim to commit more than 65,000 hours to volunteerism across our six key markets and encourage over 30% of our employees to participate. This includes skills-based volunteering with SEs, where employees use their expertise to solve business challenges faced by SEs.

We are also planning to deepen and expand partnerships with community partners to drive greater positive change in the communities. In the long term, we hope to make volunteerism an intrinsic part of our work culture and aligned to our businesses in a deeper way.

### Supported SDGs



# Geographic profit segmentation

Group (in SGD million)	2018 <sup>(1)</sup>	2017 <sup>(1)</sup>
<b>Profit before tax</b>	<b>6,659</b>	<b>5,175</b>
Singapore	4,413	3,606
Hong Kong	1,612	1,185
Rest of Greater China	351	92
South and Southeast Asia	36	55
Rest of the World	247	237
<b>Income tax expense charged to income statement</b>	<b>1,006</b>	<b>671</b>
<b>Tax as a percentage of profit before tax</b>	<b>15%</b>	<b>13%</b>

(1) Extracted from Note 46.2 of DBS Annual Report 2018 financial statements

# Information on employees

Table 1. Total number of employees by contract type and gender

Type of contract	2018			2017			2016		
	Female	Male	Total	Female	Male	Total	Female	Male	Total
<b>Permanent of which:</b>	13,828	11,772	25,600	13,005	10,591	23,596	12,163	9,613	21,776
Full time	13,747	11,768	25,515	12,932	10,588	23,520	12,088	9,611	21,699
Part time	81	4	85	73	3	76	75	2	77
Contract/ Temporary <sup>(1)</sup>	482	775	1,257	278	300	578	186	232	418
<b>Total</b>	<b>14,310</b>	<b>12,547</b>	<b>26,857</b>	<b>13,283</b>	<b>10,891</b>	<b>24,174</b>	<b>12,349</b>	<b>9,845</b>	<b>22,194</b>

Table 2. Total number of employees by geography and gender

Geography	2018			2017			2016		
	Female	Male	Total	Female	Male	Total	Female	Male	Total
Singapore	6,649	5,044	11,693	6,417	4,545	10,962	6,226	4,155	10,381
Hong Kong	2,383	2,244	4,627	2,391	2,146	4,537	2,272	2,078	4,350
Rest of Greater China <sup>(2)</sup>	2,948	1,432	4,380	2,835	1,396	4,231	2,359	1,250	3,609
South and Southeast Asia <sup>(3)</sup>	2,205	3,650	5,855	1,524	2,638	4,162	1,386	2,201	3,587
Rest of the World <sup>(4)</sup>	125	177	302	116	166	282	106	161	267
<b>Total</b>	<b>14,310</b>	<b>12,547</b>	<b>26,857</b>	<b>13,283</b>	<b>10,891</b>	<b>24,174</b>	<b>12,349</b>	<b>9,845</b>	<b>22,194</b>

Table 3. Total number of employees by geography and contract type

Geography	2018			2017			2016		
	Permanent	Contract/Temporary	Total	Permanent	Contract/Temporary	Total	Permanent	Contract/Temporary	Total
Singapore	11,567	126	11,693	10,844	118	10,962	10,284	97	10,381
Hong Kong	4,479	148	4,627	4,398	139	4,537	4,244	106	4,350
Rest of Greater China <sup>(2)</sup>	4,276	104	4,380	4,129	102	4,231	3,591	18	3,609
South and Southeast Asia <sup>(3)</sup>	4,989	866	5,855	3,960	202	4,162	3,398	189	3,587
Rest of the World <sup>(4)</sup>	289	13	302	265	17	282	259	8	267
<b>Total</b>	<b>25,600</b>	<b>1,257</b>	<b>26,857</b>	<b>23,596</b>	<b>578</b>	<b>24,174</b>	<b>21,776</b>	<b>418</b>	<b>22,194</b>

(1) Headcount on DBS' payroll

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

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

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

Table 4. Total number and rates of new employee hires and voluntary attrition by age group, gender and geography<sup>(5)</sup>

2018						
	Headcount <sup>(6)</sup>	Work force mix	No. of new hires <sup>(6)</sup>	New hire rate <sup>(7)</sup>	No. of voluntary attrition	Voluntary attrition rate <sup>(8)</sup>
By age group (x = age)						
x <= 30	6,889	26%	3,677	53%	1,366	22%
30 < x < 50	17,280	64%	3,881	22%	2,144	13%
x >= 50	2,688	10%	170	6%	141	6%
By gender						
Female	14,310	53%	3,678	26%	1,923	14%
Male	12,547	47%	4,050	32%	1,728	15%
By geography						
Singapore	11,693	44%	2,308	20%	1,323	12%
Hong Kong	4,627	17%	1,165	25%	819	19%
Rest of Greater China <sup>(9)</sup>	4,380	16%	1,383	32%	687	16%
South and Southeast Asia <sup>(10)</sup>	5,855	22%	2,799	48%	794	17%
Rest of the World <sup>(11)</sup>	302	1%	73	24%	28	10%
<b>Total</b>	<b>26,857</b>	<b>100%</b>	<b>7,728</b>	<b>29%</b>	<b>3,651</b>	<b>15%</b>

2017						
	Headcount <sup>(6)</sup>	Work force mix	No. of new hires <sup>(6)</sup>	New hire rate <sup>(7)</sup>	No. of voluntary attrition	Voluntary attrition rate <sup>(8)</sup>
By age group (x = age)						
x <= 30	6,162	26%	2,635	43%	1,319	27%
30 < x < 50	15,545	64%	3,199	21%	1,482	10%
x >= 50	2,467	10%	208	8%	89	3%
By gender						
Female	13,283	55%	3,001	23%	1,505	12%
Male	10,891	45%	3,041	28%	1,385	14%
By geography						
Singapore	10,962	45%	2,072	19%	1,187	11%
Hong Kong	4,537	19%	1,163	26%	721	17%
Rest of Greater China <sup>(9)</sup>	4,231	18%	1,619	38%	580	16%
South and Southeast Asia <sup>(10)</sup>	4,162	17%	1,135	27%	381	10%
Rest of the World <sup>(11)</sup>	282	1%	53	19%	21	8%
<b>Total</b>	<b>24,174</b>	<b>100%</b>	<b>6,042</b>	<b>25%</b>	<b>2,890</b>	<b>13%</b>

