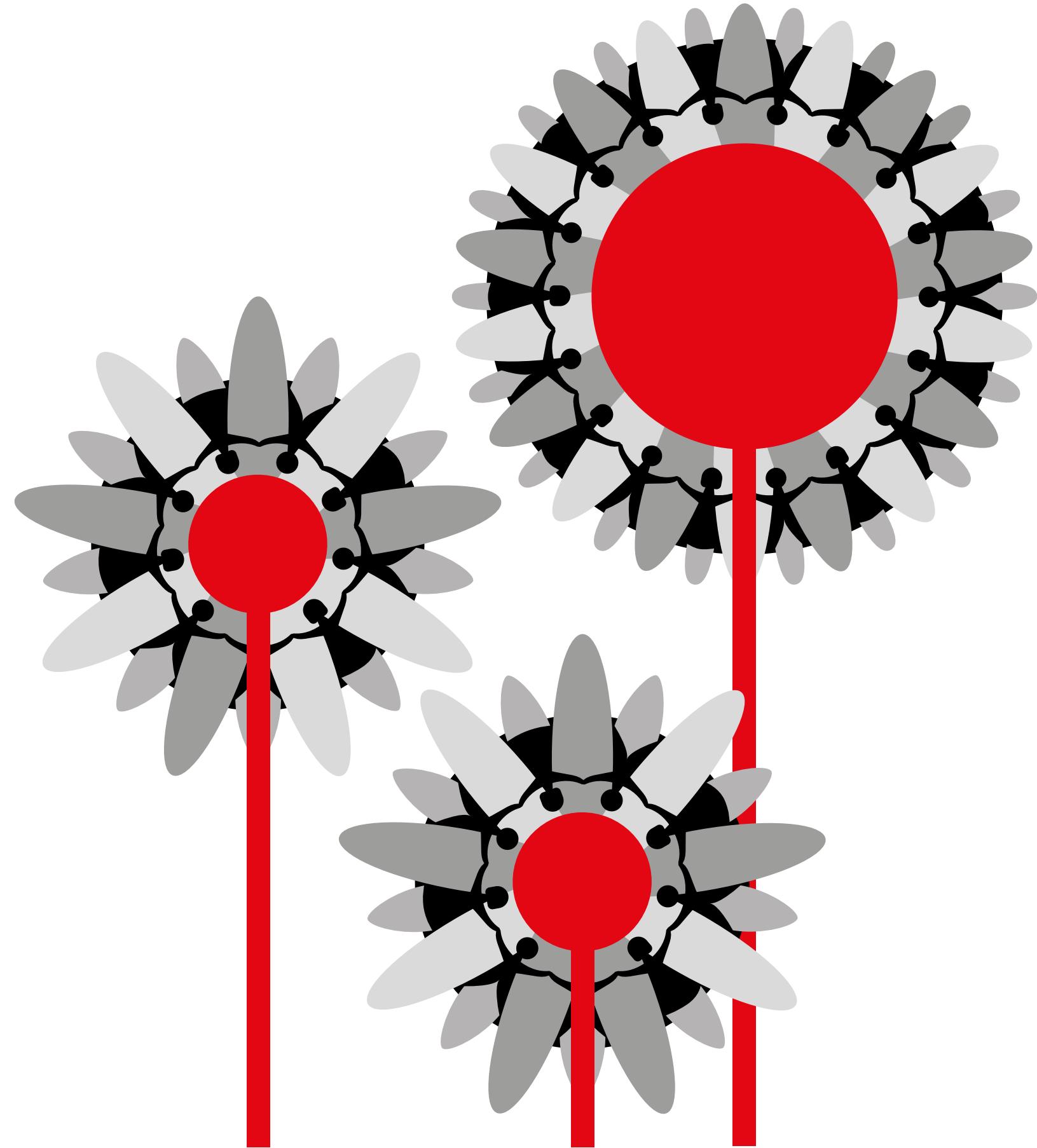
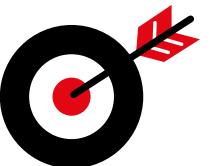


Purpose-driven Bank



**Our approach
and strategy****Articulation of
sustainability matters****Appendix**

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Introduction

Overview

We have been named the inaugural winner of the “Social Enterprise Champion of the Year (Corporation)” award at the President’s Challenge Social Enterprise Awards 2019 in Singapore. For the third consecutive year, we have been included in both the Bloomberg Gender-Equality Index and FTSE4Good Global Index. All of which are testament to our commitment to delivering a purpose beyond banking and working towards a more sustainable future.

As part of our ongoing efforts to promote responsible financing, we have adopted the Equator Principles and will continue to adhere to due diligence processes in accordance to International Finance Corporation Performance Standards. On raising public awareness on sustainability issues, we debuted the second season of Sparks, a mini-series inspired by true stories of social enterprises with DBS Foundation, and partnered with Singapore’s English flagship daily, The Straits Times, to publish sustainability-related articles in a 28-part series collaboration.

This year, we issue our second standalone Sustainability Report and it follows the same structure of the previous year. Additional disclosure and commentary are provided in several areas, including responsible financing, climate change and social entrepreneurship.

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 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 (with subsequent revisions), 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 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.

Coverage

This report covers the environmental, social and governance (ESG) principles, initiatives and performance of our operations in our key markets. It contains information for the financial year 1 January to 31 December 2019, unless otherwise stated. The report is to be read in conjunction with the [Annual Report 2019](#) 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@ dbs.com.

Key highlights

Pillar 1: Responsible banking

Responsible financing

About **SGD 5 billion**

financing for sustainability-linked loans, renewable and clean energy-related loans and green loans



Financial inclusion

Provided **SGD 37.2 billion**

in financing for small and medium-sized enterprises (SMEs)



Cyber security

NO material instances of customer data loss

Data governance

NO material instances of customer privacy breaches

Climate change

Task Force on Climate-related Financial Disclosures: Deepened transition risk assessment and introduced limited physical risk assessment

Fair dealing

NO material instances of non-compliance concerning fair dealing

Preventing financial crime

NO material instances of non-compliance with laws and regulations in financial crime

Pillar 2: Responsible business practices

Talent management and retention



Awarded the **Workforce Transformation Award** by the Institute of Banking and Finance Singapore

Diversity and equal opportunity

Included in the **Bloomberg Gender-Equality Index** for the third consecutive year

Workplace well-being

Awarded the Building Construction Authority-Health Promotion Board

'Green Mark for Healthier Workplace' Platinum

Sustainable procurement

99.9% of new suppliers signed to our Sustainable Sourcing Principles

Social entrepreneurship

Nurtured over **400 social enterprises** in the last five years



Managing our environmental footprint

RE100: About **14%** of renewable energy for key markets

Responsible tax management

Contributed **> SGD 1.1 billion** in income tax



Pillar 3: Creating social impact

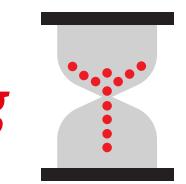
Social entrepreneurship

Nurtured over **400 social enterprises** in the last five years



Employee volunteerism

About **88,000 employee volunteering hours**



CEO message



Through continual collaborations with businesses, government agencies, institutes of higher education and non-governmental organisations, we persevere in helping to solve complex social issues in a sustainable way and contributing to a more inclusive Asia.

I mentioned last year that finding the right balance is an important dimension in our approach, and it is not always easy, given the sometimes-inherent tensions in the pursuit of various Sustainable Development Goals (SDGs). For example, there are instances where development and social goals are in conflict. Net impact assessment is therefore integral to determine if an industry creates overall positive or negative impact, but today, there are no consistent measures available. I believe an objective form of measurement is important to better understand the impact resulting from our lending.

To this end, I am pleased that in 2019, we took the first steps towards developing an impact measurement framework. This is a unique challenge because the impact from our lending depends on the activities of our customers, hence the need to obtain a wide range of data across different sectors. For a start, we conducted an impact measurement study for the automotive and palm oil sectors that we lend to. Preliminary results indicated that the transition to electric vehicles and the imposition of stringent ESG requirements on our palm oil customers would lead to reduced environmental and social externalities. We plan to extend this study to our wider lending portfolio, to better inform our effort in steering it towards being more sustainable.

In demonstrating commitment and transparency, we have become the first bank headquartered in Southeast Asia to adopt the Equator Principles. While we have already adhered to due diligence processes in accordance to International Finance Corporation Performance Standards, we will now go the extra mile in disclosing more information related to large-scale developments.

This second standalone Sustainability Report summarises our commitments and progress we have made on the SDGs and material sustainability matters. I hope you find this report useful and see us being here for the long term to enrich lives, transform business and drive sustainable outcomes.

Piyush Gupta
CEO
DBS Group Holdings

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 incorporate responsible financing in our lending practices, support our customers' transition towards more sustainable low-carbon business models and improve customers' access to ESG investments. We conduct our business in a fair and responsible manner. This includes advancing financial inclusion, taking a proactive stance to protect our customers' information and preventing financial crime.



Responsible business practices

We do the right thing by our most important resource – our people – and consider environmental and societal factors in our business operations. We provide an inclusive work environment, 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.



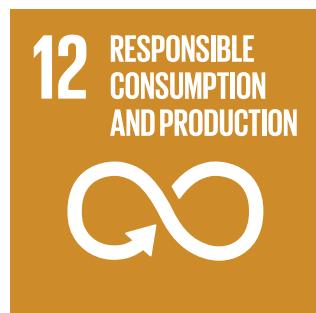
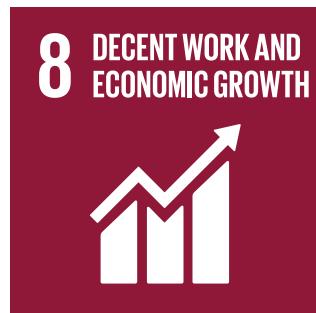
Creating social impact

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 the elderly, education and the environment.

Progress on Sustainable Development Goals

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, taking into account the markets in which we operate.

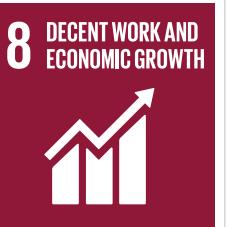


Responsible banking

SDGs	Related ESG matters	2030 UN established targets	Selected initiatives	Performance achieved
5 GENDER EQUALITY 	Financial inclusion	Support women's equal rights to economic resources, as well as ownership and control of land and other resources	Supported USD 12 million Impact Investment Exchange Women's Livelihood Bond 2 (WLB2), as the placement agent	<ul style="list-style-type: none"> The WLB2 will create sustainable livelihoods for over 250,000 underserved women across the Asia Pacific
7 AFFORDABLE AND CLEAN ENERGY 	Responsible financing	Promote financing of renewable energy in the global energy mix	Financed a wide spectrum of clean and renewable energy technologies from solar, wind and others	<ul style="list-style-type: none"> Financed about SGD 1.7 billion of renewable and clean energy-related loans in 2019
8 DECENT WORK AND ECONOMIC GROWTH 	Financial inclusion	Encourage and expand access to banking, insurance and financial services for all	Offered SMEs a variety of financial services, including supply chain finance, loan insurance scheme, fixed asset financing and others	<ul style="list-style-type: none"> Provided more than SGD 37.2 billion in financing for SMEs in 2019
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 	Responsible financing	Develop quality, sustainable, and resilient infrastructure to support economic development and human well-being	Adopted the Equator Principles and Green Investment Principles for Belt and Road	<ul style="list-style-type: none"> Total amount of outstanding loans to infrastructure was approximately SGD 4.1 billion in 2019
12 RESPONSIBLE CONSUMPTION AND PRODUCTION 	Responsible financing	Support people to gain relevant information and awareness for sustainable development	Engaged wealth management customers on sustainability awareness and sustainable investing	<ul style="list-style-type: none"> Hosted panel discussions on sustainable investing for the second generation of our wealth management customers Adopted MSCI ESG ratings for our wealth products, advisory and discretionary portfolio services
13 CLIMATE ACTION 	Responsible financing	Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation and impact reduction	Advised and structured green loans and sustainability-linked loans Ceased financing new coal-fired power plants, apart from honouring existing mandates	<ul style="list-style-type: none"> Provided more than SGD 3.3 billion of green loans and sustainability-linked loans in 2019 Exposure to coal-fired power plants was less than 0.4% of total IBG exposure in 2019

Our approach and strategy

Responsible business practices				
SDGs	Related ESG matters	2030 UN established targets	Selected initiatives	Performance achieved
5 GENDER EQUALITY 	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"> Board female percentage: 18% Group Management Committee female percentage: 29% Total workforce female percentage: 52%
7 AFFORDABLE AND CLEAN ENERGY 	Managing our environmental footprint	Increase the share of renewable energy in the global energy mix	Installed solar panels on top of selected retail branches as part of our RE100 commitment	<ul style="list-style-type: none"> About 14% of renewable energy for key markets
8 DECENT WORK AND ECONOMIC GROWTH 	Talent management and retention	Achieve higher levels of economic productivity through diversification, technological upgrading and innovation	Invested in continued reskilling, upskilling and development of employees Invested in technological infrastructure to support employees	<ul style="list-style-type: none"> Reskilled or upskilled more than 1,100 employees under the Professional Conversion Programme Implemented DBS MySkills and DBS Match programmes that matched employees' skills to suitable training programmes and available internal roles
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 	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 cloud-optimised centres	<ul style="list-style-type: none"> Electricity consumption of data centre IT load fell by about 8.5% in Singapore
12 RESPONSIBLE CONSUMPTION AND PRODUCTION 	Sustainable procurement	Promote public procurement practices that are sustainable	Established Sustainable Sourcing Principles (SSP)	<ul style="list-style-type: none"> 99.9% of new suppliers signed SSP in 2019
13 CLIMATE ACTION 	Managing our environmental footprint	Improve institutional capacity on climate change mitigation, adaptation and impact reduction	Obtained Green Mark certifications across our branch network	<ul style="list-style-type: none"> 100% of our Singapore branches are Building and Construction Authority Green Mark certified 62 branches certified as Green Mark Gold and above

Creating social impact				
SDGs	Related ESG matters	2030 UN established targets	Selected initiatives	Performance achieved
8 DECENT WORK AND ECONOMIC GROWTH 	Social entrepreneurship Employee volunteerism	Support productive activities, decent job creation, entrepreneurship, creativity and innovation through access to financial services	Supported social enterprises via our annually administered Social Enterprise Grant Programme Conducted digital/ financial literacy programmes for the elderly and youth/ children	<ul style="list-style-type: none"> SGD 1.3 million granted to nine social enterprises Over 400 social enterprises nurtured in the last five years About 88,000 employee volunteering hours to serve communities
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 	Social entrepreneurship	Increase access of small-scale industrial and other enterprises to financial services	Addressed the needs of social enterprises through DBS Social Enterprise Package	<ul style="list-style-type: none"> 597 customers benefitted from Social Enterprise Package About SGD 2.34 million of committed unsecured loans were granted to social enterprises as at 31 December 2019
13 CLIMATE ACTION 	Social entrepreneurship	Improve education, promote awareness and raise human and institutional capacity for climate change mitigation, adaptation and impact reduction	Integrated sustainability elements into events	<ul style="list-style-type: none"> Over 70,000 members of the public attended the eco-certified DBS Marina Regatta 2019 with the theme of "The Race Against Time"

Governance

The Board has overall responsibility for sustainability and integrates 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.



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 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 are then utilised by the Board for strategic planning. The Group Sustainability Council meets every two months and provides periodic updates to the CEO, Group 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. These Councils 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 and 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.

The Group Sustainability Council devises an annual scorecard which tracks the sustainability initiatives taken and the performance achieved. It includes the number of sustainability-related loans completed, how widely cultural awareness tools are used, and other topics.

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 material ESG matters annually for relevance and prioritisation.

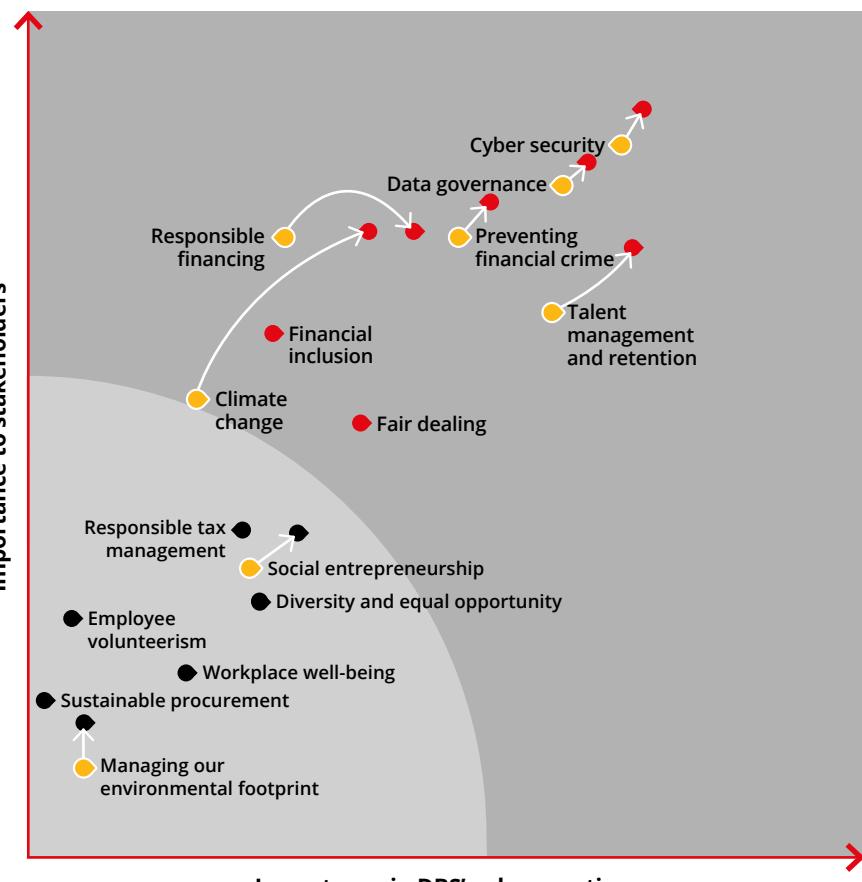
This year, we elevated the materiality of "Climate change", "Responsible financing", "Preventing financial crime", "Talent management and retention", "Data governance" and "Cyber security". In addition, "Managing our environmental footprint" and "Social entrepreneurship" were elevated. The elevation reflected increased attention from stakeholders as well as our expanded efforts to create value in these same matters. We also subsumed digital finance into financial inclusion.

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

Read more about each ESG matter on [pages 15 to 40](#).



ESG materiality matrix



In determining what material ESG matters are, we also considered the relevant sustainability issues identified by Sustainability Accounting Standards Board (SASB). Specifically, we considered the issues identified as material for (i) commercial banks, (ii) consumer finance and (iii) mortgage finance.

Read more about "Mapping to SASB Standards" on [page 54](#).

