

Green Bond Framework

Scope: Group-wide
Owner: DBS Sustainability Council

1 Introduction

The Green Bond Framework (Framework) sets out the guidelines for DBS' Green Bond issuances in accordance with the four core components of the Green Bond Principles¹ issued by the International Capital Market Association (ICMA): use of proceeds; process for project evaluation and selection; management of proceeds; and reporting.

2 Use of Proceeds

The proceeds from DBS' Green Bond issuances (Proceeds) will be used to finance or refinance new or existing green assets/projects which meet the criteria outlined below (Eligibility Criteria). Where relevant, the Proceeds may also be used to finance companies that derive 90% or more of their revenues from green assets/projects which meet the Eligibility Criteria.

Eligibility Criteria

1. GREEN BUILDINGS

Purchase, construction or renovation of commercial and residential buildings that meet recognised standards, such as Singapore Building and Construction Authority (BCA) Green Mark (Gold Plus and above), Hong Kong BEAM Plus (Gold and above), LEED (Gold and above), or China Three Star Green Building Evaluation Standard (Three Star rating).

2. SUSTAINABLE TRANSPORTATION

a. Public transportation:

- i. Operation of low-emission mass transportation systems such as rail, metros, trams, cable cars, electric/hybrid buses and bicycle schemes.
- ii. Production of public transport vehicles, such as buses, passenger trains, and ferries.
- iii. Development of infrastructure for mass transportation, such as railway lines and electric lines. This also includes development of supporting infrastructure such as signalling and communication technologies, as well as general information technology upgrades.

b. Clean, private, light-duty vehicles:

- i. Production and distribution of clean or environmentally-friendly vehicles.
- ii. Purchase of clean vehicles by consumers.

c. Clean, private, electric or hybrid heavy-goods vehicles:

- i. Production of clean or environmentally-friendly vehicles.
- ii. Purchase of clean vehicles by consumers.

Clean vehicles are electric or hybrid vehicles that have been classified as A1 or A2 under the Vehicular Emissions Scheme (VES), as determined by the Land Transport Authority of Singapore (or such other equivalent ratings in other countries).

3. RENEWABLE ENERGY

- a. Construction and operation of wind and solar infrastructure.
- b. Production of components destined for wind and solar projects.
- c. Purchase of wind and solar energy products by consumers.
- d. Construction and operation of run-of-river hydro projects <25 MW.

¹ <https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/GreenBondsBrochure-JUNE2017.pdf>

- e. Construction, production, operation and consumer purchase of other generally accepted sources of renewable energy as recognised by the International Renewable Energy Agency (IRENA)².

4. ENERGY EFFICIENCY

- a. Development and production of products or technologies that reduce industrial energy consumption, such as improved chillers, improved lighting technology and enhanced battery capacity.
- b. Purchase and installation of such products or technologies by consumers.

5. WASTE MANAGEMENT

- a. Construction, operation or upgrade of recycling infrastructure, including waste minimisation, filtering, management, recycling and reuse.
- b. Construction, operation or upgrade of waste-to-energy power plants that use environmentally-friendly technologies, such as methane capturing.

6. CLIMATE CHANGE ADAPTATION

- a. Development, production and purchase/installation of products or technologies that enable adaptation to climate change, including information support systems such as climate observation and early warning systems.
- b. Construction, investment or operation of adaptation related-projects that contribute to a reduction in vulnerability to climate change.

The Proceeds may also be used to fund the following assets/projects within DBS' own operations which have positive environmental impact:

- **RENEWABLE ENERGY** – Installation of solar panels or other renewable energy equipment.
- **ENERGY EFFICIENCY** – Purchase and installation of products or technologies that reduce energy consumption, such as improved lighting technology and enhanced battery capacity.
- **WASTE MANAGEMENT** – Purchase and installation of recycling infrastructure, including waste minimisation, filtering, management, recycling and reuse.

Exclusionary Criteria

DBS has developed a list of exclusionary criteria on the use of the Proceeds (see Appendix 1). In this regard, we commit to not knowingly using the Proceeds for the financing of assets/projects included in the exclusionary criteria.

3 Project Evaluation and Selection Process

Environmental Sustainability Objectives

We manage sustainability along four pillars³: 1) Responsible Banking; 2) Responsible Corporate Citizenship; 3) Creating Social Impact; and 4) Employer of Choice. Within these pillars, we have chosen to focus on 4 out of the 17 Sustainable Development Goals (SDGs)⁴ where we believe we can make the most impactful contributions, taking into account our unique heritage, strategy, the markets we operate in and our businesses.

² <http://www.irena.org>

³ <https://www.dbs.com/sustainability/default.page>

⁴ <https://www.dbs.com/sustainability/overview/us-sustainable-development-goals/default.page>

The four SDGs are:

- SDG 7 – Affordable and Clean Energy
- SDG 8 – Decent Work and Economic Growth
- SDG 12 – Responsible Consumption and Production
- SDG 13 – Climate Action

Our project evaluation and selection process is guided by our focus on “Responsible Banking”, which is one of the four pillars anchoring our sustainability strategy, and is designed to contribute to SDGs 7 and 13.