2016						
	Headcount <sup>(6)</sup>	Work force mix	No. of new hires <sup>(6)</sup>	New hire rate <sup>(7)</sup>	No. of voluntary attrition	Voluntary attrition rate <sup>(8)</sup>
By age group (x = age)						
x <= 30	5,931	27%	2,023	34%	1,000	23%
30 < x < 50	14,048	63%	1,909	14%	1,460	9%
x >= 50	2,215	10%	91	4%	87	4%
By gender						
Female	12,349	56%	1,823	15%	1,308	11%
Male	9,845	44%	2,200	22%	1,239	13%
By geography						
Singapore	10,381	47%	1,438	14%	1,000	10%
Hong Kong	4,350	20%	783	18%	617	14%
Rest of Greater China <sup>(9)</sup>	3,609	16%	738	20%	575	16%
South and Southeast Asia <sup>(10)</sup>	3,587	16%	1,027	29%	342	11%
Rest of the World <sup>(11)</sup>	267	1%	37	14%	13	5%
<b>Total</b>	<b>22,194</b>	<b>100%</b>	<b>4,023</b>	<b>18%</b>	<b>2,547</b>	<b>12%</b>

Table 5. Breakdown of employees by employee category according to gender and age group

2018				
	SVP to MD	Analyst to VP	Senior Officer and Below	Total
Headcount <sup>(12)(13)</sup>	2,076	18,559	6,222	26,857
By gender				
Female	40%	51%	63%	53%
Male	60%	49%	37%	47%
By age group (x = age)				
x <= 30	0%	24%	41%	26%
30 < x < 50	70%	66%	49%	63%
x >= 50	30%	10%	10%	11%
2017				
Headcount	1,800	16,807	5,567	24,174
By gender				
Female	38%	52%	69%	55%
Male	62%	48%	31%	45%
By age group (x = age)				
x <= 30	0%	23%	40%	26%
30 < x < 50	74%	68%	50%	64%
x >= 50	26%	9%	10%	10%
2016				
Headcount	1,607	15,095	5,492	22,194
By gender				
Female	38%	53%	69%	56%
Male	62%	47%	31%	44%
By age group (x = age)				
x <= 30	0%	24%	43%	27%
30 < x < 50	74%	68%	48%	63%
x >= 50	26%	8%	9%	10%

(5) The tables exclude involuntary termination as well as contract, temporary and agency staff attrition

(6) Headcount and new hires include permanent, contract and temporary employees, and excludes agency employees

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

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

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

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

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

(12) Headcount and new hires include permanent, contract and temporary employees, and excludes agency employees

(13) Includes Singapore, Hong Kong, Rest of Greater China, South and Southeast Asia and Rest of the World

# 10 Principles of UN Global Compact

Principles	Report section	Report page
<b>Human Rights</b>		
<b>Principle 1</b>	Businesses should support and respect the protection of internationally proclaimed human rights	<ul style="list-style-type: none"> <li>Responsible financing</li> <li>Sustainable procurement</li> </ul> <a href="#">Pages 13 and 26.</a>
<b>Principle 2</b>	Make sure that they are not complicit in human rights abuses	
<b>Labour</b>		
<b>Principle 3</b>	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	<ul style="list-style-type: none"> <li>GRI Content Index</li> </ul> <a href="#">Page 41.</a>
<b>Principle 4</b>	Elimination of all forms of forced and compulsory labour	<ul style="list-style-type: none"> <li>Responsible financing</li> <li>Sustainable procurement</li> </ul> <a href="#">Pages 13 and 26.</a>
<b>Principle 5</b>	Effective abolition of child labour	
<b>Principle 6</b>	Elimination of discrimination in respect of employment and occupation	<ul style="list-style-type: none"> <li>Diversity and equal opportunity</li> </ul> <a href="#">Page 24.</a>
<b>Environment</b>		
<b>Principle 7</b>	Businesses should support a precautionary approach to environmental challenges	<ul style="list-style-type: none"> <li>Managing our environmental footprint</li> </ul> <a href="#">Page 27.</a>
<b>Principle 8</b>	Undertake initiatives to promote greater environmental responsibility	
<b>Principle 9</b>	Encourage the development and diffusion of environmentally friendly technologies	
<b>Anti-corruption</b>		
<b>Principle 10</b>	Businesses should work against corruption in all its forms, including extortion and bribery	<ul style="list-style-type: none"> <li>Preventing financial crime</li> </ul> <a href="#">Page 21.</a>