Stakeholder engagement

	Shareholders	Customers	Employees	Society	Regulators and policy makers
How did we engage?	<p> We provide investors with information on our sustainability commitments and progress for them to make informed investment decisions about DBS.</p> <ul style="list-style-type: none"> Meetings with investors to understand their expectations on Sustainability Reporting and green bond financing Ongoing conversations with major ESG rating agencies 	<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> <ul style="list-style-type: none"> Focus group study to evaluate interest of retail customers for sustainable products Annual Future Leaders Programme to raise awareness of DBS' sustainability strategy and commitment Seminars on emerging issues including environmental sustainability, women and children in Asia, and ageing populations Singapore Creator Awards 2019 to promote uniquely local designs and ideas to inspire "Recycle more, Waste less" Sustainability disclosures on our websites 	<p> We communicate with our employees using multiple channels to ensure they are engaged in driving our sustainability efforts. This also allows us to be up to date with their concerns.</p> <ul style="list-style-type: none"> "DBS Open" – quarterly group-wide townhalls hosted by CEO Piyush Gupta "Tell Piyush" – an online forum where employees can freely share their feedback and post questions to the CEO Regular department townhalls and events held by senior management include discussion on sustainability-related initiatives Annual employee engagement and sustainability awareness survey Employee sustainability focus groups Sustainability intranet portal Sustainability interest groups – volunteers lead initiatives within DBS Annual group leadership conference for senior management 	<p> We engage the community including non-governmental organisations (NGOs) and opinion makers to better understand how we can help address the needs of society.</p> <ul style="list-style-type: none"> Meetings with social enterprises (SEs) to discuss their progress, share experiences, and understand their specific challenges Community partners/ social service agencies were engaged to understand concerns from ground up, such as the challenges our beneficiaries – the elderly, underprivileged and disadvantaged – face and areas where we can effectively support them Connecting to government bodies and associations including Singapore Centre for Social Enterprise, Community Chest as well as networks such as Asian Venture and Philanthropy Network and UN Global Compact to continue dialogue, engage and support where necessary Strong partnerships such as academic institutions like Singapore Management University – Institute of Innovation and Entrepreneurship and Lien Centre for Social Innovation to support tackling real-world sustainability challenges Being the "People's Bank", POSB plays an active role in engaging the community within our neighbourhoods and partnering with various agencies such as Community Development Councils, Infocomm Media Development Authority (IMDA) and the People's Association to make a difference in society at large Meeting with NGOs about their specific concerns Participating in various industry sustainability-related forums organised by World Wide Fund for Nature (WWF) Singapore, World Business Council for Sustainable Development, Global Compact Network Singapore and GRI Regional Hub in Singapore 	<p> We strive to be a good corporate citizen and long-term participant in our markets by providing input to and implementing public policies regarding sustainability. More broadly, we seek to be a strong voice for Asia in sustainability-related forums.</p> <ul style="list-style-type: none"> Consultations with United Nations bodies including Sustainable Digital Finance Alliance (SDFA) with Piyush as a member of the advisory board, and UN Secretary-General's Task Force on Digital Financing of the SDGs Meetings with governments and regulators including Monetary Authority of Singapore (MAS) Advising public policy agencies including IMDA with CEO Piyush Gupta as a council member to the Advisory Council on the Ethical Use of Artificial Intelligence (AI) and Data Active participation in various industry sustainability-related forums organised by the Association of Banks in Singapore and Singapore Institute of International Affairs

	Shareholders	Customers	Employees	Society	Regulators and policy makers
What were the key topics raised and feedback received?	<ol style="list-style-type: none"> Progress on our sustainability agenda and our approach to financing environmentally-sensitive industries Availability of ESG-related investment products Responsible use of data 	<ol style="list-style-type: none"> DBS' response to climate change Workplace management, employee benefits, welfare and others In our employee engagement survey, we scored very well on "Customer Focus", "Learning and Development", "Risk and Control Culture" and "Diversity and Inclusion". Comparatively, we scored higher than APAC Best Employers for "Learning and Development", "Risk and Control Culture" and "Diversity and Inclusion". We can improve in "Enabling Productivity" and "Rewards and Recognition" Avenues through which employees can contribute to Group initiatives 	<ol style="list-style-type: none"> Through "Tell Piyush", questions were raised on workplace management, employee benefits, welfare and others As the world digitises, segments of the elderly population have expressed the need for digital literacy education SEs continued to face challenges such as the lack of funding as well as commercial and operations expertise. They expressed the need for targeted training to grow their management of talent, digital and traditional marketing, as well as financial and data management capabilities Human rights violations including human trafficking and modern slavery in high-risk regions 	<ol style="list-style-type: none"> Increased focus on sustainability and climate change matters – the public is expecting that banks exert greater influence on their customers and employees to act responsibly in sustainability matters As the world digitises, segments of the elderly population have expressed the need for digital literacy education SEs continued to face challenges such as the lack of funding as well as commercial and operations expertise. They expressed the need for targeted training to grow their management of talent, digital and traditional marketing, as well as financial and data management capabilities Governance framework for the ethical and responsible use of AI 	<ol style="list-style-type: none"> Financing towards sustainable development, including through the use of fintech Policies and processes to address increasing risks in financial crime, cyber security and data governance A set of guidelines illustrating sound practices in the management of environmental risk for the banking sector Fair dealing and conduct Tax practices to address fair share of tax payment; Base Erosion and Profit Shifting (BEPS) Our approach to financing environmentally-sensitive industries
How did we respond?	<ol style="list-style-type: none"> Our Sustainability Report 2019 incorporated feedback requesting more disclosure on general progress made and lending approach to environmentally-sensitive industries. We are the first bank headquartered in Southeast Asia to adopt the Equator Principles. The engagement informed the formulation of our Responsible Financing Standard and Sector Guides. 	<ol style="list-style-type: none"> Recommendations by the Task Force on Climate-related Financial Disclosures were adopted. We deepened transition risk assessment and introduced limited physical risk assessment. Suite of sustainable investment products for wealth management was made available. PURE principles (Purposeful, Unsurprising, Respectful and Explainable) were developed. This multi-faceted assessment is applied to validate that the use of data is being done in a responsible and accountable manner. 	<ol style="list-style-type: none"> Piyush personally responded to all the questions and comments raised on "Tell Piyush" to address employees' concerns. Where applicable, issues or suggestions were directed to relevant departments for follow-up. We continued to strengthen the bank's culture by refreshing our PRIDE! behavioural descriptors, and emphasising them in our performance and development review for all employees. 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 key performance indicators of each work stream, were shared on the intranet portal. 	<ol style="list-style-type: none"> Our award-winning mini-series Sparks (second season) was inspired by true stories of SEs and was aired across various digital channels. Since the launch, it has garnered 144 million of views across the region. The series advocates for people to reduce plastic pollution and be more inclusive of marginalised populations, among others. We continued to promote the message of "Recycle more, Waste less" through campaigns in leading dailies and on digital channels. In addition, we published an ESG-related prohibited transaction list and summaries of seven Sector Guides to articulate our commitment and position. In the POSB Active Neighbours programme, seniors have been appointed as "digital ambassadors" who proactively share tips and information on digital banking at the bank's branches and events. In 2019, two of our digital ambassadors were appointed by IMDA as Silver Infocomm Wellness Ambassadors. DBS Foundation shaped its signature SE Grants programme to scale up SEs' businesses and impact. Additionally, we support early stage enterprises who are in the ideation and prototyping stage with the Social Impact Prizes which attend to their immediate growth needs. Through these two programmes, we have been able to support SEs across different stages of growth. We conducted elementary human trafficking and modern-day slavery themed training sessions with our relationship managers and credit risk managers. 	<ol style="list-style-type: none"> We supported clients on sustainability-related financial products and worked with SDFA on a report to harness digital technology to address sustainability issues. DBS remains the only bank in Singapore to be certified IMDA Data Protection Trustmark (DPTM). We are actively participating in IMDA's outreach to promote DPTM, including hosting industry sessions to share our certification journey. We also continued to lead discussions on developing digital ecosystems for consumer and SME banking, and on using data and analytics to improve financial crime risk management. During the year, we participated heavily in the consultation of MAS' Environmental Risk Management Guidelines and engaged related business and support units on its implications. Fair dealing commitment is embedded in our Code of Conduct and all fair dealing outcomes are reported to the Board Risk Management Committee on a quarterly basis. Our approach to BEPS is disclosed publicly. The engagement informed the formulation of our Responsible Financing Standard. We contributed to Singapore's model AI governance framework and have adopted the guidelines within.

Our key markets

We are proud to make a positive impact in our key markets and across our three sustainability pillars.

Our local offices, supported by Local Sustainability Councils, have driven initiatives to advocate, engage and empower stakeholders on sustainability.

We are honored to be named the inaugural winner of the “Social Enterprise Champion of the Year (Corporation)” award at the President’s Challenge Social Enterprise Awards (PCSEA) 2019.



In July 2019, we partnered PT Sumatera Timberindo Industry, a leading premium wooden furniture door manufacturer, to sign the first export financing sustainability-linked loan of its kind in Indonesia. The loan was evaluated based on a target to obtain timber and raw materials from sources certified by the Forest Stewardship Council (FSC). The interest rate of this loan will be reduced for each shipment of raw material that has an FSC certification, documenting that the raw material is responsibly sourced.



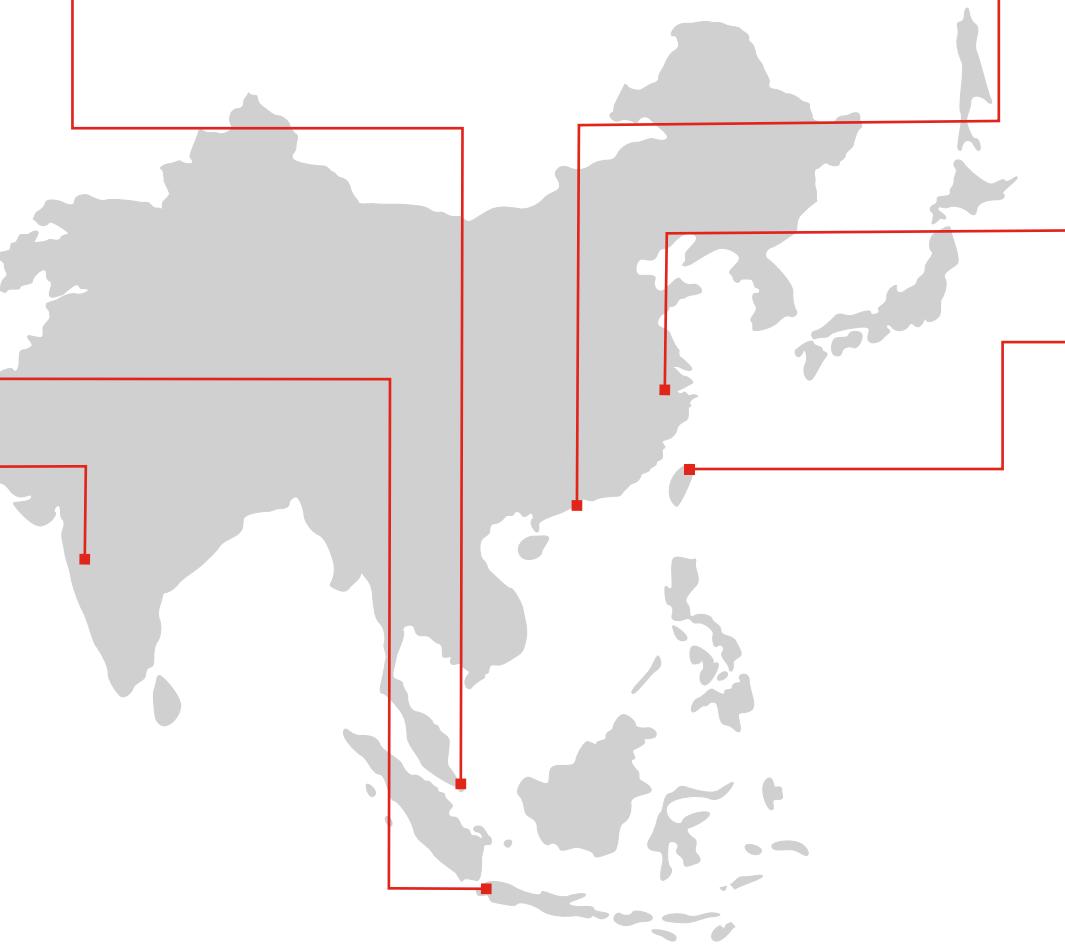
In recognition of our efforts to nurture social enterprises (SEs) in Singapore and the region, we were named the inaugural winner of the “Social Enterprise Champion of the Year (Corporation)” award at the PCSEA 2019. The PCSEA, conferred biennially by the President’s Office, honours outstanding businesses and their partners within the SE sector in Singapore for contributions made to the local community.



The inaugural DBS Hong Kong Sustainability Day was launched to engage, entertain and educate staff on the bank’s sustainability strategy and efforts, and on sustainable lifestyle practices. Multiple internal and external guest speakers were invited to share their perspectives and a variety of booths and activities were set up by SEs. The event saw more than 1,000 participating employees and positive feedback was received on the meaningful guest presentations and booth activities.



In August 2019, we set up a pop-up store at a popular retail mall in Shanghai, promoting “Recycle more, Waste less”. The interactive activities included screening of the latest Sparks mini-series, sorting garbage using virtual reality technology and others. Key opinion leaders were invited to livestream the event and promulgate the message to their followers.



We organised an event for employees to use their volunteer leave to plant 200 saplings of Rhizophora mangle (red mangrove) species. This event included a brief introduction to mangroves and their ecosystem, a pledge to continue supporting the mangroves project and the actual planting. A total of 32 employees from the Mumbai office participated.



In March 2019, we launched the Carbon Zero Mission to conserve energy and reduce its related carbon emissions. The six-month campaign had 67 champions trained to lead more than 2,400 participating employees across our operations in Taiwan. Through this period, we achieved overall savings of approximately 200 MWh of electricity which is equivalent to around 110 tCO₂.

Pillar 1: Responsible banking

A. Responsible financing

Why it matters

Our financing plays a critical role in directing capital flows and unlocking opportunities that support sustainable development. We recognise that financing customers who lack the commitment, capacity or capability to mitigate ESG risks can lead to credit and reputation risks for the bank.

We stand by our customers who are motivated to make a positive impact, for example, in the areas of renewable energy, sustainable food and agricultural systems and using alternatives for scarce materials. With the growing urgency for sustainable business models and climate-resilient economies, we will continue to structure financing solutions to support this transition.

Approach

Our Group Core Credit Risk Policy incorporates principles and approaches to managing ESG issues. Our list of prohibited activities was also strengthened in 2019. They are supplemented by the **Group Responsible Financing Standard** and our **eight Sector Guides** pertaining to sectors with elevated ESG risks. A new Sector Guide for the Animal Husbandry and Feed sector was also introduced. The Group Responsible Financing Standard is subject to an annual review. It applies to all our lending and capital market products and services for corporate customers.

This year, we expanded the application of ESG standards to promoter share financing in Private Banking (where customers pledge their own company shares as collateral), and the banking book investment desk within Treasury and Management. We aim to apply ESG standards consistently across the bank where practicable.

Sector Guides

We have developed eight Sector Guides that outline the ESG standards we expect of our customers. These cover the agricultural commodities, palm oil, chemicals, oil and gas, mining and metals, power generation, infrastructure, and animal husbandry and feed sectors, and provide our relationship manager (RMs) and credit risk managers (CRMs) with a structured approach to assess ESG risks.

These Sector Guides refer to certification schemes, international best practices and conventions such as the International Finance Corporation (IFC) Performance Standards, World Bank Environmental, Health and Safety Guidelines, International Labour Organization Conventions and Recommendations, International Council on Mining and Metals 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 the Association of Banks in Singapore's (ABS) Haze Diagnostics Kit.

Read more about [Our Approach to Responsible Financing](#).

ESG risk management

ESG risks may include a combination of environmental matters such as biodiversity loss, marine ecosystem degradation, climate change, deforestation, hazardous waste contamination, water scarcity and pollution, as well as social matters including labour and human rights, occupational health and safety and involuntary resettlements.

The following writeups describe (i) why it matters, (ii) approach, (iii) initiatives, (iv) status, (v) targets and (vi) case study for each ESG matter and is structured based on our three sustainability pillars.

Consistent with DBS' internal controls framework, we adopt three lines of defence to manage our ESG risk. RMs conduct ESG risk assessments for each borrower as part of the credit application process, forming the first line of defence. The Institutional Banking Group (IBG) Sustainability team conducts additional evaluation on cases that are escalated. Enhanced due diligence may take the form of site visits, independent reviews or certification requirements. As the second line of defence, our CRMs review these ESG assessments as part of the credit approval process. Group Audit provides the third line of defence through periodic audit evaluation on the effectiveness of our ESG risk management.

Monitoring 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 following up on agreed mitigating measures. If a customer is unwilling to adequately manage and mitigate the identified ESG risks, we are prepared to turn down the transaction or reassess the banking relationship.

The Board Risk Management Committee approves DBS' overall and specific risk governance frameworks and oversees an independent Group-wide risk management system including responsible financing. At the portfolio level, the IBG Sustainability team reports to the Group Credit Risk Committee biannually and any material issues are communicated to the Group Risk Executive Committee.

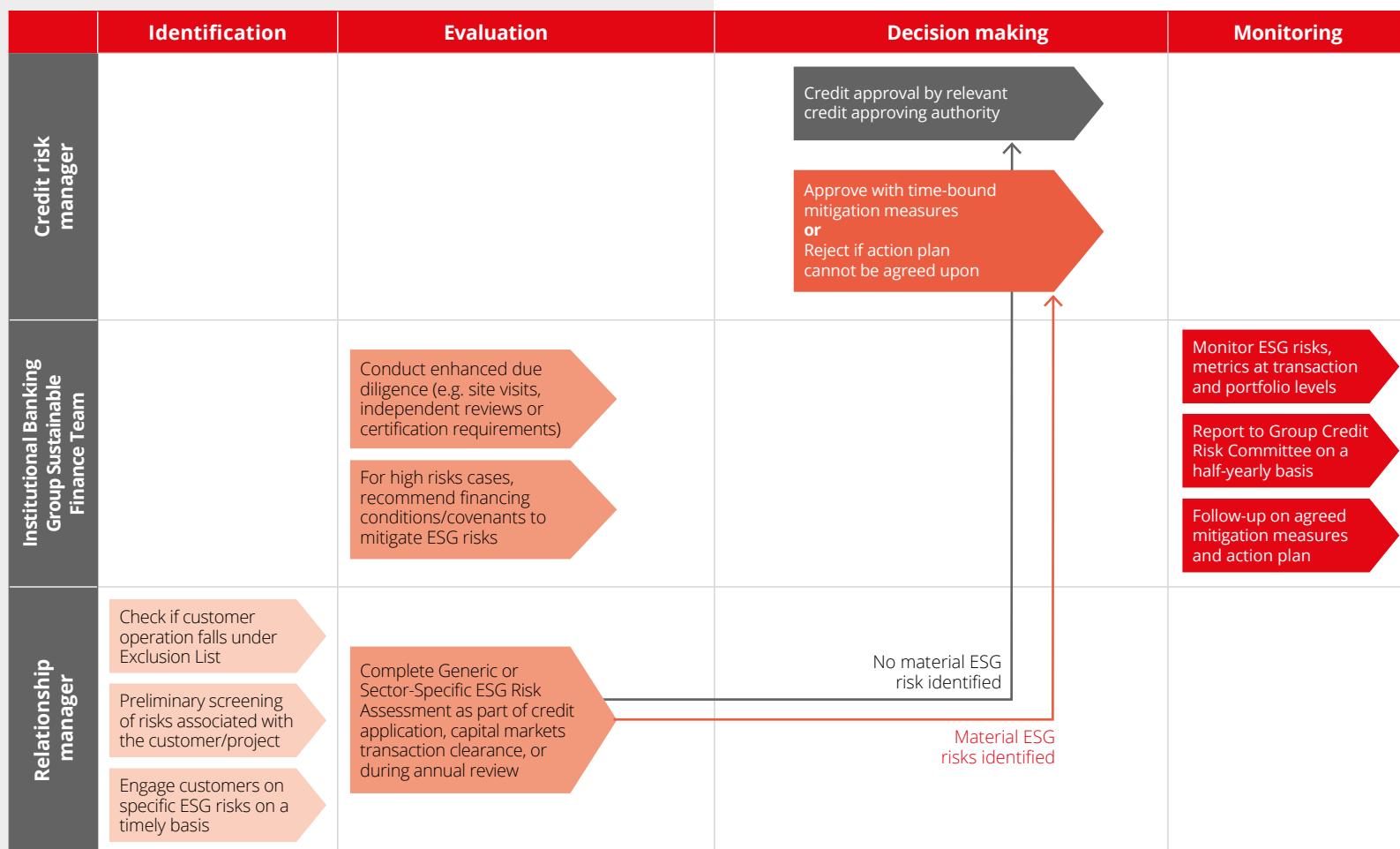
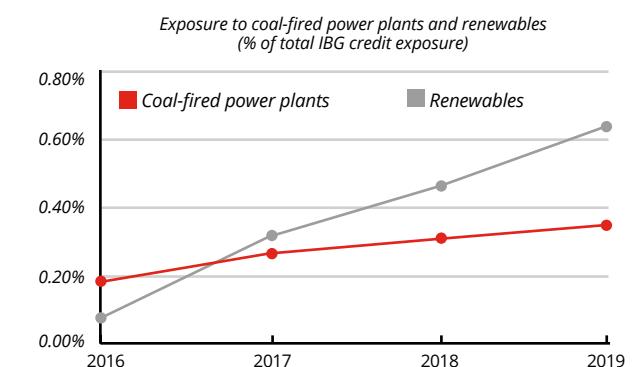
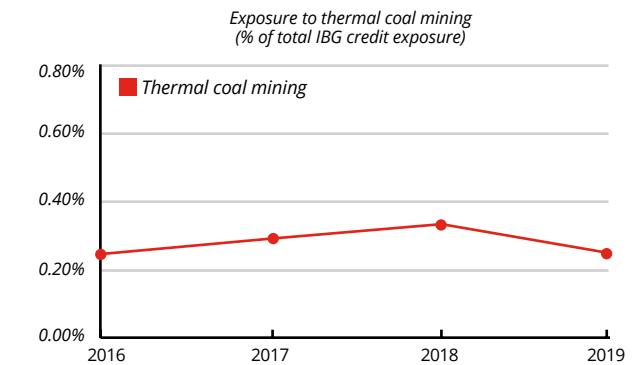
In 2019, we paid specific attention to our power generation, thermal coal and palm oil portfolios.

Thermal coal-related financing

In April 2019, we announced we will cease financing new coal-fired power plants in any market, after honouring our existing commitments. This followed from our earlier commitment to cease financing new thermal coal mining projects. When providing corporate financing, we will only support customers with a diversification strategy in these sectors.

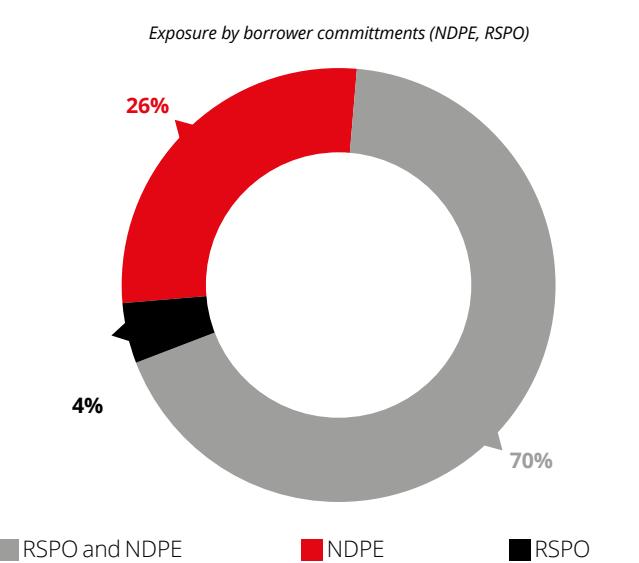
Our exposure⁽¹⁾ to thermal coal mining and coal-fired power plants at the end of 2019 were SGD 1.17 billion and SGD 1.63 billion respectively, representing 0.24% and 0.33% of total IBG exposure. While our coal portfolio is already relatively small, we expect to see this shrink as new commitments are eliminated.