Application of Eligibility and Exclusionary Criteria in Project Selection

DBS has developed a two-step approach to project evaluation and selection:

1. Relevant business units are responsible for the screening and selection of assets or projects using the Eligibility Criteria and exclusionary criteria, as part of the credit evaluation process; and
2. The DBS Sustainability Council⁵ is responsible for the review and approval of the assets or projects proposed by the relevant business units to ensure compliance with the Framework.

Process to Mitigate Environmental and Social Risks Stemming from Eligible Projects

The DBS Responsible Financing Standard sets out our overarching approach to responsible financing and provides structured and detailed guidance to identify and assess potential environmental, social and governance (ESG) risks as part of the credit evaluation process. For more information, see <https://www.dbs.com/sustainability/responsible-banking/responsible-financing/default.page>.

4 Management of Proceeds

The Proceeds will be allocated to finance designated eligible green assets/projects across DBS (Pool), selected in accordance with the Eligibility Criteria and exclusionary criteria, and using the evaluation and selection process mentioned above. We will monitor the allocation of the Proceeds and the Pool via internal information systems. A register will be created to facilitate the monitoring and reporting of the issued Green Bonds and the Pool.

DBS intends to designate sufficient green assets or projects into the Pool to ensure that its outstanding balance always exceeds the Proceeds. For each new Green Bond issuance, where necessary, additional eligible green assets or projects will be added to the Pool to ensure sufficient and timely allocation of the incremental net proceeds. Where the allocation of the Proceeds is pending due to there being insufficient assets in the Pool, we may deploy the Proceeds at our own discretion in cash or high-quality marketable instruments in accordance with our liquidity management strategy in the interim.

During the life of the issued Green Bonds, if the designated assets or projects cease to fulfil the Eligibility Criteria, we will use our best efforts to find and allocate the Proceeds to replacement assets or projects that comply with the Eligibility Criteria as soon as reasonably practicable.

⁵ The DBS Sustainability Council comprises senior leaders across business and support units, including Finance, Technology and Operations, Treasury and Markets, Institutional Banking, Consumer Banking, Risk Management Group, Group Strategic Marketing and Communications and DBS Foundation/. For more information, see <https://www.dbs.com/sustainability/overview/sustainability-governance/default.page>

5 Reporting

Allocation Reporting

As long as there are outstanding Green Bonds issued under this Framework, we will publish a report on an annual basis on our website that includes, at the minimum, the following information:

- Allocated Proceeds by eligibility criterion, together with a description of the types of projects or businesses that are being financed; and
- The remaining balance of unallocated Proceeds at the end of the reporting period.

Where possible, we will also provide additional information, case studies or examples of financed projects or businesses, subject to considerations such as confidentiality agreements and competition issues.

The annual reporting will be reviewed and approved by the DBS Sustainability Council. Furthermore, we intend to engage an external auditor to provide independent verification and assurance on our reporting and management of Proceeds in accordance with this Framework.

Impact Reporting

Where relevant and possible, we will also report on selected impact metrics (per project or in aggregate for all projects financed by the Proceeds), as outlined in Table 1 below.

Table 1

Eligibility Criteria	Example Impact Metric
Renewable energy	<ul style="list-style-type: none"> • kWh of power generated from renewable energy • Tonnes of carbon dioxide (CO₂) equivalent avoided
Energy efficiency	<ul style="list-style-type: none"> • Energy saved per year (kWh/year) • Percentage energy efficiency achieved
Certified real estate	<ul style="list-style-type: none"> • Energy consumption reduced per square foot • List of eligible buildings that received third party-verified green building certification
Public transport	<ul style="list-style-type: none"> • Greenhouse gas (GHG) emissions savings/tonnes of CO₂ equivalent avoided

Appendix 1 Exclusionary Criteria

The following projects/activities are ineligible for the use of the Proceeds:

1. Large scale hydro projects (i.e. projects that generate greater than 25 MW of electricity)
2. Transmission infrastructure or systems where 25% or more of electricity transmitted to the grid is generated using fossil fuels
3. Nuclear energy technology, equipment or infrastructure
4. Agricultural or afforestation operations located on land designated as primary forest, high conservation value areas, or legally preserved areas
5. Payday loans and predatory lending activities
6. Production or distribution of adult entertainment
7. Manufacture of alcohol or wholesale of alcoholic beverages
8. Manufacture or wholesale of tobacco products
9. Ownership or operation of gambling establishments/activities
10. Manufacture or retail sale and distribution of weapons and small arms; or the production of products and services supporting the manufacture or retail sale of weapons and small arms
11. Extraction, refining or transportation of fossil fuels
12. Production or refining of palm oil

Appendix 2 Version History

Version	Date of Issue	Summary of Key Changes
1.0	1 Jul 2017	Framework Issued