# Mapping to GRI Standards

No.	ESG matters	Coverage	GRI Titles/ Aspects	Topic boundaries
<b>Pillar 1: Responsible banking</b>				
1	<b>Responsible financing</b>	<ul style="list-style-type: none"> <li>ESG risk assessment</li> </ul>	<ul style="list-style-type: none"> <li>Human rights assessment</li> <li>Product portfolio (Financial Services Sector Disclosure)</li> </ul>	<ul style="list-style-type: none"> <li>Customers</li> <li>Shareholders</li> <li>Society</li> </ul>
2	<b>Climate change</b>	<ul style="list-style-type: none"> <li>Low-carbon transition</li> <li>Task Force on Climate-related Financial Disclosures (TCFD)</li> </ul>	<ul style="list-style-type: none"> <li>Emissions</li> </ul>	<ul style="list-style-type: none"> <li>Employees</li> <li>Customers</li> <li>Society</li> </ul>
3	<b>Digital finance</b>	<ul style="list-style-type: none"> <li>Sustainable development</li> </ul>	<ul style="list-style-type: none"> <li>Local communities (Financial Services Sector Disclosure)</li> <li>Product and service labelling (Financial Services Sector Disclosure)</li> </ul>	<ul style="list-style-type: none"> <li>Customers</li> <li>Employees</li> </ul>
4	<b>Financial inclusion</b>	<ul style="list-style-type: none"> <li>Access to financial services</li> </ul>	<ul style="list-style-type: none"> <li>Indirect economy impacts</li> <li>Product and service labelling (Financial Services Sector Disclosure)</li> <li>Local communities (Financial Services Sector Disclosure)</li> </ul>	<ul style="list-style-type: none"> <li>Customers</li> <li>Employees</li> <li>Society</li> </ul>
5	<b>Fair dealing</b>	<ul style="list-style-type: none"> <li>Product suitability</li> <li>Grievance management</li> </ul>	<ul style="list-style-type: none"> <li>Marketing and labelling</li> <li>Product and service labelling (Financial Services Sector Disclosure)</li> </ul>	<ul style="list-style-type: none"> <li>Customers</li> <li>Employees</li> <li>Regulators and policy makers</li> <li>Shareholders</li> <li>Society</li> </ul>
6	<b>Cyber security</b>	<ul style="list-style-type: none"> <li>Cyber security</li> <li>Regulatory compliance</li> </ul>	<ul style="list-style-type: none"> <li>Customer privacy</li> </ul>	<ul style="list-style-type: none"> <li>Customers</li> <li>Employees</li> <li>Regulators and policy makers</li> <li>Shareholders</li> </ul>
7	<b>Data governance</b>	<ul style="list-style-type: none"> <li>Responsible use and protection of data</li> <li>Regulatory compliance</li> </ul>		
8	<b>Preventing financial crime</b>	<ul style="list-style-type: none"> <li>Anti-money laundering</li> <li>Countering the financing of terrorism</li> <li>Fraud</li> <li>Anti-bribery and corruption</li> <li>Regulatory compliance</li> </ul>	<ul style="list-style-type: none"> <li>Anti-corruption</li> </ul>	<ul style="list-style-type: none"> <li>Customers</li> <li>Employees</li> <li>Regulators and policy makers</li> <li>Shareholders</li> <li>Society</li> </ul>
<b>Pillar 2: Responsible business practices</b>				
9	<b>Talent management and retention</b>	<ul style="list-style-type: none"> <li>Talent development</li> <li>Training</li> </ul>	<ul style="list-style-type: none"> <li>Employment</li> <li>Training and education</li> </ul>	<ul style="list-style-type: none"> <li>Employees</li> </ul>
10	<b>Diversity and equal opportunity</b>	<ul style="list-style-type: none"> <li>Anti-discrimination</li> <li>Diversity</li> </ul>	<ul style="list-style-type: none"> <li>Diversity and equal opportunity</li> </ul>	<ul style="list-style-type: none"> <li>Employees</li> </ul>
11	<b>Workplace well-being</b>	<ul style="list-style-type: none"> <li>Medical coverage</li> <li>Mental health</li> <li>Workplace health and safety</li> </ul>	<ul style="list-style-type: none"> <li>Occupational health and safety</li> </ul>	<ul style="list-style-type: none"> <li>Employees</li> </ul>
12	<b>Sustainable procurement</b>	<ul style="list-style-type: none"> <li>Supplier assessments</li> <li>Sustainable procurement principles</li> </ul>	<ul style="list-style-type: none"> <li>Supplier environmental standard</li> <li>Supplier social assessment</li> <li>Human rights assessment</li> </ul>	<ul style="list-style-type: none"> <li>Society</li> </ul>
13	<b>Managing our environmental footprint</b>	<ul style="list-style-type: none"> <li>Energy consumption</li> <li>Water consumption</li> <li>Carbon emissions</li> <li>Recycling</li> </ul>	<ul style="list-style-type: none"> <li>Energy</li> <li>Water</li> <li>Emissions</li> <li>Effluents and waste</li> </ul>	<ul style="list-style-type: none"> <li>Employees</li> <li>Society</li> </ul>
14	<b>Responsible tax management</b>	<ul style="list-style-type: none"> <li>Regulatory compliance</li> </ul>	<ul style="list-style-type: none"> <li>Economic performance</li> </ul>	<ul style="list-style-type: none"> <li>Regulators and policy makers</li> <li>Shareholders</li> <li>Society</li> </ul>
<b>Pillar 3: Creating social impact</b>				
15	<b>Social entrepreneurship</b>	<ul style="list-style-type: none"> <li>Support for social enterprises</li> </ul>	<ul style="list-style-type: none"> <li>Indirect economic impacts</li> <li>Local communities</li> </ul>	<ul style="list-style-type: none"> <li>Employees</li> <li>Society</li> </ul>
16	<b>Employee volunteerism</b>	<ul style="list-style-type: none"> <li>Volunteerism</li> </ul>	<ul style="list-style-type: none"> <li>Local communities</li> <li>Product and service labelling (Financial Services Sector Disclosure)</li> </ul>	<ul style="list-style-type: none"> <li>Employees</li> <li>Society</li> </ul>

# GRI Content Index

GRI Standards	Disclosure requirement	Where have we disclosed this?	Externally assured?	
<b>General Disclosures</b>				
<b>GRI 102: General Disclosures 2016</b>	102-1	Name of the organisation	DBS Group Holdings Ltd	
	102-2	Activities, brands, products and services	How we create value - our business model, Annual report page 62.	
	102-3	Location of headquarters	12 Marina Boulevard Marina Bay Financial Centre Tower 3 Singapore 018982	
	102-4	Location of operations	DBS is a leading financial services group in Asia, headquartered in Singapore with a presence in 18 markets.	
	102-5	Ownership and legal form	Public limited company listed on the Singapore Exchange.	
	102-6	Markets served	DBS has a growing presence in the three key Asian axes of growth: Greater China, Southeast Asia and South Asia.	
	102-7	Scale of the organisation	Information on employees, <a href="#">page 36</a> . Financial statements, Annual report page 102.	
	102-8	Information on employees and other workers	Information on employees, <a href="#">page 36</a> .	✓
	102-9	Supply chain	Sustainable procurement, <a href="#">page 26</a> .	✓
	102-10	Significant changes to the organisation and its supply chain	There were no significant changes to our organisational profile and supply chain during the reporting period.	
	102-11	Precautionary Principle or approach	We do not explicitly refer to the precautionary approach or principle in our risk management framework.	
	102-12	External Initiatives	Commitments and memberships, <a href="#">page 50</a> .	
	102-13	Membership of associations	Commitments and memberships, <a href="#">page 50</a> . Key memberships include Institute of International Finance and the Association of Banks in Singapore.	
	102-14	Statement from senior decision-maker	CEO message, <a href="#">page 4</a> .	
	102-16	Values, principles, standards and norms of behaviour	The DBS Code of Conduct (Code of Conduct), Annual report page 55.	
	102-18	Governance Structure	Corporate governance, Annual report page 42. Governance, <a href="#">page 9</a> .	
	102-40	List of stakeholder groups	Stakeholder engagement, <a href="#">page 11</a> .	
	102-41	Collective bargaining agreements	Our house union in Singapore, the DBS Staff Union, is an affiliate of the National Trades Union Congress (NTUC). As at 31 December 2018, 1,518 of our employees are eligible for collective bargaining under the Memorandum of Understanding between DBS and DBS Staff Union. We do not have unions in other markets. In addition, three employees who are officers and below in DBS Vickers are eligible for collective bargaining under the Collective Agreement between DBS Vickers and The Singapore Manual and Mercantile Workers' Union.	✓
	102-42	Identifying and selecting stakeholders		
	102-43	Approach to stakeholder engagement	Stakeholder engagement, <a href="#">page 11</a> .	
102-44	Key topics and concerns raised			
102-45	Entities included in consolidated financial statements	Subsidiaries and consolidated structured entities, Annual report page 135. Associates, Annual report page 136.		
102-46	Defining report content and topic boundaries	Reporting principles, <a href="#">page 1</a> . Mapping to GRI Standards, <a href="#">page 40</a> .		
102-47	List of GRI topics	Mapping to GRI Standards, <a href="#">page 40</a> .		
102-48	Restatements of information	Managing our environmental footprint, <a href="#">page 27</a> .		
102-49	Changes in reporting	Material ESG matters, <a href="#">page 10</a> . Employee volunteerism, Social entrepreneurship, Data governance and Digital finance were added.		
102-50	Reporting period	Coverage, <a href="#">page 1</a> .		