At the same time, we have increased our support towards renewable energy development. At the end of 2019, our exposure to renewable energy was SGD 3.03 billion, representing 0.62% of total IBG exposure.



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.

⁽¹⁾ Exposure refers to the maximum loss (including commitment and outstanding) that a bank may incur as a result of the failure of a counterparty to meet its credit obligations



This chart includes palm oil plantations, crude palm oil mills, palm oil refiners, integrated players and processors.

Initiatives

Sustainability-related financial products

We actively identify customers across our lending portfolio and encourage them to adopt sound environmental and social practices which reduce negative impacts and/or enhance positive impacts. For example, we helped clients' transition in the automotive industry through serving the value chain by bringing metals for the future including nickel, lithium and copper to battery and electric vehicles producers.

Green loans⁽²⁾ are loans made exclusively to finance eligible green projects in energy efficiency, pollution prevention and others. Sustainability-linked loans are structured to enable customers to pay less interest when they achieve a set of pre-agreed ESG performance targets which are validated by an independent ESG rating agency or verification party. Our customers 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.

We make available a suite of ESG investment products including the [Parvest Global Environment Fund](#), [Wellington Global Impact Fund](#) and [First State Dividend Advantage](#). When onboarding these ESG Funds onto our platform, we look for managers who have a proven track record of integrating ESG into their investment process, are signatory to Principles of Responsible Investment and use credible third party ESG research platforms or have robust internal ESG research capabilities. In the last quarter of 2019, we onboarded our first fixed income ESG product – RobecoSAM SDG Credit Income. This fund is a global credit portfolio with flexible allocation across investment grade, high-yield and emerging market corporate credit. One key differentiating factor is the extent of ESG integration in the investment process and the additional screening process to avoid including companies that contribute negatively towards the UN SDGs in their portfolio. In addition, we have also adopted MSCI ESG ratings for our wealth products, advisory and discretionary portfolio service for our wealth clients to make better informed investment decisions. These ratings are made available on request through their relationship managers. DBS will also explore leveraging this capability to introduce ESG offerings in retail applications.

Equator Principles

As part of our ongoing efforts in promoting responsible financing, we became the first bank headquartered in Southeast Asia to adopt the Equator Principles (EPs) in November 2019. The EPs is a globally recognised risk management framework adopted by financial institutions for determining, assessing and managing environmental and social risk in development projects. The EPs also outline environmental and social standards for large-scale developments and are based on IFC Performance Standards.

Green Investment Principles for the Belt and Road Initiative

We adopted the Green Investment Principles (GIP) for the Belt and Road Initiative projects in April 2019. The GIP consists of seven principles and aims to incorporate low-carbon and sustainable development practices into investment projects in Belt and Road countries.

Correlation between credit quality and ESG performance

Cognisant of the discussions held by regulators around the world with regards to the potential use of differential capital treatments for green and brown assets, we have started investigating the connection

between the credit quality of companies, their ESG performance and the nature of their business activities. This investigation entails the collection of data to identify areas where a sustainable business may justify lower cost of financing.

Training

Training allows our employees to be equipped with the knowledge to apply our policies and standards consistently. Since 2018, 772 employees have undergone ESG training in a classroom-based setting. A total of 1,850 RMs and CRMs have completed the training using our Responsible Financing e-learning module, representing about 97% completion rate. At the industry level, we participated in e-learning content developed by ABS and WWF and offered it to our employees.

In 2019, we introduced a new training session to our RMs and CRMs, specifically on the topics of human trafficking and modern-day slavery. Three training sessions of this module were conducted with our Know-Your-Customer team and we trained 628 RMs. The objective was to raise internal awareness on emerging issues and enhance our understanding of the early-warning signals and relevance of modern slavery to our business.

Engaging stakeholders

Engagement with key stakeholders helps us define our strategic priorities. We 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.

This year, we co-chaired the working group in consultation with the Monetary Authority of Singapore on the development of Environmental Risk Management Guidelines which would outline expectations on governance, risk management and disclosure.

We continue to engage our corporate customers on green financing instruments. During the annual DBS Marina Regatta, we held a private session with our corporate customers to raise awareness on good ESG practices and making positive impacts.

DBS Treasures Private Client organised a panel discussion on the future of investing with an emphasis on sustainable investing to the second generation of our wealth management customers.

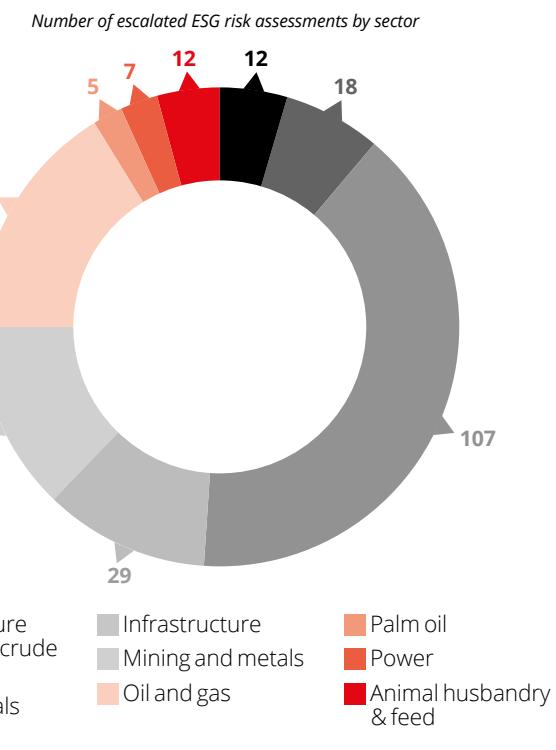
HeveaConnect – A digital trading marketplace for sustainable rubber

Last year, we partnered Halcyon Agri to launch HeveaConnect, a digital marketplace for the trading of sustainably processed natural rubber. Since then, ITOCHU Corporation of Japan has invested into HeveaConnect. Its wholly owned subsidiary, PT Aneka Bumi Pratama of Indonesia has adopted the HEVEAPRO framework for the processing of natural rubber, covering over 1,200 audit points in quality assurance, environment, health and safety and others. Von Bundit Co., Ltd of Thailand is also committed to adopting the HEVEAPRO framework. With increased involvement from investors and natural rubber suppliers, we believe HeveaConnect will continue to gain traction into 2020.

Read more about [HeveaConnect](#).

Status

In 2019, 268 ESG risk assessments conducted for large corporate customers were escalated for enhanced due diligence. This represented about 4.4% of the large corporate customers assessed.



We concluded 35 sustainable financing transactions amounting to about SGD 5 billion. They comprised approximately SGD 1.2 billion of sustainability-linked loans, SGD 1.7 billion of renewable and clean energy-related loans and SGD 2.1 billion of green loans. Our sustainable financing has increased by approximately 60% from SGD 3.1 billion⁽³⁾ the year before.

To date, we have raised approximately SGD 8 million for the Parvest Global Environmental Fund. According to the Impax Asset Management impact report, for every USD 1 million invested in 2018, approximately 60 megalitres of water was treated, saved or provided, 122 MWh of renewable electricity generated, and 260 tonnes of materials recovered, or waste treated.

For infrastructure⁽⁴⁾ financing, the amount of outstanding loans was approximately SGD 4.1 billion in 2019.

Targets

We are committed to the following targets to promote sustainable development:

- Renewable financing: We aim to finance SGD 10 billion of renewable and clean energy-related developments by 2024, with an expected double-digit growth annually; and
- Green (besides renewable energy) financing: We aim to finance SGD 10 billion of green projects, assets and activities by 2024, with an expected double-digit growth annually.

Case study



Cheat's Agriculture signed Singapore's first SME sustainability-linked loan with DBS

In May 2019, DBS and Cheat's Agriculture, a leading egg producer in Singapore, signed a three-year, SGD 27 million sustainability-linked loan, a first of its kind for a SME, to construct a new farm with cage-free facilities. Under the terms of the loan, Cheat's will enjoy lower interest rates if it obtains the Humane Farm Animal Care Certification. The certification aims to improve the welfare of farm animals and ensure humane food production. The hens laying eggs will be housed in optimal conditions – which include larger litter areas and elevated perches which have appropriate environmental design. This responsible management of livestock will also enhance the nutritional value of the eggs that they produce.

An additional environmental feature of the loan is that Cheat's will supply its organic poultry waste to Acropower, an energy specialist, to convert it into biogas for electricity generation.

This transaction marked a milestone for sustainable finance as it was Singapore's first sustainability-linked loan for an SME.

B. Climate change

Why it matters

Climate change is perhaps the most existential threat of our time. Emissions reduction targets committed under the Paris Accord have put us on track for a 3.2°C temperature increase this century while the UN Intergovernmental Panel on Climate Change (IPCC) has called for warming to be limited to 1.5°C. Wide-ranging initiatives to achieve an immediate transition to a low-carbon economy is now required. Such a transition may bring about higher carbon prices that may present credit risk to the bank but also create opportunities to finance companies' transitions.

Financial regulators around the world have raised expectations on banks to understand, measure and report climate-related risks and there are ongoing discussions to introduce mandatory stress testing of climate risks in some countries. In Singapore, we have participated in the Monetary Authority of Singapore preparation of the soon-to-be issued Environmental Risk Management guidelines as one of a range of initiatives to address climate-related risks.

(2) As defined in the Green Loan Principles by the Loan Market Association and the Asia Pacific Loan Market Association

(3) We have restated total sustainable financing for 2018 from SGD 2.4 billion to SGD 3.1 billion

(4) Broadly, infrastructure comprises of project financing to renewables, transmission and distribution, road, port, rail, telecommunications and others

Approach

Through our lending and capital market intermediary 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 ESG risk assessment we conduct on customers in our corporate lending and capital markets business.

Read more about "Responsible financing" on [page 15](#).

In 2019, we expanded our work relating to the Taskforce on Climate-related Financial Disclosures (TCFD) by deepening our transition risk assessment and introducing a limited physical risk assessment for some of our borrowers.

We actively engage regulators on their expectations of us in understanding, mitigating and reporting climate-related risks through working groups and pilot stress testing scenarios.

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:

- Announcing a cessation in financing new coal-fired power plants in any markets regardless of the efficiency of technologies used, after honouring our existing commitments
- Financing about SGD 3.8 billion to renewable and clean energy-related loans and green loans
- Supporting corporate clients to mobilise capital market financing via issuances of green bonds. In 2019, we underwrote over SGD 4 billion worth of green bonds, with the raised proceeds used to finance a number of projects in renewable energy, clean transportation, energy efficiency, and water and wastewater management sectors
- Participating in Building and Construction Authority's [Building Retrofit Energy Efficiency Financing](#) (BREEF) Scheme and the 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 around SGD 7.25 million.

Operations

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

- Making RE100 progress in managing our environmental footprint through the installation of solar panels across our key markets
- Establishing sustainability-related interest groups and engaging green ambassadors for managing our environmental footprint
- Enhancing the existing measurement system to incorporate real-time energy monitoring

(5) The scope of our pilot study covers greenhouse gas (GHG) emissions. Carbon dioxide (CO_2) is a component of GHG emissions. The term "carbon" is used broadly in this section and is consistent with market norms to describe GHG

(6) 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

(7) Physical risk resulting from climate change can be event driven (acute) or longer-term shifts (chronic) in climate patterns. Acute physical risks refer to those that are event-driven, including increased severity of extreme weather events, such as heatwaves, hurricanes, or floods. Chronic physical risks refer to longer-term shifts in climate patterns (e.g., sustained higher temperatures) that may cause sea level rise or chronic heat waves

- Launching a pledge campaign for employees to reduce their carbon footprint. More than 1,500 pledges were committed and about 1,355 tonnes of CO_2e will be saved
- Issuing our second audited [green bond report](#) that quantified 13,843 MWh of energy saved and 5,803 tonnes of carbon emissions avoided in 2018

Advocacy

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

- Launching DBS Sparks Season Two, inspired by true stories of social enterprises focused on positively impacting lives and the environment
- Organising the eco-certified DBS Marina Regatta with the theme of "The Race Against Time" which aims to raise awareness on environmental issues
- Launching the DBS QR gift over the three major festivals, Chinese New Year, Hari Raya and Deepavali, which aims to encourage the public to embrace digital alternatives, reduce cash disbursement and single-use packets

Status

We are a supporter of the TCFD, a market-driven initiative 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.

Last year, we commissioned a globally recognised independent environmental consultancy firm to assist in conducting a pilot study⁽⁵⁾ on transition risk⁽⁶⁾. In 2019, we continued to focus on the five sectors that are most likely to be impacted by efforts to combat climate change and expanded our work to include physical risk⁽⁷⁾. 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
Mining and metals	Coal, Metal (ferrous) and Metal (non-ferrous)
Real estate and transportation	Auto upstream, Auto midstream, Aviation, Real estate and Shipping

Read more about "Methodology for TCFD" on [page 55](#).

Carbon footprint

We selected 368 listed customers for the study. Collectively, they accounted for about 9.7% of our IBG exposure as of June 2019.

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 every 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 forms the basis of Scope 3 emissions⁽⁸⁾ for us.

Industry sectors	2019 (N = 368 customers)		2018* (N = 303 customers)	
	Sample population as % of IBG exposure	Sample population weighted carbon to revenue ⁽⁹⁾ Tonne $\text{CO}_2\text{e}^{(10)}$ / SGD million	Sample population as % of IBG exposure	Sample population weighted carbon to revenue Tonne CO_2e / SGD million
Agriculture	1.0	259	0.5	525
Chemicals	0.6	462	0.1	474
Energy	2.3	1,134	1.7	1,533
Mining and metals	0.7	841	0.3	1,711
Real estate and transportation	5.1	165	5.2	192
Total	9.7	-	7.8	-

* We have changed our approach to remove the apportionment of results to provide a more direct reflection of the underlying carbon intensities of each sector. Additionally, we have changed to reporting sample population as a percentage of IBG exposure. 2018 figures were adjusted accordingly.

In both 2018 and 2019, the two most carbon intensive sectors were the energy sector and the mining and metals sector. Our aggregate exposure to both sectors was approximately 3% of IBG exposure in 2019. Other sectors have relatively lower intensities.

The changes in carbon intensity observed across all sectors, including the significant change in mining and metals, reflects primarily changes in our lending exposures to customers within these sectors and may fluctuate over time. We aim to reduce the intensity over the medium term as we help our clients manage their transition to a low-carbon economy.

Scenario analysis – transition risk

We analysed the potential cost to the 368 customers from carbon-related regulations using scenarios reflecting different carbon prices⁽¹¹⁾. We applied credit risk models to over 60% of these customers to evaluate their potential credit deterioration arising from the impact of a higher carbon cost. A credit rating downgrade of at least one-notch was observed in 59 customers.

The results of the pilot study indicated the following:

- Certain carbon-intensive customers in our key markets may be negatively affected by transition risk, 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.

Scenario analysis – physical risk

We embarked on a pilot assessment of physical risk for the same 368 customers using three future climate change scenarios⁽¹²⁾ and we chose to focus on the energy and mining and metals sectors.

The assessment consisted of seven climate hazard indicators, namely water stress, flood, heatwave, cold wave, hurricane, wildfire and sea level rise. Physical assets (where information is available) of our customers are mapped to climate change physical hazard maps and a risk score for each climate hazard indicator is assigned. While individual customers may experience different levels of physical risk exposure, in general, there is an increase in physical risk exposure for heatwave. This trend is observed in both moderate and high climate change scenarios, between now and 2050.

We have not performed a financial impact quantification arising from physical risk assessment.

Moving forward

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 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 customers with assets assessed as high physical risk and guide our efforts to structurally shift our portfolio over time.

Targets

We will continue to engage our employees and customers on climate action-related initiatives and deepen our discussion with regulators on climate stress testing methodologies.

(8) "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 the consumption of purchased electricity, heat or steam

(9) The weighted average carbon intensity for all five sectors is 472 CO_2e / SGD million (2018: 567). This is a metric recommended by TCFD

(10) CO_2e (Carbon dioxide equivalent) is a standard unit for measuring carbon emissions by converting all types of GHG emissions into a CO_2 basic unit

(11) We considered three climate-related scenarios based on research by the International Energy Agency and the Organisation for Economic Co-operation and Development. The three scenarios are differentiated by the assumed increase in carbon prices (ranging from USD 10 to USD 124 by 2030) and probability of limiting temperature increase to 2°C

(12) We considered three future climate scenarios based on IPCC representative concentration pathways and informed by the TCFD technical guidelines

C. Financial Inclusion

Why it matters

Financial inclusion is making available affordable basic financial services such as saving products, loans and payment services. Access to finance offers the ability to save and invest for the future, enabling business expansion and reducing inequality. According to World Bank, about 1.7 billion people do not have access to basic financial services and this remains an impediment to addressing several SDGs. Whilst a large portion of people without access to financial services live in developing markets, the inability to access basic services is a global issue. Even in developed markets where access to financial services is more broadly available, several factors impede full access especially for marginalised segments of the population.

Approach

We work to improve financial inclusion in the key markets where we operate, keeping in mind our footprint and relative size in each of them.

In developing markets, we do not operate traditional microfinancing but increasingly use our digital finance platforms to extend our reach where viable. Digital finance platforms encompass the use of technologies such as Big Data, artificial intelligence, mobile platforms, blockchain and the Internet of Things. Through digital finance, the cost of transactions, acquisitions and networking processes can now be reduced significantly. This enables an expansion in customer reach to underserved populations.

As important as it is to improve access to financial products and services, it is equally important that customers understand and make informed decisions around these products and services. In Singapore, we engage individuals and communities, assisting them through raising awareness and educating them on financial planning, and in keeping up with advancements in digital finance, and its associated benefits.

Initiatives

Communities, SMEs and social enterprises (SEs) are our key focus areas.

Communities

i. Financial inclusion enabled by digital means

a. DBS digiPortfolio

As part of our efforts to democratise wealth and investment services, we introduced [digiPortfolio](#), an inhouse hybrid human-robo investment solution, to our retail customers in late 2019. Starting at a low investment amount of only SGD 1,000, retail customers can now instantly gain access to a diversified portfolio that provides exposure to various stock markets and asset classes with no pre-qualification necessary. The portfolios comprise carefully selected exchange traded funds and are reviewed quarterly in alignment with the DBS Chief Investment Office's views. We have also simplified the fee structure – there are no sales charges, transaction or custody fees – only a single management fee of 0.75% per annum. These measures have lowered the barriers to personal investing as it gives investors a simple way to get invested safely and securely with us.

b. Co-lending partnership with Home Credit Indonesia

We collaborated with Home Credit Indonesia to jointly offer loans on consumer durables and smart phones. This strategic partnership allows us to meet the financial needs of customers,

including those from lower-income households through the extensive distribution network of Home Credit. Since the launch in May 2019, this partnership has benefitted over 200,000 customers in Indonesia.

c. digibank Personal Loan

Through strategic collaboration with various partners, we launched digibank Personal Loan in Indonesia. It offers an in-principle credit decision in less than 60 seconds for both served and underserved segments of the populations. This digital journey continues to leverage on the algorithmic lending and credit score model based on telecommunications data built the year before.

d. POSB jolly

We have continued the POSB jolly App which was created especially for migrant workers, including foreign domestic workers, to have uninterrupted access to banking services through their mobile phones. This is critical for workers who are primarily in roles with limited flexibility to take time off to visit branches. The app is part of the Migrant Workers' Centre and POSB membership programme that brings together various merchant partners to offer exclusive benefits and savings to migrant workers. The services include all-in-one banking, remittance, insurance coverage, telco services and others.

[Read more about POSB jolly App.](#)

ii. Financial inclusion empowered by financial literacy

a. Smart Buddy

In preparing our children to be future-ready, we have continued Smart Buddy – the world's first in-school savings and payments wearable on children's wrists. The programme includes features such as fitness tracker health rate reminders, goal settings and reward stamps to cultivate good savings habits. It also improves the school lives of underprivileged students. By digitising meal vouchers which were previously distributed as paper coupons, students from lower-income families are no longer easily identified, reducing potential discrimination.

[Read more about POSB Smart Buddy.](#)

b. Your Financial GPS

Through the years, our digital financial advisor provides tailored tips on how to manage customers' finances. Based on customers' financial health, it will provide insights and personalised suggestions to enable better financial decisions on the go. At the same time, the digital advisor can assist customers in checking their spending across multiple categories, set budgets and optimise their finances according to financial plans they have set out.

[Read more about Your Financial GPS.](#)

c. The Burrow and POSB Parents

We launched two online communities in closed Facebook groups to provide a safe two-way interaction channel with customers. The Burrow and POSB Parents serve to empower interested customers to make informed decisions through increased access to resources relevant to their financial needs. Through structured themes and engagement, we focus on giving value to our community members while building a genuine and transparent relationship for the long term.