GRI Standards	Disclosure requirement	Where have we disclosed this?	Externally assured?	
<b>General Disclosures</b>				
	102-51	Date of most recent report	31 December 2017	
	102-52	Reporting cycle	Annual	
	102-53	Contact point for questions regarding the report	Feedback, <a href="#">page 1</a> .	
	102-54	Claims of reporting in accordance with the GRI Standards	About this report, <a href="#">page 1</a> .	
	102-55	GRI content index	GRI Content Index, <a href="#">page 41</a> .	
	102-56	External assurance	Assurance statement, <a href="#">page 53</a> .	

GRI Standards	Disclosure requirement	Where have we disclosed this?	Externally assured?	
<b>Material Topics</b>				
<b>GRI 200 Economic Standard Series</b>				
<b>Economic Performance</b>				
<b>GRI 103: Management Approach 2016</b>	103-1	Explanation of material topic and its boundary	CFO statement, Annual report page 20. Geographical segment reporting, Annual report page 177.	
	103-2	The management approach and its components	How we distribute value created, Annual report page 66.	
	103-3	Evaluation of the management approach	Responsible tax management, <a href="#">page 29</a> .	
<b>GRI 201: Economic Performance 2016</b>	201-1	Direct economic value generated and distributed		✓
<b>Indirect Economic Impacts</b>				
<b>GRI 103: Management Approach 2016</b>	103-1	Explanation of material topic and its boundary	Financial inclusion, <a href="#">page 18</a> . Social entrepreneurship, <a href="#">page 31</a> .	
	103-2	The management approach and its components		
	103-3	Evaluation of the management approach		
<b>GRI 203: Indirect Economic Impacts 2016</b>	203-2	Significant indirect economic impact		
<b>Anti-Corruption</b>				
<b>GRI 103: Management Approach 2016</b>	103-1	Explanation of material topic and its boundary	Preventing financial crime, <a href="#">page 21</a> .	
	103-2	The management approach and its components		
	103-3	Evaluation of the management approach		
<b>GRI 205: Anti-Corruption 2016</b>	205-2	Communication and training about anti-corruption policies and procedures		✓
	205-3	Confirmed incidents of corruption and actions taken		

GRI Standards	Disclosure requirement		Where have we disclosed this?	Externally assured?
<b>GRI 300 Environmental Standard Series</b>				
<b>Energy</b>				
<b>GRI 103: Management Approach 2016</b>	103-1	Explanation of material topic and its boundary	Managing our environmental footprint, <a href="#">page 27</a> .	
	103-2	The management approach and its components		
	103-3	Evaluation of the management approach		
<b>GRI 302: Energy 2016</b>	302-1	Energy consumption within the organization		✓
	302-3	Energy intensity		
	302-4	Reduction of energy consumption		
<b>Water</b>				
<b>GRI 103: Management Approach 2016</b>	103-1	Explanation of material topic and its boundary	Managing our environmental footprint, <a href="#">page 27</a> .	
	103-2	The management approach and its components		
	103-3	Evaluation of the management approach		
<b>GRI 303: Water 2016</b>	303-1	Water withdrawal by source		✓
<b>Emissions</b>				
<b>GRI 103: Management Approach 2016</b>	103-1	Explanation of material topic and its boundary	Managing our environmental footprint, <a href="#">page 27</a> . Climate change, <a href="#">page 15</a> .	
	103-2	The management approach and its components		
	103-3	Evaluation of the management approach		
<b>GRI 305: Emissions 2016</b>	305-1	Direct (Scope 1) GHG Emissions		✓
	305-2	Energy indirect (Scope 2) GHG emissions		✓
	305-3	Other indirect (Scope 3) GHG emissions		✓
	305-4	GHG emissions intensity		✓
	305-5	Reduction of GHG emissions		✓
<b>Effluents and Waste</b>				
<b>GRI 103: Management Approach 2016</b>	103-1	Explanation of material topic and its boundary	Managing our environmental footprint, <a href="#">page 27</a> .	
	103-2	The management approach and its components		
	103-3	Evaluation of the management approach		
<b>GRI 306: Effluents and Waste 2016</b>	306-2	Waste by type and disposal method		✓
<b>Supplier Environmental Standard</b>				
<b>GRI 103: Management Approach 2016</b>	103-1	Explanation of material topic and its boundary	Sustainable procurement, <a href="#">page 26</a> .	
	103-2	The management approach and its components		
	103-3	Evaluation of the management approach		
<b>GRI 308: Supplier Environmental Standard 2016</b>	308-1	New suppliers that were screened using environmental criteria		✓
	308-2	Negative environmental impacts in the supply chain and actions taken		