[Read more about The Burrow and POSB Parents.](#)

iii. Financial inclusion with conventional financial products

a. Women Livelihood Bond 2 (WLB2)

We supported Impact Investment Exchange on its USD 12 million WLB2. The proceeds of WLB2 will be used to create sustainable livelihoods for more than 250,000 underserved women across the Asia Pacific.

b. Korea Housing Finance Corporation (KHFC)

During the year, we again supported the KHFC to issue its second social covered bond. The raised amount finances mortgage loans for moderate to low-income households in their first home purchase.

c. Retail bond market

As population ages, the ability for a wider spectrum of society to have access to financial products for investment management and retirement planning becomes increasingly important. As a leading bond arranger in Asia, we have been working to develop the retail bond market in Singapore. Through our expansive internet banking and ATM platforms, we helped to avail more retail bond investment opportunities to our retail customers.

SMEs

As a data-driven organisation, we worked with SME clients to harness the power of data to deliver relevant and timely solutions. In addition, we targeted the growing startup community, mainly SMEs, by developing tailored solutions such as the 'Startup Unleashed' toolkit. It offers a comprehensive suite of banking and professional services to the often cash tight segment at no cost. Our SME portfolio has more than 220,000 customers in 2019 and this is a growth of about 8% since 2017.

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

- Singapore Enterprise Financing Scheme (EFS), a scheme designed to support SMEs' financing requirements throughout their various stages of growth
- Direct loans and advances to small scale business and promote the agenda on access to finance in Indonesia
- Taiwan SMEs Credit Guarantee (SMEG) Fund, which assists SMEs in securing financing from financial institutions
- Priority sector lending to critical sectors like agriculture, micro and SMEs and others, in India

Social enterprises (SEs)

DBS Social Enterprise Package was designed to address the needs of social enterprises. Under this package, qualified applicants are offered financing support with loan processing fee waivers and lowered interest rates for more inclusivity. In 2019, 597 SEs benefitted from these tailored banking packages.

In building socially impactful SMEs of tomorrow, we have also piloted a mentorship programme where our senior RMs serve as mentors and help SMEs with business and market insights. Additionally, SEs registered and operating in our six key markets may further apply for DBS Foundation SE Grants.

[Read more about "Social entrepreneurship" on page 36.](#)

Others

We partner and contribute to the Sustainable Digital Finance Alliance (SDFA) and the UN Secretary-General's Task Force on Digital Financing of the SDGs (DFTF). We believe the knowledge shared through thought leadership supports financial institutions to harness digitalisation for

sustainable development. We commissioned a report "[Sustainable Digital Finance in Asia](#)" together with the SDFA and UN Environment in November 2018. The report sets out six key recommendations for banks to consider engaging in a rapidly digitalising world. It contributed as research material to a progress report entitled "[Harnessing digitalisation in financing of sustainable developments goals](#)" released by DFTF in September 2019. A final report to the General-Secretary, with DBS as a contributor, will be issued in 2020, and we will study the recommendations to understand how we can better contribute to financing SDGs digitally.

Status

Since the launch of digiPortfolio for the retail market, 40% of digiPortfolio customers have made an investment-related decision through us for the first time.

As of 31 December 2019, our total lending to SMEs was SGD 37.2 billion. More than 16,000 SME accounts opened were created through our digital services in 2019. The total amount of outstanding loans to EFS and SMEG schemes were approximately SGD 950 million and SGD 549 million respectively.

Regarding SEs, about SGD 2.34 million of committed unsecured loans was granted as at year end.

Targets

We aim to grow our SME customer base by 10% by 2025.

We will continue to invest in digital transformation by strengthening ecosystem partnerships and simplifying e-transactions to accessible, affordable and sustainable finance for our customers, and underserved populations.

At the same time, we will enhance efforts in raising awareness and educating the communities where we operate in on financial literacy.

Case study



DBS conducted financial literacy workshops for foreign domestic workers

In collaboration with the Centre for Domestic Employees and the Singapore Police Force, we conducted financial literacy workshops for foreign domestic workers (FDWs) to empower them with knowledge to make informed financial decisions. With the enabling of bank accounts, we encouraged them to consider financial planning and to be aware of financial scams and illegal money lending. In addition, employee volunteers from DBS People of Purpose were engaged to be facilitators for our workshops. Through the interaction, our employees shared their knowledge and skills and gained insights into the FDW segment.

D. Fair dealing

Why it matters

Our customers trust us to put their interest first when we conduct business and interact with them. We believe in providing relevant information, quality advice and appropriate recommendations to help customers with their financial planning. This is why fair dealing is the foundation of our business. We continue to focus on doing the right thing, so as to consistently deliver fair dealing outcomes for our customers.

Approach

Our board and senior management set the tone from the top to inculcate a strong culture of fair dealing and across DBS to ensure we operate in an ethical and sound manner. We are committed to dealing fairly with our customers by:

- i. Responding honestly to our customers' needs and requests;
- ii. Tailoring appropriate financial outcomes for our customers;
- iii. Deepening competencies of our financial advisors; and
- iv. Communicating with our customers in a clear and transparent manner.

The Group Fair Dealing and Conduct Committee (FDCC), which is chaired by the CEO, oversees fair dealing matters across the Group. As practices on fair dealing and suitability are inextricably linked with conduct, conduct and risk culture were added to the mandate of the FDCC since 2018.

Metrics on fair dealing and conduct are tracked and monitored. Actions are also taken in response to incidents or trends to ensure delivery of fair dealing outcomes. The FDCC submits reports to the Board Risk Management Committee on a quarterly basis to keep the Board apprised of the effectiveness of strategy in driving fair dealing and good conduct.

Initiatives

Besides statistical reports to both FDCC and the Board Risk Management Committee, thematic reviews were introduced this year to broaden the scope of oversight. Specifically, product risk rating was reviewed. The FDCC was briefed on the Group methodology and enhancements made to rationalise and streamline the rating categories.

While we reward our employees for providing customers with amazing experiences, we continually review our performance evaluation and sales incentive frameworks to ensure alignment of employee incentives with the interests of our customers. As an example, cancellation of insurance policies within the freeloop period was included as a metric in our representatives' balanced scorecard.

We continually refine and improve our financial advisory process to safeguard the interest of our customers. In 2019, we enhanced the customer investment profiling framework by introducing a new "no-risk" profile, to identify customers with no risk appetite and who do not wish to be exposed to investment risk. Additional controls were implemented to ensure that products which are exposed to investment risk are not marketed to such customers.

Our commitment to customers does not end with the purchase of a product but extends to the customers holding it. For example,

we worked with an insurance partner to enhance the monthly statements for investment-linked policies, so that our customers could better understand the various sub-fund activities and charges incurred for the month.

Status

There were no material instances of non-compliance concerning fair dealing during the year. Substantiated fair dealing complaints across the region decreased by one-third compared to a year ago.

Targets

We continue to focus on supporting our employees' efforts to deal fairly with all customers. Importantly, we aim to maintain zero material instances of non-compliance in fair dealing.

Case study

Significant regulatory changes were introduced to the Accredited Investor (AI) regime in Singapore this year. The key changes included the introduction of a new opt-in process for AI-eligible persons or entities to agree to be treated as an AI, and an opt-out process for existing customers to opt out of AI-status.

Eligible investors that qualify as AIs may choose to be treated as retail investors to enjoy greater levels of regulatory protection. Conversely, such investors may opt for AI status in order to avail themselves to a wider range of investment products, while forgoing certain regulatory protection compared to retail investors.

To better equip customers on their rights and safeguards accorded under the new AI regime, we launched a comprehensive customer outreach plan through various channels. We sent explanation letters to customers, included FAQs on our website and conducted numerous training sessions to build the capability of relationship managers in helping customers navigate the regulatory changes. In addition, we kept customer communication materials clear and non-legalistic, highlighting the requirements to qualify as an AI and ensuring that the risks and trade-offs of each option are clearly disclosed. These measures helped to minimise disruption to customers and facilitated a smooth transition to the new regulatory regime.

E. Cyber security

Why it matters

Cyber security is one of our key risk concerns as we continue to push the digitalisation of banking services. This includes the protection of our systems, applications and the safe and secure delivery of internet as well as mobile eServices. Together, they are vital in securing our customers' assets and ensuring the continued trust of our customers.

As economic activities continue to migrate online, cybercrime and digital fraud will continue to propagate via new forms of malware, sophisticated cyber fraud schemes and innovative cyber attack modus operandi. In response to the growing threat, we have defined cyber security as a dedicated "Enabling Platform"⁽¹³⁾ to create a one-stop competency centre for all related matters.

Approach

We are committed to upholding our customers' trust by protecting their assets and personal data. We monitor developments in cyber security, and leverage on innovative solutions to mitigate existing and emerging cyber threats.

We have developed the following framework and policy to operationalise our cyber security programme:

i. Cyber Security Risk Management Framework

Includes the key controls to anticipate, prevent, detect and respond to cyber attacks and incidents, underpinned by risk appetite.

ii. Group Information Security Policy

Outlines broad principles on handling information in electronic and physical media, as well as dealing with external and internal cyber threats.

In addition, we worked with the Monetary Authority of Singapore and the Association of Banks in Singapore (ABS) to address the contagion risk of a cyber attack in view of the inter-dependency of the financial system. In 2019, we worked with industry stakeholders to design and participate in an industry wide cyber security incident response and business continuity exercise to test the robustness of our operational processes against cyber attacks. At the same time, we have engaged PricewaterhouseCoopers to assess the coverage and maturity of our cyber security programme, and cyber security subject matter experts from UK to conduct adversarial attack simulation to test the depth of our cyber security controls.

As cyber security risk cuts across all lines of business, we provide regular updates to our risk committees including the Group Operational Risk Committee, Risk Exco and Board Risk Management Committee to keep them abreast of the key developments in the cyber threat and regulatory landscapes, cyber security events and incidents affecting and key initiatives.

Initiatives

In 2019, we continued to work on our people, technology and process to improve our cyber resilience holistically. Regarding people, we enhanced the recruitment process of new cyber security hires, with the introduction of hackathons to additionally test the candidates' aptitude and problem-solving skills. We also increased the cyber security awareness of employees via the gamification of cyber security training and ongoing phishing exercises. We further trained employees in technology roles, who are responsible for the management and support of our critical systems, in cyber security incident detection, escalation and reporting. In view of the spike in online and mobile scams, we also increased the frequency of our security advisories to employees and customers to raise awareness.

At the same time, we continued to implement new security solutions such as internet separation technology, content disarm and reconstruction to reduce our surface of attack and protect our employees from malware and other cyber threats. New security measures such as endpoint detection and responses, database protection and network micro-segmentation technologies were also been implemented to protect our critical technology assets.

On the process front, we implemented security orchestration and automation to streamline and improve the efficacy of our cyber security incident response capabilities. We incorporated the Security-by-Design framework, issued by the Cyber Security Agency of Singapore, in our system development processes.

While we continue to strengthen our internal controls, the interdependency of the financial system and the contagion effect of cyber risks require a concerted industry approach to preserve trust in the financial system. To that end, we contributed widely to national and industry cyber security initiatives. These included the development of cyber security standards and guides for the financial industries such as ABS Cloud Implementation Guide, and Adversarial Attack Simulation Exercises guidelines, and cyber attack techniques. We also provided scholarship and mentorship for the development of cyber security talent for the industry, and conducted campaigns to promote cyber security wellness for our customers and members of public.

Our efforts and contributions were recognised by the Association of Information Security Professionals and Cybersecurity Agency with the Cybersecurity Awards 2019.

Status

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

In 2019, we delivered a general security awareness programme to more than 24,000 employees via our Information Security eLearning Platform, and a targeted security training to the system administrators responsible for the Bank's critical systems and applications. These annual training programmes were further augmented with CybrFIT, our gamified security awareness training, which delivers up-to-date security advisories and bite-sized training on emerging and prevailing cyber threats.

Targets

DBS adopts 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.

Case study

DBS participated in the comprehensive review of data security practices across the entire Public Service as part of the Public Sector Data Security Review Committee ("the Committee"). This included reviewing the public sector agencies' and their vendors' measures and processes in the collection and protection of citizens' data, recommending technical improvements to the government's protection of citizens' data, and developing an action plan of immediate steps and longer term measures to implement the recommendations.

All the recommendations by the Committee to secure, use data and digital solutions to deliver better services and policies for Singaporeans are accepted by the Government.

⁽¹³⁾ Enabling platforms are platforms that are not aligned with a business unit, provide scale benefits through consolidation, safeguard the bank by defining appropriate guardrails and enable business and enterprise platforms to deliver business outcomes

F. Data governance

Why it matters

Increasing intensification of data collection and use necessitates a deeper sensitivity towards data governance and its deployment. Any data breach or loss incident has the potential to cause irreparable damage to a company's reputation. In DBS, we believe that it is our responsibility to honour the foundations of trust given to us.

Regulatory guidance and expectations introduced around ethical and responsible data use have also spurred us to continually fine-tune our existing risk management frameworks and practices. We have sharpened our focus towards data security and to continue keeping data safe and protected while balancing with the need to enable greater access to data for our analytics groups.

Approach

We focus on the responsible use of data, whilst ensuring that regulatory regimes, including customer's consent, remain fully complied with. Our **Responsible Data Use framework** comprises considerations from multiple disciplines with specific focus on data, cyber and compliance. This holistic approach ensures that we will continue to build strong foundations and accountable practices in the areas of data quality, security and compliance.

Additionally, we have the following policies:

i. **Data Management Policy**

Provides control over data collection, quality, transfer and 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.

In addition, our **Enterprise Data Security Framework (EDSF)** addresses data security throughout our ecosystem, encompassing four distinct layers: data protection, access, isolation and surveillance. The framework aims to balance broadening the availability of data, whilst reducing the risk surface area.

Initiatives

With so many data points, a strong governance framework is necessary to be put in place. We developed the PURE principles (Purposeful, Unsurprising, Respectful and Explainable), a multi-faceted assessment to validate that the use of data will be done in a responsible and accountable manner.

During 2019, we also built the foundational capabilities of **EDSF**. In particular, a key enabler was to increase our awareness of the data we are bringing into our new **Enterprise Data Platform**, by establishing an active governance process to classify the sensitivity of the data (Metadata), by the groups who understand what the data represents.

Data protection: In enabling broader, targeted access to data, we have taken a step further by going deeper into each data attribute (as guided by the Metadata) and protecting them accordingly based on sensitivity classification. As data is brought into the Enterprise Data Platform, each sensitive attribute is automatically protected by utilising data encryption or tokenisation methods before it is stored. This results in our most sensitive data being protected by default and simplifies data access for our analytics group.

Data access: We introduced an **Enterprise Data Catalogue** to store Metadata, including details of datasets, their characteristics and sensitivity classifications. This increased the visibility of the data and enabled teams

to discover data for use in analytics initiatives and where they could be sourced. A **Data Access for Analytics Standard** was further established to set out clear standards on what data could be shared for analytics purposes within the internal data landscape. Underpinning these is the ability for advanced dynamic provisioning of data which is based on rules and roles to reduce time to data while still ensuring that the employee only views data that matches their assigned personas.

Data isolation: To balance the broadening of access to larger amounts of data for analytic groups, we introduced greater controls around the physical access to the data. Analytics employees now access the data through a specialised data isolation layer, which provides a controlled environment for them to work within. Movement of data outside of the data isolation layer is strictly controlled and can only be moved through a specific channel that is actively monitored by the data surveillance layer to ensure its validity.

Data surveillance: The final piece of the data security puzzle is to leverage the monitoring of data use through active surveillance, in order to identify and act upon any unusual behaviour. This utilises advanced analytics capabilities to single out unusual cases from those that are valid.

On external contribution, our CEO Piyush Gupta is a council member of the Singapore InfoComm Media Development Authority (IMDA) Advisory Council on the Ethical use of Artificial Intelligence and Data. The advisory council advises and works with IMDA on the responsible development and deployment of Artificial Intelligence (AI) and is an example of a private-public relationship to enable a Digital Economy. We are also proactively participating and sharing our perspectives on data governance and responsible data use in various industry discussions, consultations and think-tank sessions. Topics discussed span across data portability, business innovation, and AI model governance, among others.

Status

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

In 2019, we implemented DBS' Responsible Data Use framework to deliver our data-driven agenda by providing a clear and actionable framework.

We also implemented the foundation of DBS' Enterprise Data Security Framework and have managed to cut down the time of the last mile for our analytics groups to gain access to data from several weeks to days.

We strengthened our data protection controls to prevent inadvertent and intentional attempts to exfiltrate data from the Bank's environment. We implemented email prompts to alert users sending email to external recipients to minimise accidental information disclosure. Our data loss monitoring capabilities was further augmented with machine learning and natural language processing to identify and escalate high risk email conversations for further investigation. Machine learning was implemented to monitor the use of the Bank's systems and applications for anomalous behaviour and detect potential misuse of customer information.

Targets

In 2020, we will continue to develop and bolster our AI model governance framework as we believe this will engender greater reassurance and confidence in our AI model development. We will also keep abreast of changing business, operating and regulatory climates to continually seek out learning opportunities and improvements to our responsible data use and respond to their evolving privacy-related laws and regulations.

For EDSF, we will continue to move to a model whereby our analytics groups will no longer need to explicitly request access to specific datasets but will have pre-approved access to any new or existing datasets that matches the personas they are assigned to. This in turn will have an overall effect of reducing the time it takes to roll out new innovative products and services to our customers.

Case study



Singapore Infocomm Media Development Authority's (IMDA) Data Protection Trustmark

As of 31 October 2019, DBS remains the only bank in Singapore to be certified with Singapore Infocomm Media Development Authority's Data Protection Trustmark (DPTM) and is actively participating in IMDA's outreach to promote DPTM, including hosting industry sessions to share our DPTM certification journey. We strongly uphold the ethos that trust is critical in any organisation's data journey, and the DPTM represents a resolute commitment to safeguard the trust given.

G. Preventing financial crime

Why it matters

Preventing financial crime activities is one of many first steps in helping us confront multiple societal issues. Every year, the estimated amount of money laundered is about USD 800 billion to USD 2 trillion⁽¹⁴⁾ globally. This includes proceeds from forced prostitution, terrorism and drug trafficking, which are laundered through the world's financial markets and banking systems.

Globally, the Financial Action Task Force was established in 1989 to develop and promote policies to protect the global financial system. Closer to home, we are members of private-public partnerships such as the Anti-Money Laundering / Combating the Financing of Terrorism (AML/CFT) Industry Partnership that develop active strategies for members to collaborate and navigate the increasingly complex environment.

Approach

Corruption and financial crimes are not new. What is new is the increasing sophistication of criminals to dodge screening controls and invent novel ways of using technology to scam customers and facilitate money laundering.

At DBS, we invest heavily in our data analytics and systems capability to help prevent financial crime and the social harm that it brings. We combine this with a robust control framework that includes risk governance and enforcement of bank-wide policies and procedures around AML, CFT, sanctions, fraud, and bribery corruption.

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.

(14) Source: United Nations Office on Drugs and Crime <https://www.unodc.org/unodc/en/money-laundering/globalization.html>

To us, financial crime includes money laundering, terrorist financing, proliferation financing, sanctions evasion, fraud, bribery and corruption. Our governance framework consists of the following:

i. **Anti-Bribery and Corruption 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. Specifically, bribery and corruption can take many forms including the provision or acceptance of political contributions, charitable contributions, kickbacks and others. Under our anti-bribery and corruption programme, we do not make any political related contributions.

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 baseline requirements on Know Your Customer/ Customer Due Diligence. This includes digital non-face-to-face onboarding requirements and controls, identification and risk management of higher risk customers such as politically exposed persons, and record retention obligations of five years at a minimum or the stricter requirement of applicable jurisdictions. It also defines minimum standards in which the bank and its subsidiaries must comply with these requirements to meet the applicable sanctions laws and regulations in which we operate.

From a governance perspective, the Financial Crime and Security Services team is responsible for and oversees the financial crime compliance activities for the Group. In addition, the Group Operational Risk Committee regularly reviews reports on financial crime, and material issues are escalated to the Risk Executive Committee and to the Board Risk Management Committee, if necessary.

Any employee who contravenes these policies and standards may be subject to investigation and disciplinary action up to and including termination of employment. Such incidents may also be escalated to the authorities and lead to prosecution of the parties involved.

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 AML training annually;

ii. All new employees complete mandatory AML, anti-bribery and corruption training; and

iii. All employees read and acknowledge our Code of Conduct annually, which contains our stance on anti-corruption.

We have taken advantage of technological advancements to enhance both our systems and artificial intelligence capability to boost our risk monitoring and detection programmes, and to prepare us for emerging risks. The result of our recent efforts is evidenced by the significant year-on-year increase in the number of suspicious reports filed in Singapore.

Customer Regional Unified Surveillance Enterprise platform

In 2019, we unveiled an in-house intelligent case management system to strengthen our transaction surveillance team in their review of suspicious activities flagged by systems or frontline employees.