GRI Standards	Disclosure requirement		Where have we disclosed this?	Externally assured?
<b>GRI 400 Social Standard Series</b>				
<b>Employment</b>				
<b>GRI 103: Management Approach 2016</b>	103-1	Explanation of material topic and its boundary	Talent management and retention, <a href="#">page 22</a> .	
	103-2	The management approach and its components		
	103-3	Evaluation of the management approach		
<b>GRI 401: Employment 2016</b>	401-1	New employee hires and employee turnover		✓
<b>Occupational Health and Safety</b>				
<b>GRI 103: Management Approach 2016</b>	103-1	Explanation of material topic and its boundary	Workplace well-being, <a href="#">page 25</a> .	
	103-2	The management approach and its components		
	103-3	Evaluation of the management approach		
<b>GRI 403: Occupational Health and Safety 2016</b>	403-6	Promotion of worker health		
<b>Training and Education</b>				
<b>GRI 103: Management Approach 2016</b>	103-1	Explanation of material topic and its boundary	Talent management and retention, <a href="#">page 22</a> .	
	103-2	The management approach and its components		
	103-3	Evaluation of the management approach		
<b>GRI 404: Training and Education 2016</b>	404-1	Average hours of training per year per employee		✓
	404-3	Percentage of employees receiving regular performance and career development reviews		✓
<b>Diversity and Equal Opportunity</b>				
<b>GRI 103: Management Approach 2016</b>	103-1	Explanation of material topic and its boundary	Board of directors, Annual report page 4. Diversity and equal opportunity, <a href="#">page 24</a> .	
	103-2	The management approach and its components		
	103-3	Evaluation of the management approach		
<b>GRI 405: Diversity and Equal Opportunity 2016</b>	405-1	Diversity of governance bodies and employees		✓
	405-2	Ratio of basic salary and remuneration of women to men		✓
<b>Human Rights Assessment</b>				
<b>GRI 103: Management Approach 2016</b>	103-1	Explanation of material topic and its boundary	Responsible financing, <a href="#">page 13</a> . Sustainable procurement, <a href="#">page 26</a> .	
	103-2	The management approach and its components		
	103-3	Evaluation of the management approach		
<b>GRI 412: Human Rights Assessments 2016</b>	412-1	Operations that have been subject to human rights reviews or impact assessments		

GRI Standards	Disclosure requirement		Where have we disclosed this?	Externally assured?
<b>Local Communities</b>				
<b>GRI 103: Management Approach 2016</b>	103-1	Explanation of material topic and its boundary	Social entrepreneurship, <a href="#">page 31</a> .	
	103-2	The management approach and its components	Employee volunteerism, <a href="#">page 32</a> .	
	103-3	Evaluation of the management approach		
<b>GRI 413: Local Communities 2016</b>	413-1	Operations with local community engagement, impact assessments, and development programs		
<b>Supplier Social Assessment</b>				
<b>GRI 103: Management Approach 2016</b>	103-1	Explanation of material topic and its boundary	Sustainable procurement, <a href="#">page 26</a> .	
	103-2	The management approach and its components		
	103-3	Evaluation of the management approach		
<b>GRI 414: Supplier Social Assessment 2016</b>	414-1	New suppliers that were screened using social criteria		✓
	414-2	Negative social impacts in the supply chain and actions taken		
<b>Public Policy</b>				
<b>GRI 103: Management Approach 2016</b>	103-1	Explanation of material topic and its boundary	Under our Code of Conduct Standard, all employees are prohibited from making payments on behalf of or using DBS' assets to support political candidates or parties.	
	103-2	The management approach and its components		
	103-3	Evaluation of the management approach		
<b>GRI 415: Public Policy 2016</b>	415-1	Political contributions		
<b>Marketing and Labelling</b>				
<b>GRI 103: Management Approach 2016</b>	103-1	Explanation of material topic and its boundary	Fair dealing, <a href="#">page 19</a> .	
	103-2	The management approach and its components		
	103-3	Evaluation of the management approach		
<b>GRI 417: Marketing and Labelling 2016</b>	417-2	Incidents of non-compliance concerning product and service information and labelling		
<b>Customer Privacy</b>				
<b>GRI 103: Management Approach 2016</b>	103-1	Explanation of material topic and its boundary	Cyber security, <a href="#">page 19</a> . Data governance, <a href="#">page 20</a> .	
	103-2	The management approach and its components		
	103-3	Evaluation of the management approach		
<b>GRI 418: Customer Privacy 2016</b>	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data		
<b>Socioeconomic Compliance</b>				
<b>GRI 103: Management Approach 2016</b>	103-1	Explanation of material topic and its boundary	There were no material instances of non-compliance with laws and regulations in this context during the year.	
	103-2	The management approach and its components		
	103-3	Evaluation of the management approach		
<b>GRI 419: Socioeconomic Compliance</b>	419-1	Non-compliance with laws and regulations in the social and economic area		

GRI Standards	Disclosure requirement		Where have we disclosed this?	Externally assured?
<b>GRI G4 Financial Sector Disclosures</b>				
<b>Product Portfolio</b>	FS1	Policies with specific environmental and social components applied to business lines	Responsible financing, <a href="#">page 13</a> .	
	FS2	Procedures for assessing and screening environmental and social risks in business lines		
	FS3	Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions		
	FS4	Process(es) for improving staff competency to implement the environmental and social policies and procedures as applied to business lines		
	FS5	Interactions with clients/ investees/ business partners regarding environmental and social risks and opportunities		Stakeholder engagement, <a href="#">page 11</a> . Responsible financing, <a href="#">page 13</a> .
<b>Local Communities</b>	FS14	Initiatives to improve access to financial services for disadvantaged people	Digital finance, <a href="#">page 17</a> . Financial inclusion, <a href="#">page 18</a> .	
	<b>Product and Service Labelling</b>	FS15	Policies for the fair design and sale of financial products and services	Fair dealing, <a href="#">page 19</a> .
FS16		Initiatives to enhance financial literacy by type of beneficiary	Digital finance, <a href="#">page 17</a> . Financial inclusion, <a href="#">page 18</a> . Employee volunteerism, <a href="#">page 32</a> .	



# Methodology for Task Force on Climate-related Financial Disclosures (TCFD)

## Data collection

TCFD recommends that companies report their Scope 1, 2 and 3 greenhouse gas emissions. These terms are elaborated on in the Greenhouse Gas Protocol Corporate Standard<sup>(1)</sup>.

Read more about DBS' Scope 1 and 2 emissions in "Managing our environmental footprint" on [page 27](#).

The largest part of our Scope 3 emissions arise from our loans to customers. To determine these emissions, data for customers' Scope 1 and 2 emissions is required. This data is not readily available for all listed companies and rarely available for unlisted ones. This presents a challenge for our data collection.

We commissioned a globally-recognised independent environmental consultancy to develop a methodology and extract data for the pilot study covering 303 listed companies in our corporate lending business. The data was as at May 2018, when the study commenced.