We used Robotic Process Automation technology to aggregate data from multiple sources for our investigators to have a holistic view of customer information and transactional activities. This accelerates their ability to determine whether the unusual behaviours warrant reporting to the authorities. Post-deployment, our analysts tripled the percentage of time spent investigating genuine cases as onerous manual processes were eliminated through back-end automation. Meanwhile, we continue to augment our data capabilities to facilitate the future development of analytical models that can deter and detect financial crime.

Network link analysis

Money launderers and terrorist networks are increasingly sophisticated in the methods they use to conceal their transactions and activities. In response, we built link analysis capability to visually represent connections between customers and counterparties, flow of funds, and to uncover complex and hidden networks. This new way of working enhances our detection capability from transaction and account level, to include customer and network level detection. We applied this to companies using typology-based data analytics and our work was featured by Monetary Authority of Singapore (MAS) as an effective mechanism to detect and mitigate the risk of misuse of legal persons.

Machine learning

To complement our infrastructure, we have invested in human capabilities to leverage on the proliferation of data and to transform these reliably into signals.

Our data scientists developed machine learning models that can prioritise system alerts based on risk and likelihood of money laundering. As a result, our investigators can focus on reviewing genuine alerts, whilst a different set of machine learning models manage false positives. Furthermore, we introduced models that detect new and emerging threats based on specific typologies. These models flag out unusual activities over and above those generated by our monitoring systems.

Dynamic review assessment

Applying default policy standards in categorising customers as 'high risk' can lead to review efforts with limited effectiveness. Meanwhile, clients who are tagged as 'low risk' may also present indicators deserving scrutiny. We introduced a Dynamic Review Assessment (DRA) process, which through our regular data analytics validation on our customers and facilitated with designated risk scenarios, will generate timely and risk focused trigger reviews. DRA helps us to concentrate our resources on identifying customer risk early in the game, whilst reducing unnecessary inconvenience faced by our largely good and law-abiding customers.

Ongoing awareness and training

We believe in equipping our employees with the relevant financial crime knowledge and continue to invest in mandatory training and awareness programmes. Every employee is expected to recognise, prevent and detect financial crime to the extent possible. All our employees must complete both AML and Code of Conduct refresher training annually and attest to it.

Status

At DBS, our surveillance infrastructure and people capabilities are built and trained around a data-driven and innovation culture. This ensures we are effective in combating financial crime risks while adaptive to the novel and emerging methods used by sophisticated criminals.

In 2019, there were no material instances of non-compliance with laws and regulations in the context of financial crime.

In line with our Anti-Bribery and Corruption programme, we do not make any political-related contributions involving lobbying, campaigns and others.

Targets

Where feasible, we have developed and are committed to deploying our newest technologies to all markets that we operate in.

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

Case study



Speak Up whistleblowing programme

"*Speak Up*" is the whistleblowing programme implemented by the bank. To provide a safe environment for genuine concerns to be raised on possible misconduct, the programme offers various channels for whistleblowing, including an independent hotline managed by Deloitte which offers anonymity upon request. Any incidences would be duly and independently investigated for appropriate follow-up action. We do not tolerate any reprisals when disclosures are made in good faith.

Pillar 2: Responsible business practices

H. Talent management and retention

Why it matters

Harvard Business Review featured DBS among the top 10 business transformations of the decade. This transformation was built on the relentless focus, commitment and support of our employees. Employees are our key assets and our long-term success depends on them. Increasingly, we are competing with traditional sector peers, technology firms and startups. It is therefore imperative that we remain as an employer of choice to continually attract, retain and develop talent.

Approach

Our holistic approach to employee development, engagement and retention is anchored on three key policies:

i. Resource Management Policy

Covers recruitment, onboarding and separation.

ii. Remuneration Policy

Outlines the key remuneration and risk management principles for compensation and benefits. They are aligned to the Financial Stability Board's Principles for Sound Compensation Practices as well as the Code of Corporate Governance.

iii. Learning and Talent Development Policy

Provides the "Triple-E" framework covering Experience, Exposure and Education to guide continuous employee development.

We have adopted the Tripartite Standards by the [Tripartite Alliance for Fair & Progressive Employment Practices](#). They are a set of eight standards that cover various aspects of fair recruitment practices, flexible work arrangement, grievance handling processes, age management and others.

Initiatives

In strengthening the bank's culture, we refreshed the 12 PRIDE! behaviours to articulate desired employee behaviours. A dual-rating system was introduced to emphasise the "How" in addition to the "What" in employees' performance reviews. In addition, periodic half-yearly and end-of-year reviews were replaced by ongoing reviews to encourage more manager-employee conversations which in turn support growth and performance.

"Anytime Feedback" was created for employees to seek and receive feedback for their ongoing learning and improvement. Since its launch in July 2019, over 12,000 feedback messages have been received.

As we continued to deepen our capabilities as a learning organisation, we worked to build a culture of social learning where employees actively contributed to sharing and teaching each other. To date, we have more than 1,000 subject matter experts certified as in-house teachers. We also launched the mobile version of Learning Hub, our online learning platform, to avail learning anytime and anywhere to our employees.

Ensuring career resilience of our employees is a priority for us. In our reskilling and upskilling efforts, we trained more than 1,100 employees under the Professional Conversion Programme to enhance their personal change agility and equip them with the necessary digital skills to operate in a digital world. For example, we have progressively reskilled our Customer Service Officers from only answering incoming calls to serving customers through new digital channels such as live chat, video teller machines, emails and social media.

MySkills, an online skills inventory, was launched to inform employees' skills profile and recommend ways for them to reskill or upskill into new roles. We also developed DBS Match, an analytical model, to pair our employees with available roles within the bank and to facilitate their career development.

Undergirding these efforts, our managers play a critical role in developing employees and creating the right environment for them to grow and thrive. We launched an enhanced "Building Great Managers" programme to equip all people managers with relevant and updated skills to empower high-performing individuals and teams. More than 4,000 people managers have completed the programme.

Status

Engagement scores

We maintained our ranking at the 87th percentile in the 2019 Kincentric⁽¹⁵⁾ My Voice Survey across a global benchmark, with an improvement in the employee engagement score to 83%. Learning and development remained the second-highest rated dimension, scoring three percentage points higher than the average score of APAC's Best Employers. In the same survey, our managers continued to be rated positively for manager effectiveness, scoring 86%.

My Voice Survey	2019	2018
Employee engagement score	83%	82%
DBS strongly supports the learning and development of its employees	90%	90%

Awards

Recognised for our commitment and progress in reskilling employees, we were awarded the Workforce Transformation Award by the Institute of Banking and Finance Singapore in 2019. We were also recognised as Kincentric Best Employer in Singapore and Regional Best Employer in Asia Pacific for 2019.

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

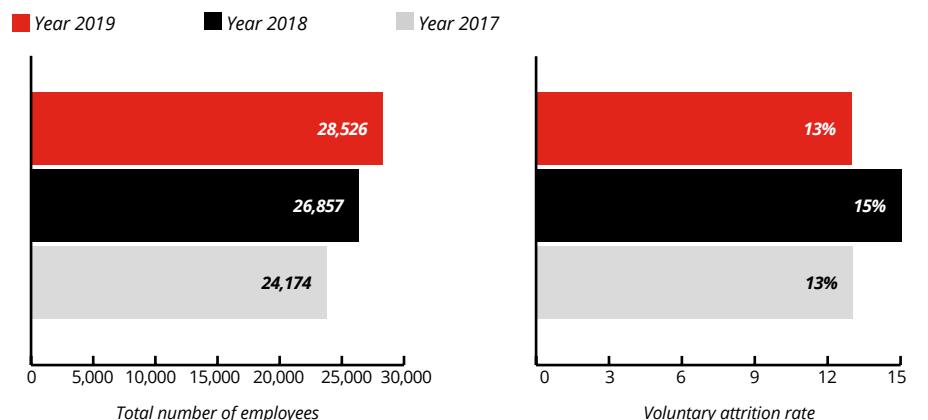
Read more about "Selected ESG-related awards, indices and ratings" on [page 57](#).

(15) Previously known as Aon Hewitt

Statistics

i. Total number of employees and voluntary attrition rate⁽¹⁶⁾

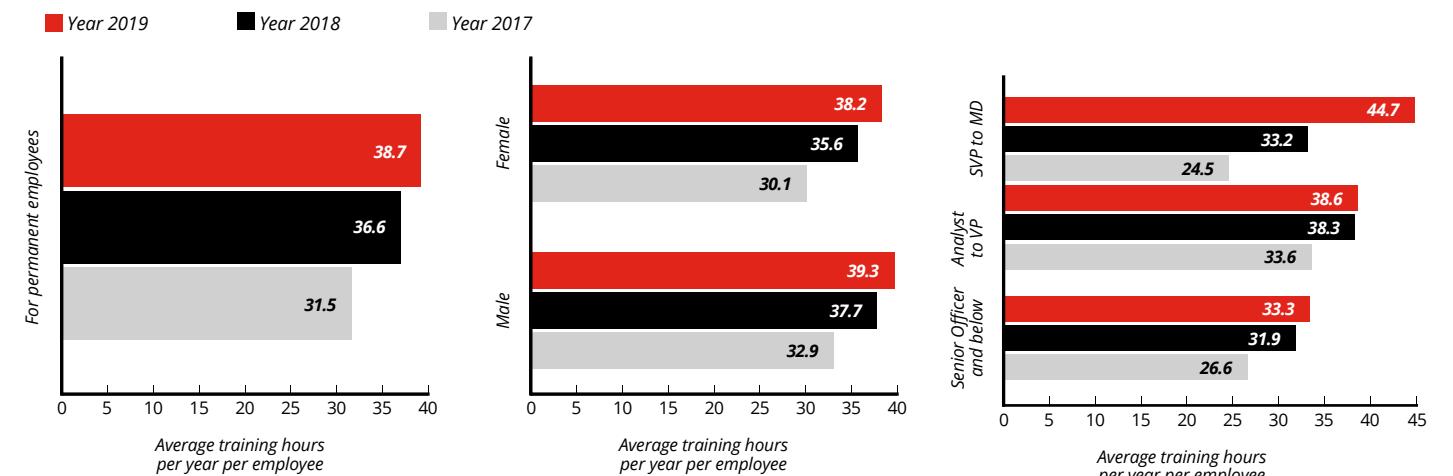
Our voluntary attrition rate improved from 15% in 2018 to 13% in 2019. This was attributed to our best-in-class employee practices and the effectiveness of our in-house analytics predictive model for retention, which our managers use.



Read more about "Information on employees" on [page 42](#).

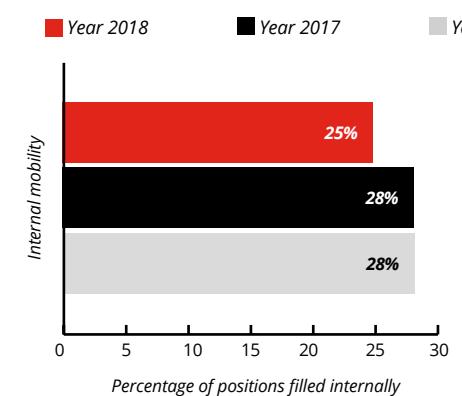
ii. Average training hours⁽¹⁷⁾ per year per employee by gender and employee category

The average training hours for permanent employees increased from 36.6 in 2018 to 38.7 in 2019. This was mainly due to continuous learning made available on our 24/7 learning platform and proactive sharing and teaching among our employees.



iii. Percentage of positions filled internally

Our internal mobility rate remained healthy at 25% due to our robust talent management practices. The slight decline over 2018 was attributed to a deliberate acquisition of more technology talent from external sources to meet our growing digital requirements.



iv. Percentage of employees who receive regular career development reviews

100% of employees received regular career development reviews in 2019 and 2018.

Targets

Continuous employee development remains a key priority. We are investing in the upskilling and reskilling of our employees and building an open culture of constant learning and development. This will be embedded into the way we work, our programmes and woven into the execution of our strategic priorities.

(16) The rates exclude involuntary termination as well as contract, temporary and agency employee attrition

(17) Excludes informal learning methods such as community-based learning, and exposure opportunities such as immersion programmes including customer and employee journeys

Case study



DBS Staff Union 6th General Delegate's Conference

In October 2019, about 230 DBS Staff Union members gathered for the 6th General Delegate's Conference. New initiatives, benefits and training opportunities for employees were communicated during the conference. Various speakers shared about emerging technology trends that bring about challenges and opportunities to businesses and workers, and how a strong labour-management relationship is key in this fast-changing environment. The gathering also celebrated the commitment, dedication and support of the union, and the close tripartite partnership between the government, management and union.

I. Diversity and equal opportunity

Why it matters

Embracing diversity allows us to tap into a wider talent pool and have a multiplicity of views and perspectives. Being intentional in providing equal opportunities for our employees is important to support our diversity and inclusion agenda. It also enables us to realise the full potential of our collective human capital.

Approach

DBS embraces gender and cultural diversity which we believe is key to a conducive working environment where individuals are respected, supported and included.

Our commitment to diversity and equal opportunity is covered in our **Board Diversity Policy** and **Resource Management Policy**.

In line with our DBS PRIDE! values, we hire based on merit, competencies and organisational fit, regardless of gender, race, religion or physical attributes.

Employees can report any bullying, harassment, discrimination, and other forms of misconduct through their supervisor and HR. In addition, "Speak Up" is a whistleblowing programme which serves as a grievance mechanism, allowing employees to escalate their concerns. Further investigations will be initiated, and all identities are protected and kept confidential.

Initiatives

To raise gender equality awareness, we celebrated International Women's Day across all our key markets. In India, we introduced two pivotal programmes for our female colleagues. The first programme, "EmpowHer", is an exclusive learning path for women in technical roles, and supports them in crafting and planning their career progression. The second programme, "My Persona Woman 2.0", supports women in building relevant skills to lead and influence others. In addition, we enhanced our hiring approach to recruit more female talent in the technology area through bespoke hackathons for them.

To support cultural diversity, we introduced GlobeSmart, an online cultural inventory tool, which helps individuals to understand their own preferences and tendencies for interacting with others. Programmes are also made available to help individuals be aware of their own biases and adapt to work more effectively with others while respecting differences.

We extended both maternity and paternity leave to include child adoption. New neonatal leave and young dependent insurance were introduced to support our employees who may require additional support during unforeseen circumstances. Beyond existing flexible work arrangements, we enhanced the sabbatical leave programme to allow employees to take extended time out of work.

Status

The overall gender pay gap across our six key markets, adjusted for ranks and locations, is insignificant at less than 1%.

Engagement score

My Voice Survey	2019	2018
DBS has a work environment that is accepting of diverse backgrounds and ways of thinking	88%	88%
I can report an instance of unethical conduct without fear of retribution from anyone	88%	88%

In the past two years, our employees have rated the bank positively for our inclusive working environment. Our employees are also positive about being able to report unethical conduct without fear of retribution.

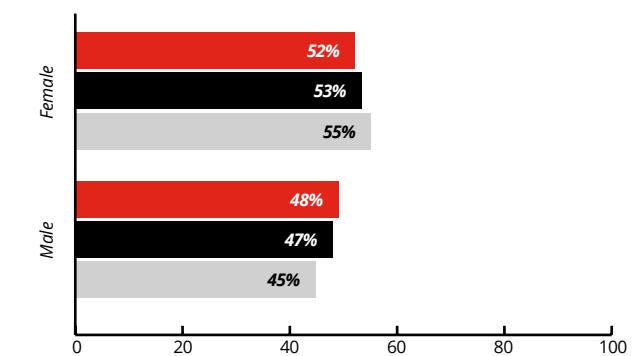
Awards

In recognition of our efforts in driving gender diversity, we were included in the Bloomberg Gender-Equality Index for the third consecutive year.

Statistics

Breakdown of employee headcount by gender

In 2019, 52% of our total employee headcount was female, with a slight 1% decrease from the year before. Females make up 18% and 29% of the Board and Group Management Committee respectively.



Read more about "Information on employees" on [page 42](#).

Targets

We remain committed to workplace diversity as we seek to strengthen our efforts towards driving a deeper appreciation for gender and cultural diversity.

Case study



Hack2Hire India 2019

Hack2Hire is a hackathon we run to identify and bring in talent that will enhance DBS' digital offering. In the past two years, approximately 5% of our Hack2Hire applicants were female. To increase our female representation in technology roles, Hack2Hire-Her was launched in February 2019 to attract more female candidates. We partnered with communities such as ThoughtWorks, Girls in Tech and Coding Girls to increase our outreach to the best and brightest female talent. We also conducted Hack2Hire-Her on International Women's Day, with a two-week festival featuring talks and events on gender diversity.

J. Workplace well-being

Why it matters

As an employer of choice, it is important that we treat and support our employees well. Workplace well-being enables our employees to lead healthy and fulfilled lives at work so that they can be more productive and engaged.

Approach

We are committed to providing a supportive environment for employees and encourage all employees and all who work in our workplace to embrace safety and healthy lifestyles.

Under our **iHealth@DBS programme**, our workplace well-being efforts are anchored on four key tenets: Live Well, Eat Well, Stay Well and Save Well. We also take reference from our **Operational Risk Event Management and Reporting Guide** where employment practices and workplace safety are classified and included in the operational risk management system. It includes formalised reporting and related escalation procedures.

Initiatives

Live well

Our employees participate in the iFlex programme, a flexible online spending account which offers tools and incentives to promote health, family and well-being.

Special arrangements have been made to enhance the Live Well initiative in our key markets. In Taiwan, our employees are able to use flexible benefits to engage licensed healthcare professionals for their family needs, thus giving them peace of mind while at work. In India, female employees are able to make reimbursable day care arrangements in partnership with approved providers, thus bringing flexibility into working mothers' lives. In Singapore, the "Sail Away with DBS" event provided an opportunity for employees to relax and spend time with their family and friends.

We also engaged Thrive Global to run a science-based well-being programme bank-wide to help our employees improve their physical, mental, emotional and spiritual well-being.

Eat well

Our cafeteria vendors and vending machines offer a selection of healthy food options to encourage our employees to have healthy diets at work.

Stay well

Fitness facilities, gyms and dance studios are available within the office premises. We encourage our employees to participate in recreation club activities and to lead an active lifestyle. In addition, we conduct annual onsite health screenings for employees and were lauded for a 10% increase in employee participation this year. During Breast Cancer Awareness Month, we invited speakers to share relevant health information with our employees.

Our flexible work arrangement programme provides employees with the flexibility to balance responsibilities at work and at home. It offers options such as flexi-time, part-time work, no-pay leave and working from home.

We continue to deepen our efforts in providing an activity-based shared workspace arrangement, JoySpace, to drive greater collaboration and ideation among employees. As at 2019, we had converted about 46% of eligible space into JoySpace in Singapore. Our selected offices in Hongkong, Indonesia, and India (Hyderabad) are designed with similar JoySpace principles.

Save well

As a financial institution, we provide employees with options and opportunities to manage their financial needs. Beyond banking privileges for employees, we organise financial health roadshows to share tips on personal financial management.

Employees and their families are also covered by corporate medical and insurance benefits, where applicable, to protect them from unexpected medical expenses. It includes outpatient, hospital and surgical fees, dependents' medical scheme, life insurance and dental benefits.

Status

We were awarded the Building Construction Authority-Health Promotion Board "Green Mark for Healthier Workplace" Platinum, for our DBS Asia Central and DBS Asia Hub offices. The award recognises DBS for promoting a safe and healthy workplace through design, fit-out provisions and proper maintenance of our facilities.

Targets

We will continue to be in close touch with the needs of our employees and provide timely and relevant support to enhance their workplace well-being. We aim to convert 64% of eligible space in Singapore to a Joyspace arrangement by 2020.

Case study



DBS employees attending Emergency Response Training

As part of our safety and health training programme, we organised "Awareness on Workplace Safety" at the annual business continuity awareness day. We partnered International SOS to advise on travel safety and organised bizSAFE training to build capabilities in workplace safety, health and security. In addition, we encouraged employees to attend the "Emergency Response Training" conducted by the Singapore Civil Defence Force. The training covered basic knowledge on first aid, automatic emergency defibrillator and firefighting.

K. Sustainable procurement

Why it matters

Building a strong and reliable supply chain is fundamental to sustainable operations. Sustainable procurement practices will help businesses to reduce waste, contribute to decent working conditions and enable economic growth.

We recognise that the actions of our suppliers contribute to the bank's sustainability performance and that we can influence and partner with them for mutual improvements. As a leading financial services group in Asia with a presence in 18 markets, we purchase a diverse range of products and services with the bulk being professional services, software, real estate and corporate services. Engaging with our suppliers may also carry financial, legal and reputation risks. As such, we are cognisant that when we make procurement decisions, we must also consider environmental and social matters alongside financial factors.

Approach

Our procurement is managed in accordance with the following:

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

Initiatives

Sustainable Sourcing Principles (SSP)

The **SSP** have been central to our approach in our six key markets since 2017. It outlines the expectations that we have of our suppliers in four key areas: (1) human rights, (2) health and safety, (3) environmental sustainability, as well as (4) business integrity and ethics. All new suppliers are reviewed against the SSP during registration and at regular intervals as part of our ongoing supplier management process.

Supply chain high-risk categories

The sustainability risk materiality assessment further helps us to identify spend categories with high ESG risks. Our biennial assessment for Singapore was most recently carried out in 2019 and 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, in turn, has created a ripple effect by encouraging our suppliers to consider more sustainable solutions and modes of operation.

Circular procurement

We incorporated circular procurement practices in our supply chain and trained our sourcing managers to work with suppliers in the responsible management of materials and conservation of resources. Our intention is to keep resources in use for as long as possible.

Since 2018, we have completed more than 10 pilot projects which included the use of bulk packaging in laptops, reselling of old furniture and composting of cafeteria waste. In some instances, we also leveraged e-procurement system functionalities to restrict or eliminate demand at point-of-order requisitions. For example, we removed DBS-branded plastic bottled water and implemented department-level paper budget control. By doing so, we were able to reduce usage of materials and strengthen circularity efforts. This is a best practice which has since been replicated across our markets in succession.

When implemented at scale, aggregated outcomes of circular procurement have the potential to catalyse larger system-wide changes across the entire industry. It is with this belief that we have been actively promoting circular procurement. We have since shared our efforts and experience on pilot projects with over 80 organisations.

Status

This year, 99.9% of our new suppliers signed their commitment to our SSP. No suppliers were identified to have caused significant negative environmental or social impact in their operations or supply chains. There were also no terminated relationships post-assessment.

We have completed sustainability assurances on 45 suppliers and obtained their recommitments to comply with our SSP requirements. In the course of these engagements, one supplier was identified with weak human rights-related practices. Instead of halting the engagement, we worked together with our supplier to make a positive change by engaging with the supplier's senior management and demonstrating our sustainability commitments.

Targets

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 suppliers are committed to the SSP.

In addition, we have chosen to focus on the volume of paper and plastics that we use because these are visible indicators of us becoming sustainable in operations to which all employees can contribute. Moving forward, we intend to set targets, and to put in place further reduction initiatives. Related disclosures will be made in the next Sustainability Report for 2020.

Case study



National Sustainable Procurement Roundtable

We announced the creation of Singapore's first industry workgroup to promote sustainable procurement – the National Sustainable Procurement Roundtable (NSPR). It is co-founded by DBS, Mandai Park Holdings, Singtel and StarHub. With a common vision, the

founding members partnered to promote sustainable procurement in Singapore, with the aim of building an innovative and sustainable supply chain that efficiently meets sustainability objectives.

Following the launch, the NSPR will focus on increasing membership, expanding its work plan as well as developing best practices and standards (e.g. sustainable gifts and premiums, sustainable water procurement, etc.) to drive scalable sustainable impact.

L. Managing our environmental footprint

Why it matters

DBS has extensive operations across Asia, and it is important for us to manage the resulting environmental footprint. The buildings that we operate contribute significantly to our direct energy consumption and related greenhouse gas (GHG) emissions. As we continue to grow our franchise, we are committed to conducting our business more sustainably by incorporating innovative and simple-to-apply solutions to our operations.

Approach

We are committed to minimising our environmental footprint through reducing our consumption and improving overall efficiency. To facilitate this, we are taking steps to enhance our existing measurement system to incorporate real-time energy monitoring and added data collection for other GHG such as SF6, FM200 and refrigerants that are used in building operations.

The physical spaces that we build and fit out today will consume energy in the years that follow. Taking this as a key consideration, we embarked on several programmes to kickstart a transformation to become a builder and designer of regenerative and beneficial spaces.

Initiatives

Building sustainable infrastructure

We incorporate sustainable design and sustainable principles across all our physical spaces, from office buildings and retail branches to data centres. This year, we experimented with the first net zero energy retrofit project which will inform future designs and renovations. We also began the design process for 'living JoySpace', which incorporated elements of natural systems and materials into our working environment. In addition, we started our most ambitious energy reduction plan at the end of 2019 and expect to see significant savings in 2020 and beyond.

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 effect change. We have established four sustainability-related interest groups. Employees volunteer up to 5% of their working hours to ideate and drive ground-up sustainability initiatives to reduce paper, plastics, textile and food waste. One such initiative is the clothing swap events where employees can exchange their clothes for other pre-loved pieces instead of buying new items. Another initiative is the Singapore FoodShare project which is a chatgroup that informs members of excess food from buffets held within our premises. It potentially activates more than 500 subscribers to eat or take away the surplus food.

DBS Hong Kong launched their Sustainability Day this year. Employees had the opportunity to try plant-based meat, cycle for fresh juice, and

make soap from coffee grounds. The three-day event also included a SE bazaar in partnership with several SEs.

We launched a "VC More, Travel Less" campaign to reduce our work travel footprint. Conference rooms and huddle rooms are fitted out for video conference calls and employees are encouraged to limit or eliminate work travel. Initial results show about 23% reduction in travel spent for meetings in 2019 over the same period in 2018.

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.

To improve our measurements, we engaged a consulting firm to review our GHG emissions inventory. Through this review, we sought to be more comprehensive in our reporting scope and had identified other sources that contributed to emissions.

Read more about "Information on environment footprint" on [page 45](#).

Renewable energy

We are making steady progress in the use of renewable energy and about 14% of our current total electricity consumption across six markets is sourced from renewable sources.

Sustainable workspaces

100% of our Singapore branches are Building and Construction Authority Green Mark Certified, with 62 branches certified as Green Mark Gold and above. In addition, two of our Singapore premises were awarded the Green Mark for Healthier Workplaces while our Taipei Xinyi Treasures Private Client Branch was awarded Leadership in Energy and Environmental Design Silver certification.

Data centre transformation

We continue to transform our data centres to be more energy efficient through the innovative use of cloud technology and optimisation of our IT infrastructure operations. Our first data centre migration/transformation was completed in June 2019. The electricity consumption of data centre IT load fell by 1,655 MWh, or about 8.5%.

	2019	2018
IT load from Singapore co-location data centre partners (MWh)	17,740	19,395

IT load includes servers, network equipment and voice equipment located in all data centres. It is computed using the data centre stated power use effectiveness and includes data centre facility energy. We have restated IT load for 2018 on a comparable basis.

Targets

We aim to source 100% renewable energy for our Singapore operations by 2030. We plan to accomplish this through a combination of behind-the-meter solar installations, power purchase agreements, bundled green energy contracts and renewable energy certificates. Our ability to achieve this commitment is materially contingent on our ability to source acceptable renewable energy certificates in Singapore.

On energy consumption and efficiency, we will continue to work towards improving our energy consumption through regular reviews including the monitoring of energy consumption, optimising mechanical and electrical equipment operations, replacing aged equipment and building new physical spaces designed to be super low energy or net zero energy.

Case studies



Responsible waste management programme

DBS Indonesia partnered Waste4Change, a social enterprise that is focused on managing and recycling waste, to roll out an initiative called "Responsible Waste Management". Through this programme, we engaged and educated our employees about new proper waste management practices and how to reduce the use of plastics. We also installed three-bin waste systems where waste will be picked up and managed by Waste4Change so we can work towards zero waste to landfill.

The programme collected approximately 30,000 kg of waste with the help of about 3,400 employees from the main offices of Capital Place and DBS Tower. All waste materials are either composted as fertiliser or used as fuel for cement industry co-processing.



Rooftop panel system at DBS retail branches

We continue to work towards achieving DBS' RE100 commitment. Following the success of DBS Asia Hub's solar panels last year, we extended our efforts to regional markets in Indonesia and Taiwan, particularly at our retail branches.

In October 2019, DBS Taiwan went green with the installation of a rooftop solar panel system at the Taiping branch in Taichung. Approximately 14,000 kWh will be generated annually. In addition, DBS Indonesia completed its second solar panel installation which was housed above its Bandung Jawa branch, and was projected to generate about 30,000 kWh annually.

(18) 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 2019 and 2020

These projects accelerated the bank's transition to renewable energy and demonstrated our commitment to pursuing long-term sustainability via our operations.

M. 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 tax requirements and adhere to local and international tax standards.

Approach⁽¹⁸⁾

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:

- i. We only undertake transactions which are underpinned by strong commercial motivations that we are prepared to fully disclose;
- ii. We carefully consider the potential tax sensitivity of transactions and are guided by a set of established escalation and approval procedures;

- iii. We have sufficient skilled employees in each major location, and we will seek independent advice on transactions with significant tax uncertainty; and
- iv. 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.

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 Organisation for Economic Co-operation and Development (OECD)/ Group of Twenty (G20) Inclusive Framework on BEPS that is collaborating to implement measures to tackle tax avoidance, improve the coherence of international tax rules and ensure a more transparent tax environment. We welcome and support the consistent implementation of measures arising from the work of the OECD/ G20 Inclusive Framework on BEPS.

As OECD continues to coordinate the global review on the international tax rules for the modern global economy, we remain an active participant in these discussions through our involvement with feedback to OECD, local tax authorities and various industry forums. If changes are made to the international tax system (i.e. the allocation of taxing rights across countries), these will be far-reaching and may have some impact to DBS' cross-border business activities.

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. 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.

Where transactions are significant and require greater certainty, we initiate transparent discussions with tax authorities (e.g. Advance Pricing Agreements) to discuss and achieve upfront agreement. We also engage independent external tax advisors regularly to conduct reviews ensuring our approach taken is appropriate. In 2019, we initiated a bilateral Advance Pricing Agreement with the tax authorities of two locations and conducted independent reviews of selected related party transactions with global accounting firms.

Status

DBS is a regional bank. The tax we pay is a function of where we operate and the applicable tax laws in those locations. In 2019, we contributed SGD 1,154 million in income taxes. Our effective tax rate includes permitted concessionary tax rates and income not subject to tax for specific banking activities.

Read more about "Geographic profit segmentation" on [page 41](#).

In addition to income taxes, DBS also collected Goods and Services Tax (GST)/ Value-Added Tax (VAT) on behalf of governments across the locations where we operate.

Targets

We support the consistent implementation of OECD BEPS measures, and the contributions of the tax jurisdictions collaborating to implement measures targeted at tackling BEPS. As domestic tax laws and international tax standards continue to evolve, we will continue to fulfil our role as a responsible and compliant taxpayer to pay our fair share of taxes.

Group (in SGD million)	2019	2018
Profit before tax	7,583	6,659
Income tax expense charged to income statement	1,154	1,006
Tax as a percentage of profit before tax⁽¹⁹⁾	15%	15%
Payment of GST/ VAT collected from customers	242	222

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

Pillar 3: Creating social impact

N. Social entrepreneurship

Why it matters

In 2014, the DBS Foundation (DBSF) was launched with a SGD 50 million fund to mark the bank's commitment to championing social entrepreneurship in Asia. Our support for social enterprises (SEs) resonates with our heritage as a 'development bank', while leveraging our expertise in serving the SME sector.

We believe that businesses need to consider not only short-term shareholder returns but also the longer-term interests of the communities that we serve. We chose to focus on championing SEs because they are for-profit businesses that innovatively address social and environmental issues with their products and services. Through the work of DBSF, we want to catalyse the growth of an ecosystem of businesses that do business differently and in doing so, scale the impact we can make in addressing the myriad social and environmental challenges that confront a rapidly growing Asia.

Approach

DBS was named the inaugural winner of the Social Enterprise Champion of the Year award at the President's Challenge Social Enterprise Awards (PCSEA) 2019. The PCSEA honours outstanding businesses and their partners in the SE sector for contributions made to the local community.

DBSF takes a three-pronged approach to advancing the social entrepreneurship agenda:

- **Advocate** for SEs – businesses for good – through events, competitions, challenges, bootcamps, workshops and learning forums.
- **Nurture** promising SEs through grant funding, capacity building and mentorship.
- **Integrate** SEs into the culture and operations of the bank.

Initiatives and status

i. Advocate

In 2019, DBSF reached out to more than 25,000 stakeholders including SEs, students, government agencies, tertiary institutions, SMEs and clients to foster a vibrant social enterprise community and create a call-to-action on environmental and social issues.

Since its launch in July 2019, Sparks Season 2, which is a mini-series inspired by true stories of SEs supported by DBSF, has garnered

over 144 million views across the region. These stories help to raise awareness and galvanise action from the public on matters related to reducing plastic pollution, encouraging inclusion of the marginalised, upcycling and waste management, as well as adopting technological innovations that help our populations age gracefully.

We also leveraged bank-wide platforms such as the DBS Marina Regatta to showcase our SEs and their causes. The event involved over 15 SEs and saw attendance by more than 70,000 people. We also made a conscious effort to embed sustainability practices, obtaining the Singapore Environment Council's Eco Event Certification in the process.



DBS supported the second Asia Pacific SE Summit, a public-private-partnership bringing together the SE ecosystem in Taiwan

To broaden our advocacy effort and network, we supported the Asia Pacific Social Enterprise Summit in Taiwan and partnered other organisations and governments in the region, such as the Institute of Innovation and Entrepreneurship at Singapore Management University to offer the Social Impact Prize at the Lee Kuan Yew Global Business Plan Competition. The programme reaches out to over 2,000 universities globally to identify sustainable and scalable business solutions that help address crucial social and environmental issues. The finals will be held in March 2020.

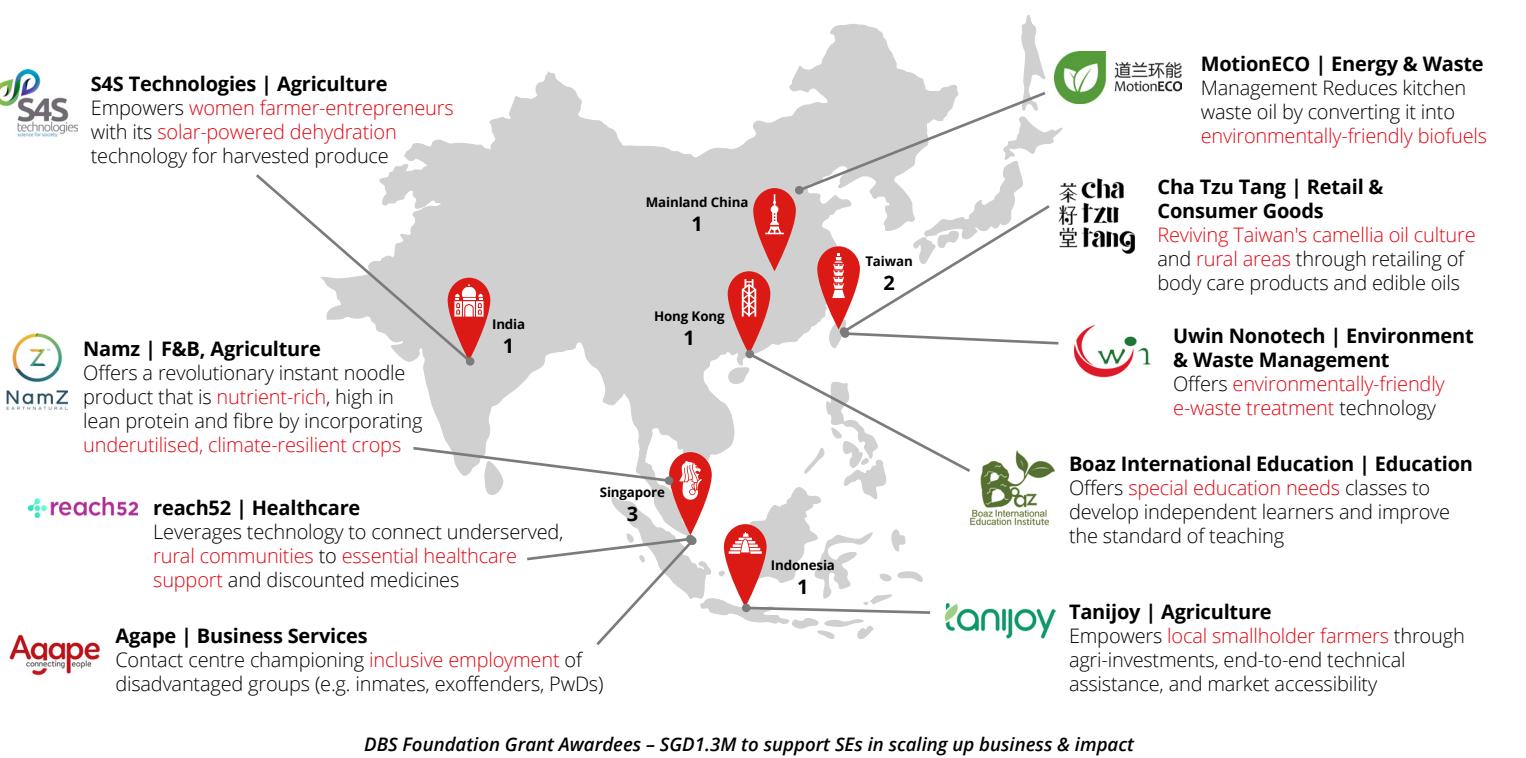
ii. Nurture

The annual DBSF SE Grant Programme attracted a record 600 applications from across Asia in 2019. Nine social enterprises from our key markets were selected to receive grants totalling SGD 1.3 million. We focused on SEs who are scaling up their businesses – businesses with a product market fit that have obtained traction in sales and revenue and have well-defined social impact goals. They address pertinent social challenges in an innovative way,



DBS Sparks, an award-winning mini-series, was aired on digital channels with a second season inspired by true stories of SEs and dedicated to everyday heroes who are making a difference in the lives of others.

(19) Refer to Note 12 of DBS Annual Report 2019 financial statements for reconciliation against Singapore basic tax rate



such as empowering inmates with employment, addressing nutritional deficiencies with sustainable food sources, connecting underprivileged communities to essential healthcare support, training children with special needs, converting waste cooking oil into biofuels, and reducing food loss.

In addition, we leveraged the expertise of the bank and ecosystem partners across the region to equip SEs with business skills needed to scale their business and impact. For instance, over 20 skills clinics for SEs were carried out by DBS experts in 2019. Topics included data analytics, financial management, digital marketing and web analytics, talent management, funding for startups and legal issues.

Some highlights across our key markets:

- India:** We provided grants to three SEs under a partnership with Social Alpha, a Technology Business Incubator, approved by the Department of Science and Technology, and supported by Tata Trusts. The grant awardees help to address social issues by utilising mobile and AI technology to improve the emotional resilience and well-being of people, implementing a catheter reprocessing system which keeps healthcare safe and affordable, and training women from marginalised communities.
- Indonesia:** We started a six-month long DBSF SE Bootcamp 2019 with a curriculum focusing on financial management. The bootcamp will culminate in March 2020 with an investor showcase.
- Taiwan:** We incubated 28 SEs in the iLab 3.0 programme which provides training, networking and clinics for early-stage SEs so that they can launch their businesses. In addition, we introduced an accelerator programme for established SEs to help them develop into sustainable businesses. With the help of senior colleagues in DBS Taiwan, courses were designed on specific areas such as HR and business development skills.

In the last five years, we have nurtured over 400 social enterprises.

i. Integrate

We embedded SEs into the bank's operations by integrating them into our products and services through conscious procurement, providing co-working space and by including employees in skills-based volunteering.



Prime Minister Lee Hsien Loong with bettr Barista, a social enterprise supported by DBS Foundation and a regular vendor for our events

We pioneered the SE banking package a decade ago, which was designed to suit the needs of SEs. Charges on most transaction banking services are waived and qualifying SEs are offered loans at preferential rates. 597 SEs have benefitted from the SE banking package in Singapore and the region. In addition, many of our SME Relationship Managers provided additional support to our SEs through the SE Support Programme, helping them to manage their working capital and cash flows as well as offering industry sector and market insights.

We extended the use of our facilities such as the DBS Sparks Studio to SEs for organising their events; DBS Asia X, with coworking spaces also available for SEs. SEs are also invited to events and workshops as part of the SME Academy by DBS BusinessClass.



B Corp events bring together SEs and small businesses interested in building credibility, value and trust through the social and environmental impact that they create. These were held at the DBS Sparks Studio.

Targets

DBSF will continue the journey of advocating for, nurturing and integrating SEs into our operations. We plan to grow our partnerships with others so that we can reach out to a wider audience and generate a larger impact through our initiatives.

We will deepen our nurturing of SEs and provide stronger support – through the internal and external networks of the bank – for high-potential SEs to scale their business and impact in 2020.

Case study

Edible Garden City – Singapore



Edible Garden City employs 40 full- and part-time employees including seven from disadvantaged backgrounds.

Edible Garden City champions the "grow-your-own-food" movement and reduces food waste by incorporating natural systems with technology such as hydroponics, aquaponics and insect farming. This SE builds and maintains edible gardens for hotels, schools, restaurants, commercial buildings and private clients. Their goal is to help cities become more self-sufficient by growing food in underutilised spaces like rooftops, under viaducts, and everywhere in between.

DBSF grant enabled the development and scaling up of microgreens and mushroom production, and the development of closed-loop agriculture systems.

O. 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

As a purpose-driven organisation, we strive to create an impact beyond banking. We believe our employees can make a difference to society through the contribution of their time, donations and skills.

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 – the elderly, education and the environment, across our key markets.

Initiatives

Regular PoP programmes are planned with local community partners and social enterprises (SEs) in the three focus areas. These programmes consider the skills of our employees with the needs of the community and are communicated on a regular basis.

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

Across our markets, we undertook multiple activities to connect with communities through volunteering in the three focus areas:

Elderly	Education	Environment
We aim to make ageing easier for the generation that has worked to build our communities.	We aim to work towards improving the future so that no one is left behind.	We aim to work together to safeguard the Earth for our future generations.