Data for customers' Scope 1 and 2 emissions, revenue and enterprise value was based on the latest available information, which often was for December 2017, from external sources such as annual reports, regulatory filings and the Carbon Disclosure Project (CDP) database.

For customers with partial or no Scope 1 and 2 emissions disclosure, the environmental consultancy benchmarked them with listed companies believed to have the most similar energy production facilities, taking into account technology and location.

To derive the Scope 3 emissions relating to the pilot study, the principle of apportionment was applied. The principle, which is defined in the Greenhouse Gas Protocol technical guidance note<sup>(2)</sup>, is built on the principle of proportionality and is intended to avoid multiple parties accounting for the same emissions. As an example, if DBS has extended a credit facility equal to 1% of a customer's enterprise value<sup>(3)</sup>, DBS would "account for" 1% of the customer's Scope 1 and 2 emissions. The use of apportionment in determining our Scope 3 emissions might be affected by factors not within our control such as the company's enterprise value.

## Carbon metrics

We disclose the following carbon to revenue metrics:

No.	Carbon Metrics	Formulas	Indications
1	Carbon to revenue intensity	$\frac{\sum_{i=1}^n \frac{(DBS' \text{ credit exposure})_i}{(Customer's \text{ enterprise value})_i} \cdot (Customer's \text{ CO}_2\text{e Scope 1 + 2})_i}{\sum_{i=1}^n \frac{(DBS' \text{ credit exposure})_i}{(Customer's \text{ enterprise value})_i} \cdot (Customer's \text{ revenue})_i}$	Expresses the amount of CO <sub>2</sub> e emissions embedded in the generation of revenue (i.e. carbon efficiency) <b>at sector level</b> <sup>(4)</sup> .
2	Weighted average carbon intensity	$\sum_{i=1}^n \frac{(Customer's \text{ credit exposure})_i}{(Customer's \text{ credit exposure})_i} \cdot \frac{(Customer's \text{ CO}_2\text{e Scope 1 + 2})_i}{(Customer's \text{ revenue})_i}$	Expresses the average of carbon efficiency at <b>customer level</b> , weighted by DBS' exposure to the customer as a percentage of DBS' total exposure to the customers selected for analysis.

(1) Source: <https://ghgprotocol.org/corporate-standard>

(2) Source: [https://ghgprotocol.org/sites/default/files/standards/Corporate-Value-Chain-Accounting-Reporting-Standard\\_041613\\_2.pdf](https://ghgprotocol.org/sites/default/files/standards/Corporate-Value-Chain-Accounting-Reporting-Standard_041613_2.pdf)

(3) Enterprise value = Equity + Debt - Cash

(4) Sector refers to the pool of credit exposure selected for analysis for each of the five sectors

## Methodology on climate-related scenario

Our scenario analysis focused on potential credit risk arising from climate-related factors for the 303 customers in the pilot study. In addition to losses from credit costs, our portfolio might also be affected by the loss of future revenues to us from customers that may have become economically unviable. TCFD has categorised climate-related risks into transition risk and physical risk<sup>(5)</sup>. We focused on transition risk as the potentially largest risk to the customers in our pilot study.

As a measure of transition risk, we consider the possible increase in carbon prices by year 2030 that may arise from future carbon-related regulation. Carbon pricing assigns a monetary cost on carbon (in fact, on all greenhouse gases) emissions and serves as a proxy for the impact on the cash flows of customers in our lending portfolio.

We analysed the change in cash flow for the 303 customers in our study from the increased carbon prices.

We considered three climate-related scenarios based on research by the International Energy Agency (IEA) and the Organisation for Economic Co-operation and Development (OECD)<sup>(6)</sup>.

- High carbon price scenario: This scenario represents the implementation of policies by year 2100 that are considered sufficient to reduce greenhouse gas emissions in line with the goal of limiting the temperature increase to 2°C from pre-industrial age. This is equivalent to the scenario Energy Technology Perspective – 2 Degrees Scenario (ETP-2DS) with 66% probability of staying below a 2°C increase.
- Medium carbon price scenario: This scenario assumes that policies will be implemented to reduce greenhouse gas emissions and limit climate change to a 2°C increase in the long term, but with action delayed in the short term. This is equivalent to a hybrid between ETP-2DS and New Policies Scenario (NPS). Forecast future carbon prices under the ETP-2DS scenario have been scaled down based on evaluations of Nationally Determined Contributions by Climate Action Tracker<sup>(7)</sup>. The medium scenario assumes that carbon prices will rise to levels consistent with the ETP-2DS scenario in all countries by 2050.
- Low-carbon price scenario: This scenario considers broad policy commitments and plans announced by countries, including pledges to reduce greenhouse gas emissions and phase out fossil fuel subsidies, even if the measures to be implemented have yet to be identified or announced. Prices in this scenario are considered to be insufficient to achieve the goals of the Paris Agreement. The important secondary effects on changes to the natural environment are considered in this scenario only qualitatively. This is equivalent to the IEA NPS scenario.

We subjected a number of these customers, a sample of about 10% of the 303 companies, to our credit risk models to evaluate their potential credit deterioration arising from the impact of higher carbon cost on their cash flows.

(5) Transition risk is concerned with a lower-carbon economy which may entail extensive policy, legal, technology and market changes to address mitigation and adaptation requirements related to climate change. Physical risk is concerned with event-driven (acute) or longer-term shifts (chronic) in climate patterns

(6) Source: [https://www.irena.org/DocumentDownloads/Publications/Perspectives\\_for\\_the\\_Energy\\_Transition\\_2017.pdf](https://www.irena.org/DocumentDownloads/Publications/Perspectives_for_the_Energy_Transition_2017.pdf)

(7) Source: <https://climateactiontracker.org/>

# Selected ESG-related awards, indices and ratings

## A. Awards and indices

 <p>Bloomberg GEI Index 2018</p>	 <p>FTSE4Good Index 2018</p>	 <p>DJSI (Asia Pacific) 2018</p>	 <p>Champion of Good 2018</p>
 <p>AON Best Employer – Asia Pacific Best Employer 2018 (Regional)</p>	 <p>Singapore Apex Corporate Sustainability Award – Sustainable Business</p>	 <p>Sustainable Business Awards Singapore – Best Flagship Initiative</p>	 <p>SGX ESG Indices – Leaders Index and Transparency Index</p>

## B. Human resources-related awards

### Asia Pacific

1. AON Asia Pacific Best Employer (Regional)

### Singapore

1. TAFEP – Pinnacle Award
2. TAFEP – Fair and Progressive Employment Practices
3. Human Resources Director Asia's 2018 Top HR Teams
4. AON Best Employer
5. AON Best of the Best Employer
6. The Institute of Banking and Finance Inspire Award

### Indonesia

1. Indonesia Human Capital Award by Economic Review – Best Private Sector Bank – Non Tbk 2018 Buku III

### Hong Kong

1. Human Resources Asia Recruitment Awards – Best Recruitment Innovation
2. Human Resources Asia Recruitment Awards – Grand Winner Corporate HR Team (3 years in a row)
3. Human Resources Distinction Awards – HR Innovative Team of the Year

### Taiwan

1. HR Asia Best Companies to Work for in Asia (Taiwan Edition)
2. Asian Banking and Finance Retail Banking Awards, Employer Award of the Year – Gold
3. Taiwan Academy of Banking and Finance (TABF) – People Development Award

### India

1. “Great Place To Work” certified
2. LinkedIn Top Companies 2018: Where India wants work now
3. Economic Times: India's finest workplaces
4. AON Best Employer India
5. Tata Institute of Social Sciences Chief Learning Officers (TISS CLO) Awards – Gold Award in Best Simulation based Learning category for Box-office
6. Working Mother and AVTAR 100 Best Company for Women

### China

1. AON Best Employer Innovation Cube Award
2. Universum Most Attractive Employers Award
3. Outstanding Employer Award by American Universities' China Association

## C. Ratings

	Carbon Disclosure Project (CDP)	Dow Jones Sustainability Indices (RobecoSAM Score)	MSCI ESG Rating	Sustainalytics
<b>Current</b>	B January 2019	69/ 100, Included in DJSI (Asia Pacific) September 2018	AA December 2018	60 March 2019
<b>Previous</b>	C	71/100	AA	52

# Commitments and memberships

## Collaboration:

[The Prince's Accounting for Sustainability, Project \(A4S\) Circle of Practice in Singapore](#)

[World Business Council for Sustainable Development \(WBCSD\)](#)

## Digital-related:

[Sustainable Digital Finance Alliance \(SDFA\)](#)

[UN Task Force on Digital Financing for SDGs](#)

## Reporting framework:

[Global Reporting Initiative \(GRI\)](#)

[Integrated Reporting <IR>](#)

[Task Force on Climate-related Financial Disclosures \(TCFD\)](#)

## Sustainable development:

[Global Compact Network Singapore \(GCNS\)](#)

[United Nations Global Compact \(UNGC\)](#)

## Others:

[Asian Venture Philanthropy Network](#)

[RE100](#)

[United for Wildlife Financial Taskforce](#)

# Abbreviations

<b>ABC</b>	Anti-Bribery and Corruption
<b>ABS</b>	The Association of Banks in Singapore
<b>ACIP</b>	Anti-Bribery and Corruption/Combating Financial Terrorism Industry Partnership
<b>AED</b>	Automated External Defibrillator
<b>AI</b>	Artificial Intelligence
<b>AML</b>	Anti-Money Laundering
<b>BCA</b>	Building and Construction Authority
<b>BCM</b>	Business Continuity Management
<b>BDFF</b>	Buy Direct from Farmers
<b>BEPS</b>	Base Erosion and Profit Shifting
<b>BREEF</b>	Building Retrofit Energy Efficiency Financing Scheme
<b>CBG</b>	Consumer Banking Group
<b>CDP</b>	Carbon Disclosure Project
<b>CFT</b>	Combating Financial Terrorism
<b>CITES</b>	Convention on International Trade in Endangered Species of Wild Fauna and Flora
<b>CO<sub>2</sub></b>	Carbon Dioxide
<b>CO<sub>2</sub>e</b>	Carbon Dioxide Equivalent
<b>CoP</b>	Communication on Progress
<b>CRMs</b>	Credit Risk Managers
<b>DBSF</b>	DBS Foundation
<b>DJSI</b>	Dow Jones Sustainability Index
<b>DPTM</b>	Data Protection Trustmark
<b>EDB</b>	Economic Development Board of Singapore
<b>ESG</b>	Environmental, Social and Governance
<b>ETP – 2DS</b>	Energy Technology Perspective – 2 Degrees Scenario
<b>EXCO</b>	Board Executive Committee
<b>FATF</b>	Financial Action Task Force
<b>F&amp;B</b>	Food & Beverage
<b>FDCC</b>	Fair Dealing and Conduct Committee
<b>FIRST</b>	Forum of Incident Response and Security Team
<b>FLY</b>	Financial Literacy for You
<b>FTSE</b>	Financial Times Stock Exchange
<b>GCNS</b>	Global Compact Network Singapore
<b>GEI</b>	Gender Equality Index
<b>GHG</b>	Greenhouse Gases
<b>GPS</b>	Group Procurement and Services
<b>GRI</b>	Global Reporting Initiative
<b>GSMC</b>	Group Strategic Marketing and Communications
<b>GST</b>	Goods and Services Tax
<b>HR</b>	Human Resources
<b>IBG</b>	Institutional Banking Group
<b>ICMM</b>	International Council on Mining and Metals
<b>IEA</b>	International Energy Agency
<b>IFC</b>	International Finance Corporation
<b>ILO</b>	International Labour Organisation
<b>IMDA</b>	Infocomm Media Development Authority
<b>IoT</b>	Internet of Things