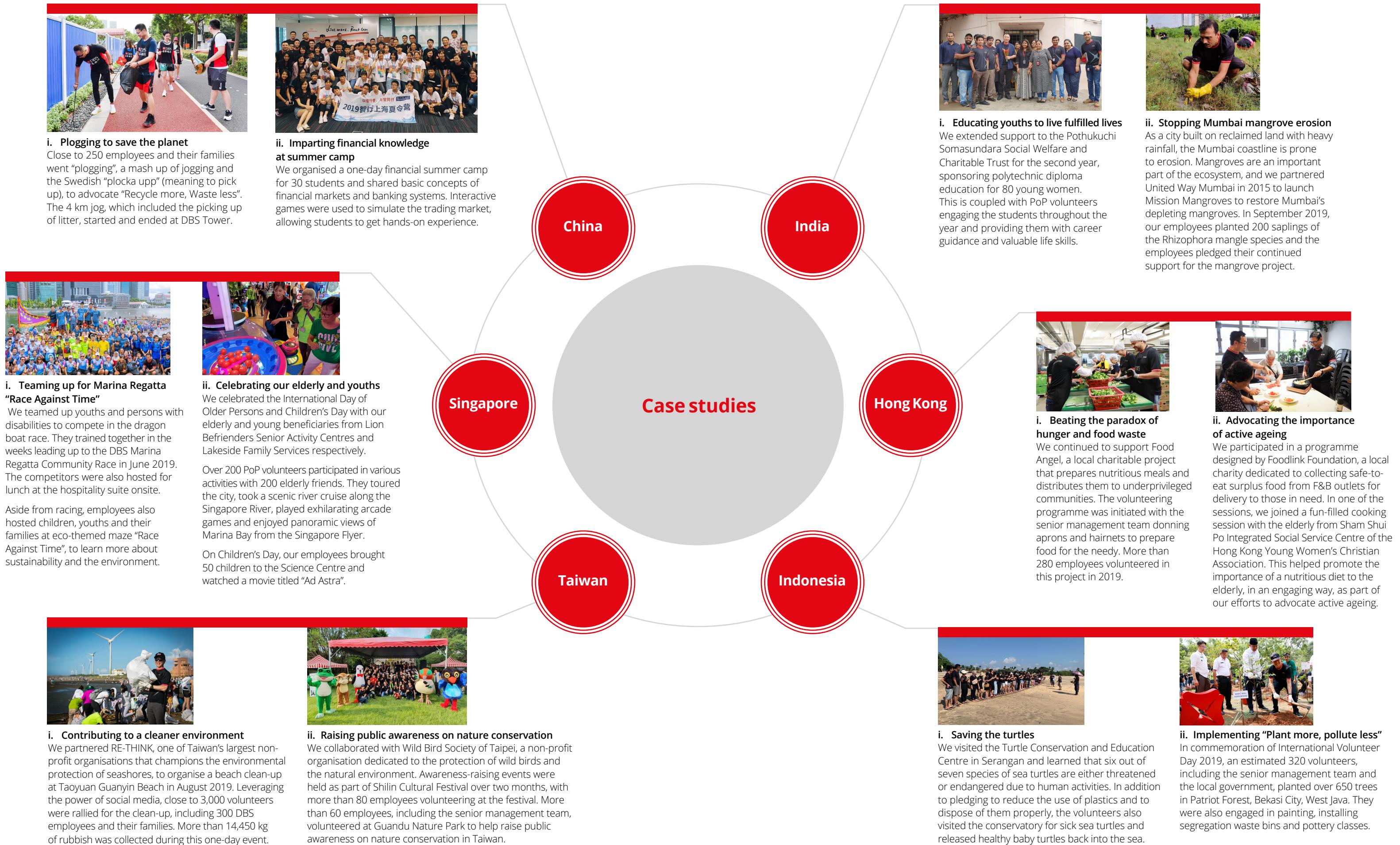
Status

Our employees contributed about 88,000 volunteering hours to serve the community in 2019, which was an increase of about 35% from the year before.

Targets

We will continue to promote a culture of employee volunteerism and contributing to the greater good. We aim to deliver 100,000 hours to volunteerism across our six key markets in 2020. This includes skills-based volunteering where employees use their expertise to solve business challenges commonly faced by SEs.

We will continue to deepen and expand partnerships with community partners and SEs 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.



Geographic profit segmentation

Group (in SGD million)	2019 ⁽¹⁾	2018 ⁽¹⁾	2017
Profit before tax	7,583	6,659	5,175
Singapore	5,323	4,413	3,606
Hong Kong	1,718	1,612	1,185
Rest of Greater China	269	351	92
South and Southeast Asia	10	36	55
Rest of the World	263	247	237
Income tax expense charged to income statement	1,154	1,006	671
Tax as a percentage of profit before tax	15%	15%	13%

(1) Extracted from Note 45.2 of DBS Annual Report 2019 financial statements

Information on employees

We captured and obtained all information on employees from Global HR Management system.

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

Type of contract	2019			2018			2017		
	Female	Male	Total	Female	Male	Total	Female	Male	Total
Permanent of which:	14,356	13,009	27,365	13,828	11,772	25,600	13,005	10,591	23,596
Full time	14,276	13,006	27,282	13,747	11,768	25,515	12,932	10,588	23,520
Part time	80	3	83	81	4	85	73	3	76
Contract/ Temporary⁽¹⁾	458	703	1,161	482	775	1,257	278	300	578
Total	14,814	13,712	28,526	14,310	12,547	26,857	13,283	10,891	24,174

Table 2. Total number of employees by geography and gender

Geography	2019			2018			2017		
	Female	Male	Total	Female	Male	Total	Female	Male	Total
Singapore	6,764	5,340	12,104	6,649	5,044	11,693	6,417	4,545	10,962
Hong Kong	2,466	2,262	4,728	2,383	2,244	4,627	2,391	2,146	4,537
Rest of Greater China⁽²⁾	2,881	1,376	4,257	2,948	1,432	4,380	2,835	1,396	4,231
South and Southeast Asia⁽³⁾	2,573	4,545	7,118	2,205	3,650	5,855	1,524	2,638	4,162
Rest of the World⁽⁴⁾	130	189	319	125	177	302	116	166	282
Total	14,814	13,712	28,526	14,310	12,547	26,857	13,283	10,891	24,174

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

Geography	2019			2018			2017		
	Permanent	Contract/ Temporary	Total	Permanent	Contract/ Temporary	Total	Permanent	Contract/ Temporary	Total
Singapore	12,003	101	12,104	11,567	126	11,693	10,844	118	10,962
Hong Kong	4,630	98	4,728	4,479	148	4,627	4,398	139	4,537
Rest of Greater China⁽²⁾	4,216	41	4,257	4,276	104	4,380	4,129	102	4,231
South and Southeast Asia⁽³⁾	6,212	906	7,118	4,989	866	5,855	3,960	202	4,162
Rest of the World⁽⁴⁾	304	15	319	289	13	302	265	17	282
Total	27,365	1,161	28,526	25,600	1,257	26,857	23,596	578	24,174

(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

Appendix

Table 4. Total number and rates of new employee hires and voluntary attrition by age group, gender and geography

2019						
	Headcount	Work force mix	No. of new hires ⁽⁶⁾	New hire rate ⁽⁷⁾	No.voluntary attrition	Voluntary attrition rate ⁽⁸⁾
By age group (x = age)						
x <= 30	7,343	26%	3,357	46%	1,307	20%
30 < x < 50	18,254	64%	3,001	16%	1,907	11%
x >= 50	2,929	10%	149	5%	142	5%
By gender						
Female	14,814	52%	2,778	19%	1,618	12%
Male	13,712	48%	3,729	27%	1,738	14%
By geography						
Singapore	12,104	42%	1,904	16%	1,230	10%
Hong Kong	4,728	17%	1,062	22%	716	16%
Rest of Greater China⁽⁹⁾	4,257	15%	979	23%	673	16%
South and Southeast Asia⁽¹⁰⁾	7,118	25%	2,499	35%	705	13%
Rest of the World⁽¹¹⁾	319	1%	63	20%	32	11%
Total	28,526	100%	6,507	23%	3,356	13%
2018						
	Headcount	Work force mix	No. of new hires ⁽⁶⁾	New hire rate ⁽⁷⁾	No.voluntary attrition	Voluntary attrition rate ⁽⁸⁾
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⁽⁹⁾	4,380	16%	1,383	32%	687	16%
South and Southeast Asia⁽¹⁰⁾	5,855	22%	2,799	48%	794	17%
Rest of the World⁽¹¹⁾	302	1%	73	24%	28	10%
Total	26,857	100%	7,728	29%	3,651	15%
2017						
	Headcount	Work force mix	No. of new hires ⁽⁶⁾	New hire rate ⁽⁷⁾	No.voluntary attrition	Voluntary attrition rate ⁽⁸⁾
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⁽⁹⁾	4,231	18%	1,619	38%	580	16%
South and Southeast Asia⁽¹⁰⁾	4,162	17%	1,135	27%	381	10%
Rest of the World⁽¹¹⁾	282	1%	53	19%	21	8%
Total	24,174	100%	6,042	25%	2,890	13%

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

2019				
	SVP to MD	Analyst to VP	Senior Officer and Below ⁽¹⁴⁾	Total
Headcount⁽¹²⁾⁽¹³⁾	2,405	20,187	5,934	28,526
By gender				
Female	40%	50%	63%	52%
Male	60%	50%	37%	48%
By age group (x = age)				
x <= 30	0%	24%	42%	26%
30 < x < 50	75%	67%	49%	64%
x >= 50	25%	9%	9%	10%
2018				
Headcount	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%

(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

(14) Includes all contract/ temporary employees

Information on environmental footprint

2019 ⁽¹⁾	Singapore	Hong Kong	China	Taiwan	India	Indonesia	Total ⁽²⁾
Energy							
Total energy consumption (MWh)⁽³⁾	63,688	10,919	3,782	8,256	7,268	8,984	102,897
(a) From non-renewables (MWh)	63,129	10,919	3,782	8,242	7,268	8,975	102,315
(b) From renewable production (MWh)	559	0	0	14	0	9	582
Purchased Renewable Energy Certificates (MWh) ⁽⁴⁾	14,000						
Emissions							
Total emissions (tCO₂e)⁽⁴⁾⁽⁵⁾	34,543	9,752	2,409	4,397	7,408	8,386	66,895
(a) Scope 1 emissions (tCO ₂ e) ⁽⁶⁾	136	256	101	4	191	859	1,547
(b) Scope 2 emissions (tCO ₂ e) ⁽⁷⁾							
i. Gross (location-based)	18,652	7,062	2,107	3,951	4,850	5,688	42,310
ii. Net (market-based)	18,652	7,062	0	3,951	4,850	5,688	40,203
(c) Scope 3 emissions (tCO ₂ e) ⁽⁸⁾	15,755	2,434	201	442	2,367	1,839	23,038
Water							
Total water consumption (m³)⁽⁹⁾	76,462	2,097	5,106	48,869	24,146	44,121	200,801
Waste							
Total waste generated (tonnes)⁽¹⁰⁾	904	195	62	80	63	117	1,421

- (1) In 2019, we expanded the scope of our data collection. The additional data collected was not available for 2018. Accordingly, we do not provide comparative figures for 2018
- (2) Our six key markets constitute more than 96% of our physical space and other locations are excluded
- (3) Energy consumption includes purchased electricity, purchased chilled water cooling to buildings and outsourced data centre energy usage including cooling of outsourced data centres, combusted energy on site. Some sites have cooling energy included in the rent and these sites' cooling energy were estimated based on similar site's cooling consumption in the same climate zone and market. Chilled water data and some other cooling energy data is excluded in offices and branches where landlords do not provide data and reliable estimates are not possible. Excluded data encompasses cooling equipment energy and chilled water from China branches and offices, Indonesia branches and offices, some India branches, Hong Kong branches and offices, and Taiwan branches and offices
- (4) All our emissions are calculated on a gross basis which is aligned to location-based approach. Under the market-based approach, our net scope 2 emissions in China will be reduced to zero. This is because we have purchased RECs, and the stated project was a wind farm in China. We procure RECs in markets we operate
- (5) Follows the requirements of GHG Protocol Corporate Standard and GHG Corporate Value Chain Standard and use operational control to consolidate GHG emissions. The global warming potential rates follow GHG Protocol as well
- (6) Scope 1 emissions include direct carbon emissions from backup diesel generators, LPG from kitchens; as well as fugitive emissions from fire retardants and refrigerants including FM200, SF6, R-410a, R-22, R-134a, R-132, and NOVEC-1230 – all converted to CO₂ equivalent. The source of emission factors is Intergovernmental Panel on Climate Change (IPCC)
- (7) Scope 2 emissions include purchased electricity, purchased chilled water energy – converted using efficiencies from the central chilled water suppliers, energy for cooling offices and branches. They are converted to CO₂ equivalents using GOV.UK. (last updated 18 July 2018) Greenhouse gas reporting: conversion factors 2018 and other local grid emission factors
- (8) Scope 3 emissions include outsourced shuttle bus travel, employee air travel as arranged by American Express travel agency and energy used in outsourced data centres. The source of emission factors is IPCC and Department for Environment, Food and Rural Affairs
- (9) We assume water consumption is equivalent to water withdrawal by source. 99.4% of our water comes from municipal sources and 0.6% comes directly from wells. Water provided to common space by landlords in leased properties (e.g. branches in shopping malls) are excluded. Water consumption information is excluded from sites in China and Hong Kong where metering of tenanted spaces did not occur and reliable estimations were not possible. Sites in Indonesia where well water is extracted was metered starting in December 2019, whose data is included from that month only
- (10) Total waste generated includes only waste that are collected by our appointed collectors. 52% is sent to incineration, 16% is sent to the landfill, 30% is recycled and 2% is composted. Recycled waste includes paper, metal, plastic, and glass, but excludes both e-waste recycling and all reuse of materials. Waste information is also excluded from sites where data collection was impossible including rural sites in India. Waste disposal method has been determined by geographic location which defaults to the only disposal methods available in each market

10 Principles of UN Global Compact

Principles	Human Rights	Report section	Report page
Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights	• Responsible financing • Sustainable procurement	15 and 32
Principle 2	Make sure that they are not complicit in human rights abuses		
Labour			
Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	• GRI Content Index	48
Principle 4	Elimination of all forms of forced and compulsory labour	• Responsible financing • Sustainable procurement	15 and 32
Principle 5	Effective abolition of child labour		
Principle 6	Elimination of discrimination in respect of employment and occupation	• Diversity and equal opportunity	30
Environment			
Principle 7	Businesses should support a precautionary approach to environmental challenges	• Climate Change • Sustainable procurement	
Principle 8	Undertake initiatives to promote greater environmental responsibility	• Managing our environmental footprint	18, 32 and 33
Principle 9	Encourage the development and diffusion of environmentally friendly technologies		
Anti-corruption			
Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery	• Preventing financial crime	26

Mapping to GRI Standards

No.	ESG matters	Coverage	GRI Titles/ Aspects	Topic boundaries
Pillar 1: Responsible banking				
1	Responsible financing	• ESG risk assessment	• Human rights assessment • Product portfolio (Financial Services Sector Disclosure)	• Customers • Shareholders • Society
2	Climate change	• Low-carbon transition • Task Force on Climate-related Financial Disclosures (TCFD)	• Emissions	• Employees • Customers • Society
3	Financial inclusion	• Sustainable development • Access to financial services	• Indirect economy impacts • Product and service labelling (Financial Services Sector Disclosure) • Local communities (Financial Services Sector Disclosure)	• Customers • Employees • Society
4	Fair dealing	• Product suitability • Grievance management	• Marketing and labelling • Product and service labelling (Financial Services Sector Disclosure)	• Customers • Employees • Regulators and policy makers • Shareholders • Society
5	Cyber security	• Cyber security • Regulatory compliance	• Customer privacy	• Customers • Employees • Regulators and policy makers • Shareholders
6	Data governance	• Responsible use and protection of data • Regulatory compliance		• Customers • Employees • Regulators and policy makers • Shareholders
7	Preventing financial crime	• Anti-money laundering • Countering the financing of terrorism • Fraud • Anti-bribery and corruption • Regulatory compliance	• Anti-corruption	• Customers • Employees • Regulators and policy makers • Shareholders • Society
Pillar 2: Responsible business practices				
8	Talent management and retention	• Talent development • Training	• Employment • Training and education	• Employees
9	Diversity and equal opportunity	• Anti-discrimination • Diversity	• Diversity and equal opportunity	• Employees
10	Workplace well-being	• Medical coverage • Mental health • Workplace health and safety	• Occupational health and safety	• Employees
11	Sustainable procurement	• Supplier assessments • Sustainable sourcing principles	• Supplier environmental standard • Supplier social assessment • Human rights assessment	• Society
12	Managing our environmental footprint	• Energy consumption • Water consumption • Carbon emissions • Waste generation	• Energy • Water • Emissions • Effluents and waste	• Employees • Society
13	Responsible tax management	• Regulatory compliance	• Economic performance	• Regulators and policy makers • Shareholders • Society
Pillar 3: Creating social impact				
14	Social entrepreneurship	• Support for social enterprises	• Indirect economic Impacts • Local communities	• Employees • Society
15	Employee volunteerism	• Volunteerism	• Local communities • Product and service labelling (Financial Services Sector Disclosure)	• Employees • Society

GRI Content Index

GRI Standards	Disclosure requirement	Where have we disclosed this?	Externally assured?
General Disclosures			
GRI 102: General Disclosures 2016	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 66.	
	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, page 42 . Financial statements, Annual Report page 116.	
	102-8 Information on employees and other workers	Information on employees, page 42 .	✓
	102-9 Supply chain	Sustainable procurement, page 32 .	✓
	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, page 58 .	
	102-13 Membership of associations	Commitments and memberships, page 58 . Key memberships include Institute of International Finance and the Association of Banks in Singapore.	
	102-14 Statement from senior decision-maker	CEO message, page 4 .	
	102-16 Values, principles, standards and norms of behaviour	The DBS Code of Conduct (Code of Conduct), Annual Report page 59.	
	102-18 Governance Structure	Corporate governance, Annual Report page 44. Governance, page 9 .	
	102-40 List of stakeholder groups	Stakeholder engagement, page 11 .	
	102-41 Collective bargaining agreements	Our house union in Singapore, the DBS Staff Union, is an affiliate of the National Trades Union Congress. As at 31 December 2019 1,422 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, two 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, page 11 .	
	102-44 Key topics and concerns raised		
	102-45 Entities included in consolidated financial statements	Subsidiaries and consolidated structured entities, Annual Report page 145. Associates, Annual Report page 146.	
	102-46 Defining report content and topic boundaries	Reporting principles, page 2 . Mapping to GRI Standards, page 47 .	
	102-47 List of GRI topics	Mapping to GRI Standards, page 47 .	
	102-48 Restatements of information	Responsible financing, page 15 . Managing our environmental footprint, page 33 .	
	102-49 Changes in reporting	Material ESG matters, page 10 . Digital finance was subsumed into Financial Inclusion.	
	102-50 Reporting period	Coverage, page 2 .	

GRI Standards	Disclosure requirement		Where have we disclosed this?	Externally assured?
General Disclosures				
102-51	Date of most recent report	31 December 2019		
102-52	Reporting cycle	Annual		
102-53	Contact point for questions regarding the report	Feedback, page 2 .		
102-54	Claims of reporting in accordance with the GRI Standards	About this report, page 2 .		
102-55	GRI content index	GRI Content Index, page 48 .		
102-56	External assurance	Assurance statement, page 61 .		