<b>IPCC</b>	Intergovernmental Panel on Climate Change
<b>IR</b>	Integrated Reporting
<b>JIM</b>	Jobs Intelligence Maestro
<b>KPIs</b>	Key Performance Indicators
<b>MWC</b>	Migrant Workers' Centre
<b>MSCI</b>	Morgan Stanley Capital International
<b>NDPE</b>	No Deforestation, No Peat, No Exploitation
<b>NGOs</b>	Non-Governmental Organisations
<b>NPS</b>	New Policies Scenario
<b>NTU</b>	Nanyang Technological University
<b>NTUC</b>	National Trades Union Congress
<b>NUS</b>	National University of Singapore
<b>OECD</b>	Organisation for Economic Co-operation and Development
<b>PoP</b>	People of Purpose
<b>PRIDE!</b>	Purpose-driven, Relationship-led, Innovative, Decisive, Everything Fun!
<b>PwC</b>	PricewaterhouseCoopers LLP
<b>raiSE</b>	Singapore Centre for Social Enterprise
<b>REC</b>	Renewable Energy Certificates
<b>RMG</b>	Risk Management Group
<b>RM</b> s	Relationship Managers
<b>RSPO</b>	Roundtable on Sustainable Palm Oil
<b>SEED</b>	Skill Enhancement Education Programme
<b>SDFA</b>	Sustainable Digital Finance Alliance
<b>SDG</b>	Sustainable Development Goals
<b>SEs</b>	Social Enterprises
<b>SGX-ST</b>	Singapore Exchange Securities Trading Limited
<b>SIIA</b>	Singapore Institute of International Affairs
<b>SME</b>	Small and Medium Enterprises
<b>SMEG</b>	SMEs Guarantee
<b>SOC</b>	Security Operation Centre
<b>SSP</b>	Sustainable Sourcing Principles
<b>TABF</b>	Taiwan Academy of Banking and Finance
<b>TAFEP</b>	Tripartite Alliance for Fair and Progressive Employment Practices
<b>TCFD</b>	Task Force on Climate-related Financial Disclosures
<b>TISS CLO</b>	Tata Institute of Social Sciences Chief Learning Officers
<b>TP</b>	Transfer Pricing
<b>T&amp;M</b>	Treasury and Markets
<b>T&amp;O</b>	Technology and Operations
<b>UN</b>	United Nations
<b>UNESCO</b>	United Nations Educational, Scientific and Cultural Organisation
<b>UNGC</b>	United Nations Global Compact
<b>VAT</b>	Value-Added Tax
<b>WBCSD</b>	World Business Council for Sustainable Development
<b>WM</b>	Wealth Management
<b>WMD</b>	Weapons of Mass Destruction
<b>WWF</b>	World Wide Fund for Nature

# Independent limited assurance report on sustainability information

## To the Board of Directors of DBS Group Holdings Ltd

We have been engaged by DBS Group Holdings Ltd (DBS) to undertake a limited assurance engagement in respect of the selected sustainability information from the 2018 Sustainability Report of DBS described below for the year ended 31 December 2018 (the "Identified Sustainability Information").

## Identified Sustainability Information

The Identified Sustainability Information for the year ended 31 December 2018 is set out below:

- GRI 102-8: Information on employees and other workers
- GRI 102-9: Supply chain
- GRI 102-41: Collective bargaining agreements
- GRI 201-1: Direct economic value generated and distributed
- GRI 205-2: Communication and training about anti-corruption policies and procedures
- GRI 302-1: Energy consumption within the organisation
- GRI 303-1: Water withdrawal by source
- GRI 305-1: Energy direct (Scope 1) GHG emissions
- GRI 305-2: Energy indirect (Scope 2) GHG emissions
- GRI 305-3: Other indirect (Scope 3) GHG emissions
- GRI 305-4: GHG emissions intensity
- GRI 305-5: Reduction of GHG emissions
- GRI 306-2: Waste by type and disposal method
- GRI 308-1: New suppliers that were screened using environmental criteria
- GRI 401-1: New employee hires and employee turnover
- GRI 404-1: Average hours of training per year per employee
- GRI 404-3: Percentage of employees receiving regular performance and career development reviews
- GRI 405-1: Diversity of governance bodies and employees
- GRI 405-2: Ratio of basic salary and remuneration of women to men
- GRI 414-1: New suppliers that were screened using social criteria

Our assurance engagement was with respect to the year ended 31 December 2018. We have not performed any procedures with respect to (i) earlier periods; and (ii) any other elements included in the 2018 Sustainability Report of DBS, and in the annual report, website and other publications, and therefore do not express any conclusion thereon.

## Reporting Criteria

The Identified Sustainability Information has been assessed against the Global Reporting Initiative (GRI) Sustainability Reporting Standards 2016 (the "Reporting Criteria").

## Management's Responsibility for the Identified Sustainability Information

Management of DBS is responsible for the preparation of the Identified Sustainability Information in accordance with the Reporting Criteria. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of the Identified Sustainability Information that is free from material misstatement, whether due to fraud or error.

## Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Singapore Standard on Quality Control 1 and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

## Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Identified Sustainability Information based on the procedures we have performed and the evidence we have obtained. We performed our limited assurance engagement in accordance with Singapore Standard on Assurance Engagements 3000 (Revised) - Assurance Engagements other than Audits and Reviews of Historical Financial Information (the "Standard"). This Standard requires that we plan and perform our work to form the conclusion about whether the Identified Sustainability Information is free from material misstatement. The extent of our procedures depends on our professional judgement and our assessment of the engagement risk.

A limited assurance engagement involves assessing the suitability in the circumstances of DBS's use of the Reporting Criteria as the basis for the preparation of the Identified Sustainability Information, assessing the risks of material misstatement of the Identified Sustainability Information whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the Identified Sustainability Information.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement, in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks. Consequently, the level of assurance in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Accordingly, we do not express a reasonable assurance opinion about whether DBS's Identified Sustainability Information has been prepared, in all material respects, in accordance with the Reporting Criteria.

The procedures selected included inquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records. Given the circumstances of the engagement, we also performed the following:

- interviewed management and personnel in Group Procurement Services, Group Human Resources and Corporate Real Estate Strategy & Administration in relation to the Identified Sustainability Information;
- obtained an understanding of how the Identified Sustainability Information is gathered, collated and aggregated internally;
- performed limited substantive testing, on a selective basis, of the Identified Sustainability Information i) to verify the assumptions, estimations and computations made in relation to the Identified Sustainability Information; and ii) to check that data had been appropriately measured, recorded, collated and reported, to the extent we considered necessary and appropriate to provide sufficient evidence for our conclusion; and
- assessed the disclosure and presentation of the Identified Sustainability Information.

In designing these procedures, we considered the system of internal controls in relation to the Identified Sustainability Information and reliance has been placed on internal controls where appropriate. Because of the inherent limitations in any accounting and internal control system, errors and irregularities may nevertheless occur and not be detected.

## Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Identified Sustainability Information for the financial year ended 31 December 2018 is not prepared, in all material respects, in accordance with the Reporting Criteria.

This report, including our conclusion, has been prepared solely for DBS in accordance with the agreement between us. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than DBS for our work or this report.

Yours faithfully



PricewaterhouseCoopers LLP  
Public Accountants and Chartered Accountants  
Name of Partner: Fang Eu-Lin

Singapore  
26 March 2019

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