GRI Standards	Disclosure requirement		Where have we disclosed this?	Externally assured?		
Material Topics						
GRI 200 Economic Standard Series						
Economic Performance						
GRI 103: Management Approach 2016	103-1	Explanation of material topic and its boundary	CFO statement, Annual Report page 20.			
	103-2	The management approach and its components	How we create value – our business model, Annual Report page 66.			
	103-3	Evaluation of the management approach	How we distribute value created, Annual Report page 70.			
			Geographical segment reporting, Annual Report page 182.			
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	Responsible tax management, page 34 .	✓		
Indirect Economic Impacts						
GRI 103: Management Approach 2016	103-1	Explanation of material topic and its boundary	Financial inclusion, page 21 .			
	103-2	The management approach and its components	Social entrepreneurship, page 36 .			
	103-3	Evaluation of the management approach				
GRI 203: Indirect Economic Impacts 2016	203-2	Significant indirect economic impact				
Anti-Corruption						
GRI 103: Management Approach 2016	103-1	Explanation of material topic and its boundary	Preventing financial crime, page 26 .			
	103-2	The management approach and its components				
	103-3	Evaluation of the management approach				
GRI 205: Anti-Corruption 2016	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?		
GRI 300 Environmental Standard Series						
Energy						
GRI 103: Management Approach 2016	103-1	Explanation of material topic and its boundary	Managing our environmental footprint, page 33 .			
	103-2	The management approach and its components	Information on environmental footprint, page 45 .			
	103-3	Evaluation of the management approach				
GRI 302: Energy 2016	302-1	Energy consumption within the organization		✓		
	302-4	Reduction of energy consumption				
Water						
GRI 103: Management Approach 2016	103-1	Explanation of material topic and its boundary	Managing our environmental footprint, page 33 .			
	103-2	The management approach and its components	Information on environmental footprint, page 45 .			
	103-3	Evaluation of the management approach				
GRI 303: Water 2016	303-1	Water withdrawal by source		✓		
Emissions						
GRI 103: Management Approach 2016	103-1	Explanation of material topic and its boundary	Climate change, page 18 .			
	103-2	The management approach and its components	Managing our environmental footprint, page 33 .			
	103-3	Evaluation of the management approach	Information on environmental footprint, page 45 .			
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG Emissions		✓		
	305-2	Energy indirect (Scope 2) GHG emissions		✓		
	305-3	Other indirect (Scope 3) GHG emissions		✓		
Effluents and Waste						
GRI 103: Management Approach 2016	103-1	Explanation of material topic and its boundary	Managing our environmental footprint, page 33 .			
	103-2	The management approach and its components	Information on environmental footprint, page 45 .			
	103-3	Evaluation of the management approach				
GRI 306: Effluents and Waste 2016	306-2	Waste by type and disposal method		✓		
Supplier Environmental Standard						
GRI 103: Management Approach 2016	103-1	Explanation of material topic and its boundary	Sustainable procurement, page 32 .			
	103-2	The management approach and its components				
	103-3	Evaluation of the management approach				
GRI 308: Supplier Environmental Standard 2016	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?		
GRI 400 Social Standard Series						
Employment						
GRI 103: Management Approach 2016	103-1	Explanation of material topic and its boundary	Talent management and retention, page 28 .	✓		
	103-2	The management approach and its components	Information on employees, page 42 .			
	103-3	Evaluation of the management approach				
GRI 401: Employment 2016	401-1	New employee hires and employee turnover				
Occupational Health and Safety						
GRI 103: Management Approach 2016	103-1	Explanation of material topic and its boundary	Workplace well-being, page 31 .	✓		
	103-2	The management approach and its components				
	103-3	Evaluation of the management approach				
GRI 403: Occupational Health and Safety 2018	403-6	Promotion of worker health				
Training and Education						
GRI 103: Management Approach 2016	103-1	Explanation of material topic and its boundary	Talent management and retention, page 28 .	✓		
	103-2	The management approach and its components				
	103-3	Evaluation of the management approach				
GRI 404: Training and Education	404-1	Average hours of training per year per employee		✓		
	404-2	Programs for upgrading employee skills and transition assistance programs				
	404-3	Percentage of employees receiving regular performance and career development reviews				
Diversity and Equal Opportunity						
GRI 103: Management Approach 2016	103-1	Explanation of material topic and its boundary	Board of directors, Annual Report page 4.	✓		
	103-2	The management approach and its components	Diversity and equal opportunity, page 30 .			
	103-3	Evaluation of the management approach	Information on employees, page 42 .			
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees		✓		
	405-2	Ratio of basic salary and remuneration of women to men				
Human Rights Assessment						
GRI 103: Management Approach 2016	103-1	Explanation of material topic and its boundary	Responsible financing, page 15 .	✓		
	103-2	The management approach and its components	Sustainable procurement, page 32 .			
	103-3	Evaluation of the management approach				
GRI 412: Human Rights Assessments 2016	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?		
Local Communities						
GRI 103: Management Approach 2016						
GRI 103: Management Approach 2016	103-1	Explanation of material topic and its boundary	Social entrepreneurship, page 36 .	✓		
	103-2	The management approach and its components	Employee volunteerism, page 38 .			
	103-3	Evaluation of the management approach				
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs				
Supplier Social Assessment						
GRI 103: Management Approach 2016						
GRI 103: Management Approach 2016	103-1	Explanation of material topic and its boundary	Sustainable procurement, page 32 .	✓		
	103-2	The management approach and its components				
	103-3	Evaluation of the management approach				
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria		✓		
	414-2	Negative social impacts in the supply chain and actions taken				
Public Policy						
GRI 103: Management Approach 2016						
GRI 103: Management Approach 2016	103-1	Explanation of material topic and its boundary	Preventing financial crime, page 26 .	✓		
	103-2	The management approach and its components				
	103-3	Evaluation of the management approach				
GRI 415: Public Policy 2016	415-1	Political contributions				
Marketing and Labelling						
GRI 103: Management Approach 2016						
GRI 103: Management Approach 2016	103-1	Explanation of material topic and its boundary	Fair dealing, page 23 .	✓		
	103-2	The management approach and its components				
	103-3	Evaluation of the management approach				
GRI 417: Marketing and Labelling 2016	417-2	Incidents of non-compliance concerning product and service information and labelling				
Customer Privacy						
GRI 103: Management Approach 2016						
GRI 103: Management Approach 2016	103-1	Explanation of material topic and its boundary	Cyber security, page 23 .	✓		
	103-2	The management approach and its components	Data governance, page 25 .			
	103-3	Evaluation of the management approach				
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data				
Socioeconomic Compliance						
GRI 103: Management Approach 2016						
GRI 103: Management Approach 2016	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				
GRI 419: Socioeconomic Compliance	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?
	GRI G4 Financial Sector Disclosures			
Product Portfolio	FS1	Policies with specific environmental and social components applied to business lines	Responsible financing, page 15 .	
	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, page 11 . Responsible financing, page 15 .	
Local Communities	FS14	Initiatives to improve access to financial services for disadvantaged people	Financial inclusion, page 21 .	
Product and Service Labelling	FS15	Policies for the fair design and sale of financial products and services	Fair dealing, page 23 .	
	FS16	Initiatives to enhance financial literacy by type of beneficiary	Financial inclusion, page 21 . Employee volunteerism, page 38 .	

Mapping to Sustainability Accounting Standards Board (SASB) standards

Principles	Material issue	Where have we disclosed this?	Report page
Commercial banks	Data security	• Data governance	Sustainability Report, page 25 .
	Financial inclusion & capacity building	• Financial inclusion	Sustainability Report, page 21 .
	Incorporation of environmental, social, and governance factors in credit analysis	• Responsible financing • Climate change	Sustainability Report, page 15 and 18 .
	Business ethics	• Fair dealing • Preventing financial crime	Sustainability Report, page 23 and 26 .
	Systemic risk management	• Risk management • Capital management and planning	Annual Report, page 76 and 95.
Consumer finance	Customer privacy	• Data governance	Sustainability Report, page 25 .
	Data security	• Data governance	Sustainability Report, page 25 .
	Selling practices	• Fair dealing	Sustainability Report, page 23 .
Mortgage finance	Lending practices	• Risk management	Annual Report, page 76.
	Discriminatory lending	• Fair dealing	Sustainability Report, page 23 .
	Environmental risk to mortgaged properties	• Responsible financing • Climate change	Sustainability Report, page 15 and 18 .

Our approach to the above SASB identified sustainability topics are described in our Annual and Sustainability Reports 2019. Certain disclosures in the SASB standards are specific to US regulations and do not apply directly to DBS' activities. Not all disclosures suggested by SASB have been provided.

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⁽¹⁾.

Read more about DBS' emissions in "Information on environmental footprint" on [page 45](#).

The largest part of our Scope 3 emissions arise from our loans to corporate 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 368 (2018: 303) listed companies in our corporate lending business. The data was as at June 2019, when the study commenced.

Data for customers' Scope 1 and 2 emissions and revenue was based on the latest available information, which often was for December 2018, from external sources such as annual reports, regulatory filings and the Carbon Disclosure Project 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.

In 2018, we disclosed Scope 3 emissions applying the principle of apportionment. 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⁽²⁾. In 2019, we have chosen not to apply apportionment in order to get a more direct measure of our Scope 3 emissions.

Carbon metrics

We disclose the following carbon to revenue metrics:

No.	Carbon Metrics	Formulas	Indications
1	Weighted average carbon intensity (sectors)	$\sum_{n=customers \text{ in sector}}^i \frac{(DBS \text{ credit exposure to customer})_i}{(DBS \text{ credit exposure to sector})_n} * \frac{(Customer's CO_2e Scope 1 + 2)_i}{(Customer's revenue)_n}$	Expresses the average of carbon efficiency (i.e. CO ₂ e emissions embedded in the generation of revenue) at customer level, weighted by DBS credit exposure to the customer as a percentage of DBS credit exposure to the sector.
2	Weighted average carbon intensity (portfolio)	$\sum_{n=368}^i \frac{(DBS \text{ credit exposure to customer})_i}{(DBS \text{ credit exposure to portfolio})_n} * \frac{(Customer's CO_2e Scope 1 + 2)_i}{(Customer's revenue)_n}$	Expresses the average of carbon efficiency (i.e. CO ₂ e emissions embedded in the generation of revenue) at customer level, weighted by DBS credit exposure to the customer as a percentage of DBS credit exposure to the portfolio.

Methodology on climate-related scenario – transition risk

Our scenario analysis focused on potential credit risk arising from climate-related factors for the 368 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.

We considered 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 used three climate-related scenarios based on research by the International Energy Agency (IEA) and the Organisation for Economic Co-operation and Development⁽³⁾.

- 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⁽⁴⁾. 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 more than 60% of the 368 companies, to our credit risk models to evaluate their potential credit deterioration arising from the impact of higher carbon cost on their cash flows.

Methodology on climate-related scenario – physical risk

Our scenario analysis focused on physical risk arising from climate-related factors for the 368 customers in the pilot study. Seven climate hazard indicators were considered.

Climate hazard indicator	Analysis metric	Indicator definition	Data sources
1 Water stress	Water stress index	Projected future ratio of water withdrawals to total renewable water supply in a given area.	World Resources Institute (WRI) Aqueduct ⁽⁵⁾
2 Flood	Inundation depth	The extent and depth of pluvial and fluvial flooding at a given location in a given year	WRI Aqueduct
3 Heatwave	Heatwave days	The occurrence of periods of extreme heat relative to local climatic conditions, measured based on the Excess Heat Factor.	Coupled Model Intercomparison Project 5 (CMIP5) multi-model average ⁽⁶⁾
4 Cold wave	Cold wave days	The occurrence of extreme cold relative to local climatic conditions, measured based on the Excess Cold Factor.	CMIP5 multi-model average
5 Hurricane	Hurricane index	Composite index representing the historical incidence and severity / strength of hurricane, typhoon or cyclone activity at a given location, weighted in favour of recent events.	US National Oceanic and Atmospheric Administration ⁽⁷⁾
6 Wildlife	Burnt area	Risk of wildfire occurrence by location based on modelled area of burnt vegetation.	CMIP5 multi-model average
7 Sea level rise	Inundation depth	The extent and depth of coastal inundation due to sea level rise at a given location in a given year.	Climate Central ⁽⁸⁾

We used three climate-related scenarios based on Intergovernmental Panel on Climate Change Representative Concentration Pathways (RCP) and informed by the TCFD technical guidelines.

- High climate change scenario (RCP 8.5): Continuation of business as usual emissions growth. This scenario is expected to result in warming in excess of 4 degrees Celsius by 2100.
- Moderate climate change scenario (RCP 4.5): Strong mitigation actions to reduce emissions to half of current levels by 2080. This scenario is more likely than not to result in warming in excess of 2 degrees Celsius by 2100.
- Low climate change scenario (RCP 2.6): Aggressive mitigation actions to halve emissions by 2050. This scenario is likely to result in warming of less than 2 degree Celsius by 2100.

Global climate change physical hazard maps were produced using projected or historical absolute risk of the seven climate hazard indicators, across three climate-related scenarios and by year 2030. Assets of our 368 customers (where information is available) were mapped to these climate change physical hazard maps. A physical risk assessment model then assigned absolute risk scores from 1 (lowest risk) to 100 (highest risk) to each asset based on location within the global climate change hazard maps. The physical risk score is intended to represent the relative level of risk for each indicator at each location relative to global conditions across all scenarios and year 2030.

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

(5) Source: <https://www.wri.org/applications/aqueduct/water-risk-atlas>

(6) Source: <https://esgf-node.llnl.gov/projects/cmip5/>

(7) Source: <https://oceanservice.noaa.gov/news/historical-hurricanes/>

(8) Source: <https://www.climatecentral.org/what-we-do/our-programs/sea-level-rise>

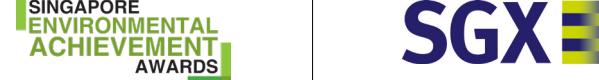
(1) Source: <https://ghgprotocol.org/corporate-standard>

(2) Enterprise value = Equity + Debt - Cash

(3) Source: https://www.irena.org/DocumentDownloads/Publications/Perspectives_for_the_Energy_Transition_2017.pdf

Selected ESG-related awards, indices and ratings

A. Awards and indices

			
Bloomberg GEI Index	FTSE4Good Global Index	DJSI (Asia Pacific)	Social Enterprise Champion of the Year (Corporation)
			
Business Leadership in Sustainability (Green Building Organisation)	Sustainability Award (Big Cap)	SEC-CDL Outstanding and SEC-STATS Asia Pacific (Services)	iEdge SG ESG Indices – Leaders Index and Transparency Index

B. Human resources-related awards

Asia Pacific, Global

1. HR Festival Asia Awards – HR Technology
2. Efma-Accenture's Banking Innovation of the Month award for February
3. Efma-Accenture's Customer Insight and Growth Banking Innovation awards – winner in the Best APAC Workforce Experience category
4. Kincentric Best Employer 2019

China

1. China Preferred Employer of the Year 2018 by Zhaopin.com
2. 2019 Universum China Most Attractive Employers
3. Excellence in Digital HR Management Practices by 51job.com
4. The Most Popular Employer Award recipient of 2019 American Universities' China Association Career Fairs
5. "2019 Best HR Center of Excellence in Greater China" by Hroot
6. Kincentric Best Employer 2019

India

1. Great Place To Work – India's 20 Best workplaces in BFSI
2. Ranked #3 for banks in India, Forbes' 2019 list of World's Best Banks
3. TISS CLO LeapVault Award – Diversity & Inclusion in Training
4. 2019 Working Mother and AVTAR Best Companies for Women in India (top 100, four years in a row)

Singapore

1. Land Transport Excellence Award
2. Randstad Most Attractive Banking & Financial Services Employer in Singapore
3. Singapore Corporate Awards
4. 2019 Universum Singapore Most Attractive Employers - #4 in Banking/Commerce students
5. Institute of Banking & Finance Workforce Transformation Award
6. Kincentric Best Employer 2019

Hong Kong

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

Indonesia

1. HR Excellence by SWA Magazine, Compensation & Benefits category
2. SWA magazine's Indonesia Young Women Future Business Leader 2019
3. Ranked #10 for banks in Indonesia, Forbes' 2019 list of World's Best Banks
4. Indonesia Human Capital Award (IHCA), The Most Outstanding Human Capital Director
5. IHCA, Best In Work Life Integration
6. IHCA, Human Capital Of The Year, #4 in overall categories
7. Kincentric Best Employer 2019

Taiwan

1. Global View Magazine CSR Award
2. HR Asia by HR Asia Magazine – Best Company to Work for
3. Employer Award of the Year Gold ABF
4. Kincentric Best Employer 2019

C. Ratings

	Carbon Disclosure Project	Dow Jones Sustainability Indices (RobecoSAM Score)	MSCI	Sustainalytics
Current	Rating: B January 2020	Score: 64, Percentile: 73 Included in DJSI (Asia Pacific) September 2019	Rating: AA October 2019	Score: 67 August 2019
Previous	Rating: B January 2019	Score: 69, Percentile: 63 Included in DJSI (Asia Pacific) September 2018	Rating: AA December 2018	Score: 60 March 2019

Commitments and memberships

Digital:

- [Advisory Council on the Ethical Use of Artificial Intelligence and Data](#)
[Sustainable Digital Finance Alliance \(SDFA\)](#)
[UN Secretary-General's Task Force on Digital Financing of the SDGs](#)

Operational:

- [RE100](#)
[United for Wildlife Financial Taskforce](#)

Reporting:

- [Global Reporting Initiative \(GRI\)](#)
[Integrated Reporting <IR>](#)
[Task Force on Climate-related Financial Disclosures \(TCFD\)](#)

Risk management:

- [Equator Principles](#)
[Green Investment Principles for the Belt and Road](#)

Sustainable development:

- [Asian Venture Philanthropy Network](#)
[Global Compact Network Singapore \(GCNS\)](#)
[The Prince's Accounting for Sustainability, Project \(A4S\) Circle of Practice in Singapore](#)
[World Business Council for Sustainable Development \(WBCSD\)](#)
[United Nations Global Compact \(UNGCG\)](#)

Abbreviations

A4S	The Prince's Accounting for Sustainability Project
ABS	The Association of Banks in Singapore
AI	Artificial Intelligence
AI	Accredited Investor
AML	Anti-Money Laundering
BEPS	Base Erosion and Profit Shifting
BREEF	Building Retrofit Energy Efficiency Financing
CFT	Combating the Financing of Terrorism
CO₂	Carbon Dioxide
CO₂e	Carbon Dioxide Equivalent
CMIP5	Coupled Model Intercomparison Project 5
CRMs	Credit Risk Managers
DBSF	DBS Foundation
DFTF	UN Secretary-General's Task Force on Digital Financing of the SDGs
DJSI	Dow Jones Sustainability Index
DPTM	Data Protection Trustmark
DRA	Dynamic Review Assessment
EDB	Economic Development Board of Singapore
EDSF	Enterprise Data Security Framework
EFS	Enterprise Financing Scheme
EPs	Equator Principles
ESG	Environmental, Social and Governance
ETP-2DS	Energy Technology Perspective – 2 Degrees Scenario
F&B	Food & Beverage
FAQs	Frequently Asked Questions
FDCC	Group Fair Dealing and Conduct Committee
FDWs	Foreign Domestic Workers
FSC	Forest Stewardship Council
FTSE	Financial Times Stock Exchange
G20	Group of 20
GCNS	Global Compact Network Singapore
GHG	Greenhouse Gases
GIP	Green Investment Principles
GRI	Global Reporting Initiative
GST	Goods and Services Tax
HR	Human Resources
IBG	Institutional Banking Group
IMDA	Infocomm Media Development Authority
IEA	International Energy Agency
IFC	International Finance Corporation
IHCA	Indonesia Human Capital Award
IPCC	Intergovernmental Panel on Climate Change
IR	Integrated Reporting
KHFC	Korea Housing Finance Corporation

MAS	Monetary Authority of Singapore
MSCI	Morgan Stanley Capital International
NDPE	No Deforestation, No Peat, No Exploitation
NGOs	Non-Governmental Organisations
NPS	New Policies Scenario
NSPR	National Sustainable Procurement Roundtable
OECD	Organisation for Economic Co-operation and Development
OECD BEPS - OECD/G20	Base Erosion and Profit Shifting Project Reports and Action Plans
PCSEA	President's Challenge Social Enterprise Awards
PoP	People of Purpose
PRIDE!	Purpose-driven, Relationship-led, Innovative, Decisive, Everything Fun!
PURE	Purposeful, Unsurprising, Respectful and Explainable
raISE	Singapore Centre for Social Enterprise
RCP	Representative Concentration Pathway
RMs	Relationship Managers
RSPO	Roundtable on Sustainable Palm Oil
SASB	Sustainability Accounting Standards Board
SDFA	Sustainable Digital Finance Alliance
SDGs	Sustainable Development Goals
SEs	Social Enterprises
SMEG	Taiwan SMEs Credit Guarantee
SMEs	Small and Medium-Sized Enterprises
SSP	Sustainable Sourcing Principles
TCFD	Task Force on Climate-related Financial Disclosures
UN	United Nations
UNESCO	United Nations Educational, Scientific and Cultural Organisation
UNG	United Nations Global Compact
VAT	Value-Added Tax
WBCSD	World Business Council for Sustainable Development
WLB2	Women's Livelihood Bond 2
WRI	World Resources Institute
WWF	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 2019 Sustainability Report of DBS described below for the year ended 31 December 2019 ("the Identified Sustainability Information").

Identified Sustainability Information

The respective Identified Sustainability Information for the year ended 31 December 2019 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 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 2019. We have not performed any procedures with respect to (i) earlier periods and (ii) any other elements included in the 2019 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. The responsibility includes designing, implementing and maintaining internal control relevant to the preparation of Identified Sustainability Information that is free from material misstatement, whether due to fraud or error.

Practitioner's Independence and Quality Control

We have complied with the independence and other ethical requirements of the Accounting and Corporate Regulatory Authority (ACRA) 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.

Practitioner's 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 or Reviews of Historical Financial Information ("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 judgment and our assessment of the engagement risk.

A limited assurance engagement involves assessing the suitability in the circumstances of DBS' 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. A limited assurance engagement is substantially less in scope than 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.

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.

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. 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' Identified Sustainability Information has been prepared, in all material respects, in accordance with the Reporting Criteria.

Inherent Limitations

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 2019 is not prepared, in all material respects, in accordance with the Reporting Criteria.

Purpose and Restriction on Distribution and Use

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

Singapore
5 March 2020

World's Best Bank
Euromoney, 2019

Bank of the Year - Global
The Banker, 2018

Best Bank in the World
Global Finance, 2018

Top 10 Business Transformations of the Last Decade
Harvard Business Review, 2019

Bloomberg Gender-Equality Index
Bloomberg, 2018-2020

FTSE4Good Global Index
FTSE Russell, 2017-2019

Dow Jones Sustainability Index (Asia-Pacific)
S&P Dow Jones Indices/ RobecoSAM, 2018-2019

Social Enterprise Champion of the Year (Corporation)
President's Challenge/ raiSE, 2019

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